



**British Computer Society**  
**The Chartered Institute for IT**

**Consultancy Specialist Group**  
**Webinar**

**How To Practise Safe Consulting**  
**9<sup>th</sup> June 2020**



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# Do you have the ability to destroy your business?

## VIDEOS

### CBS NEWS

**Someone in Andersen decided  
to shred the papers**

**HEINEKEN TV ADVERT  
Shredding the papers**

TV Commercial

Music: Let It Snow

By Heineken

You're watching the news, on CBS2.

After 72 hours and 10 days worth of deliberations, tonight there's a guilty verdict in the obstruction of justice trial of Chicago-based accounting firm, Arthur Andersen.

The guilty verdict is the first major victory for prosecutors investigating the collapse of Enron, and it could mean the end of Andersen Accounting, which has already lost scores of clients and has already been forced to throw thousands of workers into the street.

Here are the major developments in tonight's top story. A jury found Andersen guilty of obstructing justice and evidence that an Andersen lawyer tried to doctor a memo about Enron. It's what prompted them to vote for a conviction.

Defence attorneys say they'll appeal the verdict. But company officials today announced Andersen will stop all of its auditing by the end of August.

# Do you have the ability to destroy your business?

## Who or what killed Arthur Andersen?

- A. They undertook the independent audit of Enron even though their consultants had been involved in advising their audit client
  - True – but not relevant to this case
- B. They failed to spot wide-scale fraudulent reporting of Enron's finances
  - True and outrageous, but that isn't why they were prosecuted
- C. Someone in Andersen decided to shred all the evidence
  - They were convicted for this – but cleared on appeal
- D. Something else?
  - But by this time their reputation was destroyed, their clients had gone and they had no workforce



# Don't waste your time

- Find good opportunities!
- Only pursue worthwhile opportunities
  - Do you understand what's needed?
  - Likelihood of winning – capabilities, track record, relationships, competition
  - Time, effort and cost to bid for the work
  - Adequate estimates and planning for the bid
  - Likelihood of delivering the job: risks / overruns
  - Likely value (ROI vs other things you could be doing with your time)
  - Formal approach – eg Miller Hyman blue sheet
  - Deal Board
- Win the work

Strategic Selling® Strategic Analysis										Red Flag		Strengths			
Date: 10/10/2008		Last Updated: 10/10/2008		ADEQUACY OF CURRENT POSITION (low value to highest)						Q1		Q2			
Salesperson: Rebecca Compas		Account/Prospect: UPMC, Marketing & Finance		SUNSHINE		999.99	999.99	999.99	999.99	999.99	999.99	999.99	999.99		
Current Volume: 10 Phone (including 1000)		Total Potential Volume: 10 Phone		COMPETITION						IDEAL CUSTOMER CRITERIA				Match to Criteria (1-5 to 4-5)	
SINGLE SALES OBJECTIVE				Competition Type: Buying From Someone Else						1. Do you have a solution?				+5	
Product/Service: Insurance				Specify Competitor(s): Insurance						2. Is your service?				+5	
Close Date: 10/10/2008				My Position vs. Competitor: From Runner						3. Are you looking for a replacement?				+5	
				Place in Sales Funnel: Future						4. Service in the U.S.				+5	
				Things to Prioritize: Future						5. Team/Relationship				+5	
BUYING INFLUENCES INVOLVED				BUYING INFLUENCE KEY RESULTS						HOW WILL IT BE COVERED?					
Name: The Analyst				Date: 10/10/2008						Rating: 10 to 10				Evidence to support your Rating	
Dr. John K. Smith				Role: Chief						+1: Answer article but have not had much time to build rapport					
Dr. John K. Smith				Mode: Direct						+4: Have built some good rapport and credibility					
Dr. John K. Smith				Economic: 10						-2: Supports coverage from what have been told but has a point to consider					
Dr. John K. Smith				Social: 10						+3: Will support whatever can make her look good and save UPMC money					
Dr. John K. Smith				Technical: 10						-1: Repeat what					
SUMMARY OF MY POSITION TODAY				POSSIBLE ACTIONS						BEST ACTION PLAN					
STRENGTHS				What						When					
I am the largest supplier for Dr. Smith's meeting @ UPMC and have access to Dr. Smith				Meet Jim Kelly and build rapport with him. Report						Meet with Mary in the morning during CRTW. Mary will be in the office.				10/10/2008	
I have used all phone system for last decade therefore ROL do not want to learn something new				Begin to build rapport with Dr. Bernhardt. Report						Meet with Mary in the morning during CRTW. Mary will be in the office.				10/10/2008	
I am a good PMA after analysis				Begin to build rapport with Dr. Bernhardt. Report						Meet with Mary in the morning during CRTW. Mary will be in the office.				10/10/2008	
I am happy & Dr. Bernhardt are working with me in outside box again to get PMA into UPMC today				Continue to go down the path of a 1st to buy side solution that ultimately saves UPMC \$5						Meet with Mary in the morning during CRTW. Mary will be in the office.				10/10/2008	
RED FLAG				Information Needed						From Whom					
Do I have decision				Meet with other B's						Can UPMC make a decision before EDV?				Mary	
Will they all agree in account				Try to close the deal now. The longer we wait for before funds the longer the deal has opportunities to change position						Join the CIO, explain what we can offer				Jim & Mary	
Having good timing IT system to bid from experts				This is the process that must be completed for Jim to receive a PMA						Join the process that must be completed for Jim to receive a PMA				Jim & Mary	
Meeting about funding IT system to bid from experts				The decision						Join Kelly				Jim Kelly	
				The position						Dr. Bernhardt				Dr. Bernhardt	

