



A guide for selection of a risk management consultant

Background

A prudent buyer should always think about what they are going to buy before they make a purchase. Choosing a consultant is no different. Different consultancies and consultants have different skills and experience. Working through the following will help you make a wise choice.

Summary

- Why do you need a consultant's help?
- What do you want the consultant to do?
- What will you do with the consultant's output (e.g. a report)?
- How will the recommendations be evaluated for cost, efficiency and effectiveness?
- Have you established an implementation plan?

To start with

Write down your requirements.

What is the risk management problem you need help with? For example, do you need help with:

- establishing a risk management framework
- risk identification or risk analysis (what sort of risk analysis – qualitative or quantitative?)
- identifying risk treatment options
- risk communication
- monitoring your risks, controls or risk management framework
- implementing a risk management software solution
- independent comment to your Board or Audit Committee on the risk management framework.

What will count as a successful outcome?

Formalise your needs

Prepare a written brief that includes:

- information about your organisation (turnover, services/products, locations, etc); include an org chart if it helps prospective consultants understand you better
- a clear statement of your project objectives or terms of reference
- a detailed description of the problem
- what resources you can and cannot offer (your own staff, offices, etc)
- budget guidelines
- time frame
- required method of reporting
- any special conditions
- your qualitative and/or quantitative criteria for success.

Identify who to ask

There are a number of sources for names:

- the NZSRM Consultants Register
- recommendation from colleagues or others in your sector
- membership of a relevant professional organisation/s

There are a number of ways to select the sort of person or consultancy you need:

- relevant qualifications
- relevant experience
- particular expertise offered.

What else?

Other things you should be interested in will include:

- the basis for the fees
- whether any work will be sub-contracted
- confidentiality
- possible conflicts of interest.

Selecting the consultant

You should now have a list of candidates you can choose from, so (depending on the size and importance of the proposed assignment):

- draw up a short-list of possible candidates
- discuss your requirement and their recommended approach with each of the short listed
- ask the candidates to write a proposal that describes how they would deliver your requirements
- consider asking them to make a formal presentation to an interview panel and evaluate them against pre-set criteria.

Engage the consultant

You should now be in a position to engage a consultant. Whether or not you use a formal contract is your choice. The Association of Consulting Engineers of NZ (ACENZ) has a suitable contract at <http://www.acenz.org.nz>.

Progress reports

During the work, you may want some regular reports that show progress. For example, a weekly or monthly meeting or an emailed letter that you can circulate to other project stakeholders.

On completion

On completion of the project you should review performance. For example:

- did the consultant ask searching questions that showed they were getting to grips with the project?
- have all of the criteria for success been met?
- are the recommendations feasible and understandable?
- is it clear why the recommendations were made?

Implementation

After the consultant has gone you may be left with an implementation project. If you choose only the easy recommendations you may not get full value for money.