

INSIDE OR OUTSIDE:

The Transitions and Partnerships of Internal and External Consultants

BAODN - Best in the West

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Transitions and Partnerships

Moving from Internal to External

CHALLENGES

- ❖ Marketing and selling
- ❖ Isolation
- ❖ Support Structure
- ❖ Financial Stability
- ❖ The map is not the territory

Transitions and Partnerships

Moving from External to Internal

CHALLENGES

- ❖ Being congruent but marginal
- ❖ Multiple roles
- ❖ Supporting cast versus starring roles
- ❖ Politically neutral or politically savvy
- ❖ Boss-subordinate relationship
- ❖ The territory is not the map

Transitions and Partnerships

Moving from Internal to External

CRITICAL SUCCESS FACTORS

1. Leave your former employer on very good terms.
2. Three elements to running a consulting firm:
 - a. good consulting skills;
 - b. good skills in OD;
 - c. able to run a small business
3. Affiliating with a large consulting firm.
4. Refer liberally to others.
5. Know your required financial and security needs.
6. Identify and clarify what you are really good at; learn to communicate it quickly and easily.

Transitions and Partnerships

Moving from External to Internal

CRITICAL SUCCESS FACTORS

1. Don't be naive about how difficult it is to get things done internally.
2. Develop client agreements which support effective OD work. Don't play into the corporate dynamics.
3. Be clear about who your champion is.
4. Recognize there will be a change in the power dynamics.
5. Know the culture you're going into.

Transitions and Partnerships

Moving from External to Internal

CRITICAL SUCCESS FACTORS

6. The risks are higher as an internal.
7. It takes more courage to consult as an internal.
8. Remember that as an internal you are developing business all the time.

Comparison of Internal and External Consulting Roles

SIMILARITIES	DIFFERENCES	
	<i>INTERNALS</i>	EXTERNALS
Knowledge of human systems, organization and individual behavior	<i>Accepted as a member of the “group”, congruent with culture</i>	Sees culture and organization with outsider perspective
Understanding the process of change	<i>Has credibility as an insider</i>	Has credibility as an outsider
Desire to be successful and recognized for the value they bring to the client	<i>Knows organization and business intimately</i>	Brings broader experience from other organizations
Commitment to learning	<i>Can build long term relationships; establish rapport more easily</i>	Can confront, give feedback, take risks with senior management more easily

Excerpt from “Inside or Outside: The Partnerships of Internal and External Consulting”, by Bev Scott and Jane Hascall, Global Business and Technology Assn, June 2002, Rome, Italy

“Inside or Outside: The Transitions and Partnerships of Internal and External Consultants”, Bev Scott, BAODN, Best in the West, May 2003

Comparison of Internal and External Consulting Roles

SIMILARITIES	DIFFERENCES	
	<i>INTERNALS</i>	EXTERNALS
Passion about their work	<i>Coordination and integration of project into ongoing activities</i>	Focused involvement on a project which ends
Ability to influence and lead	<i>Opportunities to influence, gain access, sit at the table as an insider</i>	Once invited in as outsider, broader experience offers credibility, power and influence
Skills to analyze needs and design interventions	<i>Leverages and utilizes informal and formal organization structure</i>	Can avoid or ignore the organization structure, move around organizations to achieve results
Credibility or "Authority"	<i>Leads from position and character (trust)</i>	Leads from competence (expertise) and personality

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Comparison of Internal and External Consulting Roles

SIMILARITIES	DIFFERENCES	
	<i>INTERNALS</i>	EXTERNALS
	<i>Knows cultural norms that should not be violated</i>	Can acceptably challenge or violate the informal rules of the culture
	<i>Knows the history, traditions and where “bones are buried”</i>	Seen as objective and not part of the problem
	<i>Can take an advocacy role</i>	Brings more objectivity, neutrality
	<i>May be expected to be a broad generalist</i>	Often seen as a specialist with narrow expertise
	<i>As a “one client” consultant, has a lot more “skin in the game”</i>	If it doesn’t work out here, can always move on to other clients

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Credibility and Authority

- The authority of *competence*
- The authority of *position*
- The authority of *personality*
- The authority of *character*

Choosing to Use an Internal or External Consultant

Use External Consultants When:	Use Internal Consultants When:
To support development of strategy or facilitate corporate-wide initiatives or key priorities	<i>To support implementation of strategic priority, or intervention as an operational focus</i>
Do not have internal expertise	<i>Have the internal expertise</i>
Deep expertise is needed	<i>Broad generalist knowledge is needed</i>
An outside, neutral perspective is important	<i>Knowledge of the organization and business is critical</i>