# Charging for your services

BLOODNOK: I know a man whose advice would be invaluable to you, but, er, hmm, he'd be too expensive.

SEAGOON: Mmm. Between you and me, how much should I offer him?

BLOODNOK: Well, between you and me, his usual fee is a thousand, but in my estimation he's worth much more.

SEAGOON: Two?

BLOODNOK: Three.

SEAGOON: Right. Who is he?

BLOODNOK: Me.

SEAGOON: Ahaha, I've been told to offer you three thousand pounds.

BLOODNOK: You've been very well advised.

SEAGOON: Well now, what do you advise me to do?

BLOODNOK: First, pay me the money. Er, you have money, haven't you?

SEAGOON: Of course I have money.

BLOODNOK: Good, good.

SEAGOON: Now, now tell me, what is your advice?

BLOODNOK: Forget all about it lad, goodbye!

SEAGOON: Stop! Stop!



# Charging for your services

- Pricing
- Type of engagement:
  - employment contract
  - secondment
  - time & materials
  - fixed price
  - capped fees
  - contingency / success fees
  - stage payments
- Plus expenses, overtime, travelling time, VAT
- Allow for down time, holidays, pensions, business expenses etc?



# Why do fee rates need to be much higher than employee salaries?

Who pays what?

Who funds?	For their employee	For a consultant
Gross payment	Client	Client
Employer's NI	Client	Consultancy
Fund annual leave	Client	Consultancy
Fund sick days	Client	Consultancy
Fund pension	Client	Consultancy
Accountancy	Client	Consultancy
Insurances	Client	Consultancy
Equipment	Client	Either/both
Office space	Client	Either/both
Support eg HR	Client	Consultancy

What does it cost the client for 200 days?

Cost to client (net of VAT)	For their employee	For a consultant
Gross payment	100,000	100,000
Employer's NI	12,000	
Fund annual leave	11,250	
Fund sick days	5,400	
Fund pension	10,000	
Accountancy	1,500	
Insurances	1,000	
Equipment	1,000	
Office space	1,500	
Support eg HR	1,000	
Full cost to client	144,650	100,000
Ratio	1.45	1.00

What does the consultant earn for 200 days?

Worker's gross income (annualised)	For an employee	For a consultant
Gross payment	100,000	100,000
Employer's NI		-12,000
Fund annual leave		-11,250
Fund sick days		-5,400
Fund pension		-10,000
Accountancy		-1,500
Insurances		-1,000
Equipment		-1,000
Office space		-1,500
Support eg HR		-1,000
What gross do I get?	100,000	55,350
Ratio	1.81	1.00

Just sample numbers – think it through for your own business.

