



Consulting News

December Edition

December 3, 2007

CNet Consulting News brings you monthly updates on the IEEE Boston Consultants Network events, presentations and highlights. In this edition:

- ☛ *A feature article by Craig Goldman*
- ☛ *Welcome to our newest Alliance Partner, EntreTech*
- ☛ *The new year kicks off with our joint CNet-ENet meeting January 8th, 2008. Visit <http://www.boston-enet.org/index.html> for more details*
- ☛ *Don't miss MedDev Groups next meeting December 12th. Check www.meddevgroup.org for details*

CNet is the consulting organization of the Institute of Electrical and Electronics Engineers (IEEE), the world's largest professional engineering society.

Six Ways to Spend More on Your Consultant

By Craig Goldman of CoAutomation, Inc.

It's often repeated among business owners that "hiring a consultant is expensive." As the client hiring a consultant, you want to spend as much as needed, but as little as possible. Of course, there is the other side – the consultant's perspective. The consultant prefers you spend as much as possible without being dissatisfied. As the client, you can employ many different strategies that will affect your final bill -- some will lower the amount and others will cause you to spend more.

In the interest of the "other side", I offer six sure-fire strategies that guarantee you will spend more than you should on your next consultant.

Of course, a shrewd reader *might* use this information to spend less.

1. Hire a consultant before you have a plan.

This first strategy to spend more money on a consultant is also one of the best. It's easy to spend lots of money when you only have a vague notion of what the consultant should do. It opens the door to almost unlimited

exploration of "what-ifs" and lots of other potentially pointless expenditures of time.

A corollary to this strategy is to hire the consultant to figure out what he/she should do. This is THE definitive tactic to spend lots of money up front while still ensuring lots of money is also spent later. Of course,

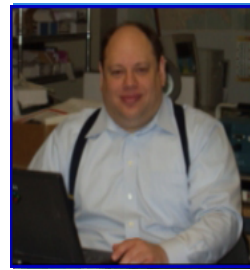
the true spendthrift would never consider putting a monetary cap on this phase of the project.

The strategy of hiring a consultant before having a plan works even better if the company has no process or plan for integrating the

consultant's work into the organization's product. This lack of simple forethought very often leads to additional work performed by the consultant to modify the result to fit the company's requirements – all completed at the company's expense. This is a "very sharp" technique to increase the consultant's bill while running around accounting limits.

2. Do not establish budget expectations

Next to having only a vague notion of what the consultant should do, failing to establish budget



Craig Goldman

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Welcome EntreTech!

We're pleased to announce our new Alliance Partnership with The EntreTech Forum. Don't miss their next meeting December 18th at Foley-Hoag's Emerging Enterprise Center in Waltham. The topic is *Nanotechnology: Small Wonders in a Big World*, and details can be found at <http://www.entrettechforum.org>.

Spend More on Your Consultant (cont'd)

expectations is an excellent way to spend more money than needed. Most professional consultants will ask if there is a budget early in the process; however, most companies refuse to provide an answer, thinking this is a trick question. The company often believes that providing a monetary figure up-front during negotiations puts it at a disadvantage. In fact, not establishing a budget expectation gives the advantage to the consultant and practically guarantees the company will overspend. Without a clearly defined budget, the consultant can provide an exorbitant quote for “Cadillac-quality” work; negotiations with the consultant then are steered to a trade off of less quality work for a lower price. This puts the company in the position of negotiating between a lower quality result for less money and a higher quality result for more money. The consultant wins!

To completely lose control of consultant spending, companies should never set the budget expectations up front, with an estimate or desired range.

3. Do not ask the consultant to write a proposal in response to your plans.

A proposal is one way for a consultant to demonstrate that he/she understands the project by feeding back the information provided by the client; in particular, the proposal should establish tasks to be completed and expectations of results. For some unfathomable reason, many companies do not ask for a written proposal from their consultants, and many consultants do not provide one.

For obvious reasons, requesting a proposal should be avoided if you wish to spend extra bucks on your

consultant. Without a proposal, and the detailed expression of tasks and results, a consultant may perform only some of the tasks the company was expecting or even the wrong tasks. Even better, because of the lack of clear expectations, the consultant will likely request additional compensation for the “extras he/she performs.

Unfortunately, requiring the consultant to create a proposal is not a good way to spend money. The effort to create a detailed proposal should add only 10% to overall cost on most projects and even less for larger projects. Requiring a proposal is a poor way to spend lots of money. (It is, however, a very good way to save money!)

In our next issue: the rest of Craig Goldman’s sure-fire ways to spend more on your consultants!

About the author: Craig Goldman, president of CoAutomation, Inc., has been designing hardware and software for embedded microprocessor projects for over 25 years. A recognized innovator, Mr. Goldman has made a significant contribution to dozens of successful designs and has been awarded nine US patents for inventions. CoAutomation specializes in helping manufacturers create bug-free products by defining microcontroller behavior up-front, and then using this specified behavior to drive firmware development.

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Eight Ways to Obtain More Clients

Coming January 23rd with Norman Daoust of Daoust Associates

Do you need more clients? Are your old methods not working like they used to? Are you ready to try new ideas? Then this presentation is for you! On January 23rd Norman Daoust will outline eight ways for consultants to obtain clients and the most productive approach for utilizing each of these methods. Join us to learn tips to maximize your effectiveness in attracting clients, rather than having to find clients, You’ll learn methods to attract clients, as opposed to having to *find* clients, as well as strategies for taking your business to the next level. Visit <http://www.boston-consult.com/calendar/77.html> for details and directions to our meeting site at the offices of Foley Hoag LLP in Waltham, Massachusetts.