Excerpt from "Inside or Outside: Internal and External Consultants", by Bev Scott and Jane Hascall, *Practicing* (An OD Network E-zine), Feb 2003

Choosing to Use an Internal or External Consultant

Use External Consultants When:	Use Internal Consultants When:
New, risky alternatives need validation from an outside expert	<i>Speaking the jargon or the language of the organization and the culture is important</i>
Internal does not have status, power or authority to influence senior management or the culture	<i>A sensitive insider who knows the issues is needed</i>
CEO, President or senior leaders need coach, guide or objective sounding board	<i>Need to sustain a long-term initiative where internal ownership is important</i>
Initiative justifies the expense	<i>Cost is a factor</i>
Project has defined boundaries	<i>Follow-up and quick access is needed</i>

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Partnerships

- Successful
 - Strengths of internal recognized and valued
 - Internal is open to learning
 - Pairing insider knowledge with outsider perspective and credibility
 - Appreciation and understanding of cultural differences

Partnerships

- Successful
 - Flexibility and open communication
 - Sense of being in it together
 - Opportunity to leverage cost, efficiencies, knowledge and credibility

Conditions that Undermine Productive Partnerships

- Internals may not be in position or have organizational influence to lead major change initiative.
- Senior management may not understand the value of the internal's organizational ties and thus fail to support partnership.

Conditions that Undermine Productive Partnerships

- Internals left out of the contracting process may feel resentful, threatened and marginalized resulting in a lack of commitment.
- Externals are often seen as arrogant, exclusive, judgmental; in turn, internals are perceived as ineffective, incompetent, and “poor losers”
- Externals ignore or go around the internal function promoting themselves solely to senior management
- Weak internal functions that may be incapable of successfully leading change projects

Working with Large Consulting Firms

- Partnering is difficult:
 - Come with standard models and processes
 - Use American or Anglo model
 - Arrogance, high fees and inexperience alienates internals

Requirements for Productive Partnerships

For Externals:

- Remember who your client is
- Recognize the enormous value of the internal as ally rather than neutral observer or, worse, enemy
- Respect the internal consultant's authority, expertise, and role in the organization
- Communicate honestly and frequently

Requirements for Productive Partnerships

For Externals:

- Be clear about and deliver on your promises
- Value the internal's deep knowledge of the organization
- Become clear about and respect personal boundaries
- Stay apolitical and maintain objectivity

Requirements for Productive Partnerships

For Externals:

- Maintain the highest of ethical standards
- Leave the organization better off when you depart than when you entered
- Transfer skills/knowledge to internals and the client system
- Bring the organization the benefits of your knowledge of the wider world

Requirements for Productive Partnerships

For Internals:

- Go after partnership with externals
- Ensure that management understands the value and expertise of internal consulting
- Don't be offended, don't whine about not being included, and don't act out resentment in petty ways
- Recognize that the external consultants become stakeholders in the organization; they are under the gun to perform also

Requirements for Productive Partnerships

For Internals:

- Be politically neutral or politically savvy
- Learn everything you can from externals
- Help clients understand that they need to play ball and join in the change process
- Be clear about your role and competencies before confronting the challenges of large-scale change, planned and managed by an external firm
- Consider using small firms that specialize in partnership with internal consultants

Requirements for Productive Partnerships

For Internals:

- When managing an external firm, some suggestions are:
 - Define expectations for the external and internal partners in the project
 - Discuss and determine how conflicts and differences will be resolved
 - Manage the scope of the project very carefully
 - Plan frequent communication; build in scheduled checkpoints

Advice for Managers

- Ensure and accept the time that is required for the organization and employees to buy in and accept radical change
- Stay open to the expertise and knowledge of internal consultants regardless of title and position in the hierarchy
- Recognize that just because consultants come from a large well-known firm doesn't ensure their competence in leading the human side of the change process
- Keep your agreements with both the internal and external consultants

Advice for Managers

- Get input from internal consultants before hiring externals
- Communicate expectations and hold consulting firms accountable to partner with the internal function
- Ensure that the external firm is accountable to and managed by an internal person with authority and knowledge of organizational change and the management of consulting contracts
- Always debrief the “lessons learned” at the close of a major project