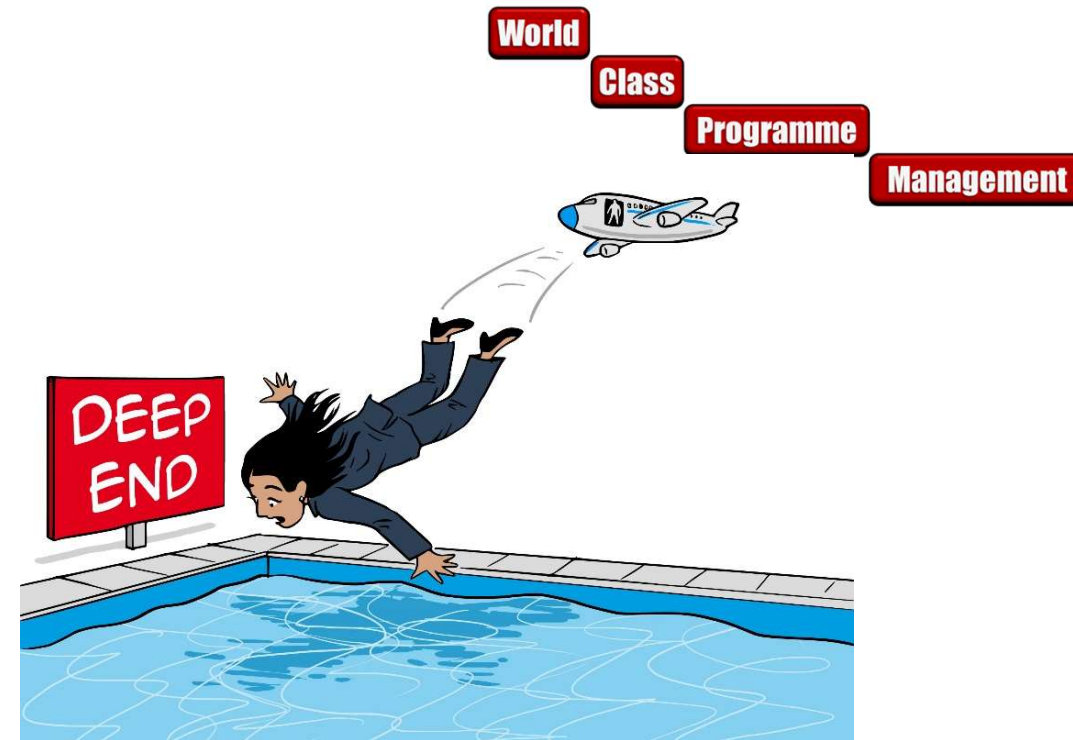
All numbers net of VAT

Ideal full-scale fee rate to set for given consultant's gross remuneration	Multiplier
To allow for overheads	1.81
To allow for 50% non-fee-earning time	2.00
To allow average discount of 25%	1.33
To achieve 25% profit	1.25
Overall ratio of fee rate to gross pay	6.02

# Can you take a risk?

Take the risk!

- Understand your risks and liabilities
- Price them into the deal
- Get the right insurance



Whose risks are they anyway? Services to perform or services to assist?

- Consultancy contracts usually mean the client is relying on your skills and knowledge and therefore you are at risk if you get things wrong
- Employment or secondment contracts usually mean everything you do is under the client's control and at their risk
- Consultancy fees should be higher than secondment fees both to price in the risk and to pay for additional supervision and review
- Make sure all that is understood by the client and clear in the contract!

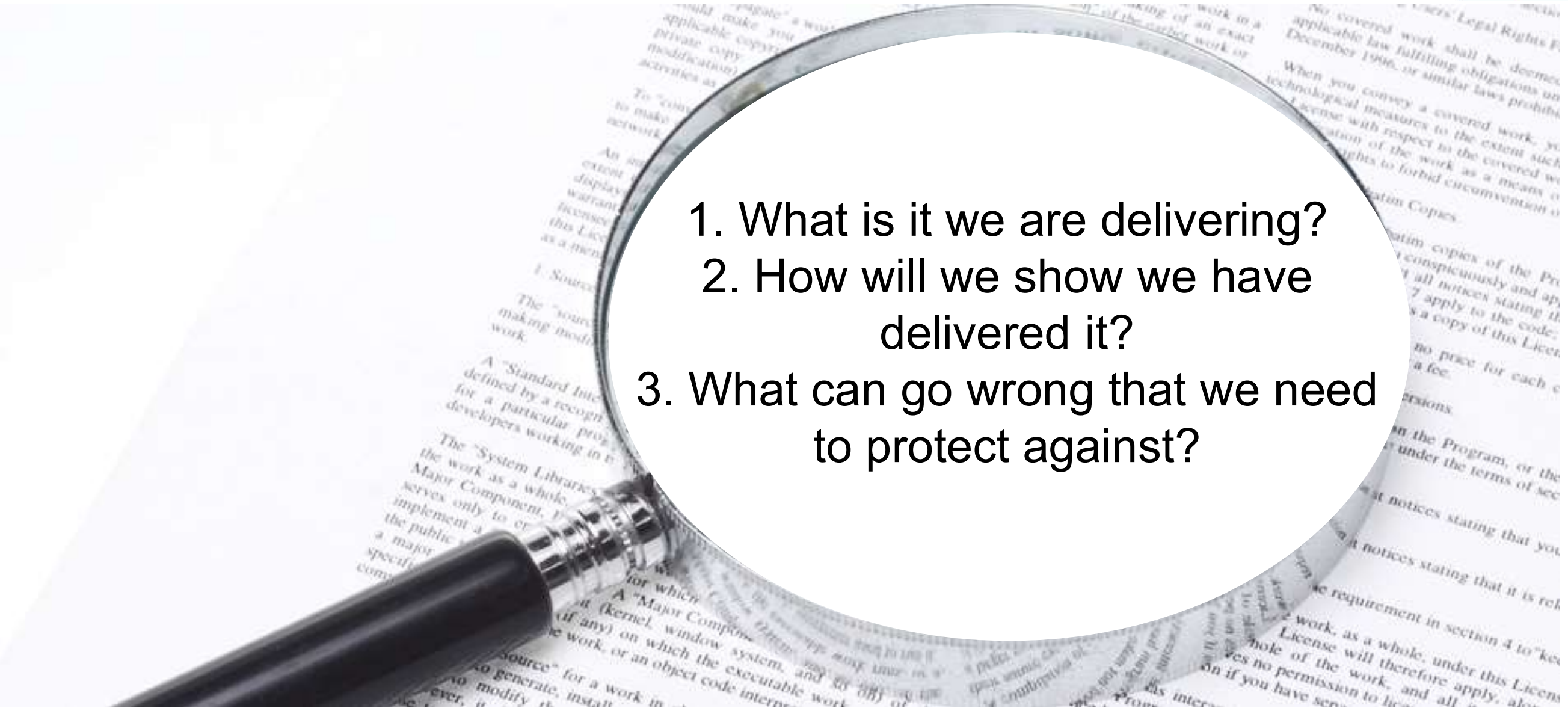
# Avoid snags

Is this work affected by issues such as:

- conflicts of interest
- regulatory requirements
- intellectual property (IP)
- data protection - GDPR
- confidentiality / non-disclosure
- termination arrangements
- international working / jurisdiction / currency
- IR35 (off-payroll working rules for clients, workers and their intermediaries)



# Why are contracts so important?

- 
1. What is it we are delivering?
  2. How will we show we have delivered it?
  3. What can go wrong that we need to protect against?

# Standard contracts





# Contract

- Clear and unambiguous
- What the parties will do and/or deliver – and when
  - What will it look like: scope, defined requirements, quality, etc?
  - Who will do the work, how much time/effort, where will they work
  - What do you need from the client: information, co-operation, people, access, etc
  - How will work and outcomes be reviewed and accepted?
- How much and when will you get paid (including VAT & expenses etc)
- Limitations of liability (genuinely considered and agreed)
- Completion or termination criteria and requirements
- Whose intellectual property (IP) are the outputs and any working methods or tools that were developed for the job?
- Post-contract – confidentiality, IP, re-use of deliverables, support, references
- Agreed (by someone with authority to do so) and evidenced



# Problematic things to say?

Some words to be careful with in proposals and contracts

all	best	expert	largest	one-stop-shop	solution
alliance	comprehensive	first	leading	optimise	superior
always	each	guarantee	managing	optimum	unique
assure	end-to-end	highest quality	maximise	partnership	unparalleled
benefit	ensure	integrate	minimise	preeminent	will
best practice	every	joint venture	most	seamless	world-class

By the way – you did make sure your proposal was not contractually binding or misrepresentational didn't you?



# It's a business

- Accounts, accountants, auditors, payroll, banking
- Taxes - VAT, Corporation Tax, etc
- Insurances – Professional Indemnity, Business, Travel, etc
- IT and equipment – secure PC, software, printers, email, document management
- Marketing, web, social media, brochures, advertising, etc

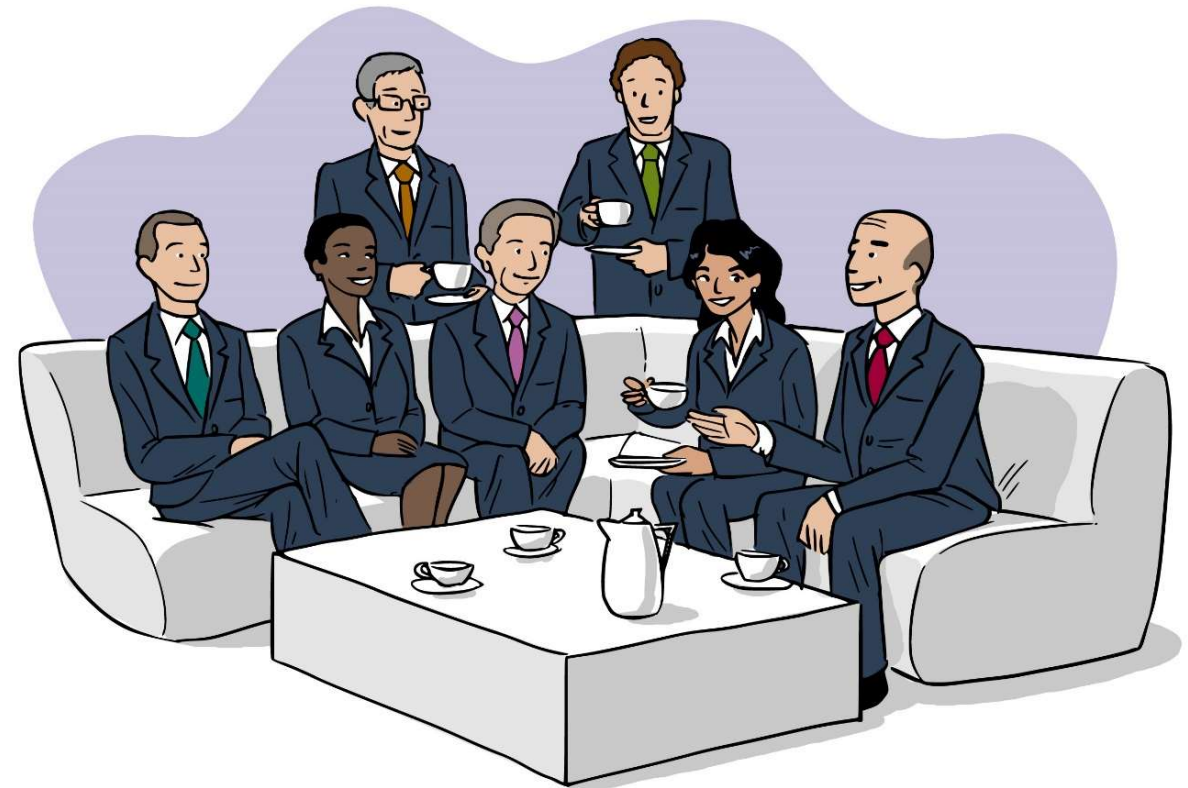
# Good, professional relationships with your clients and co-workers

World

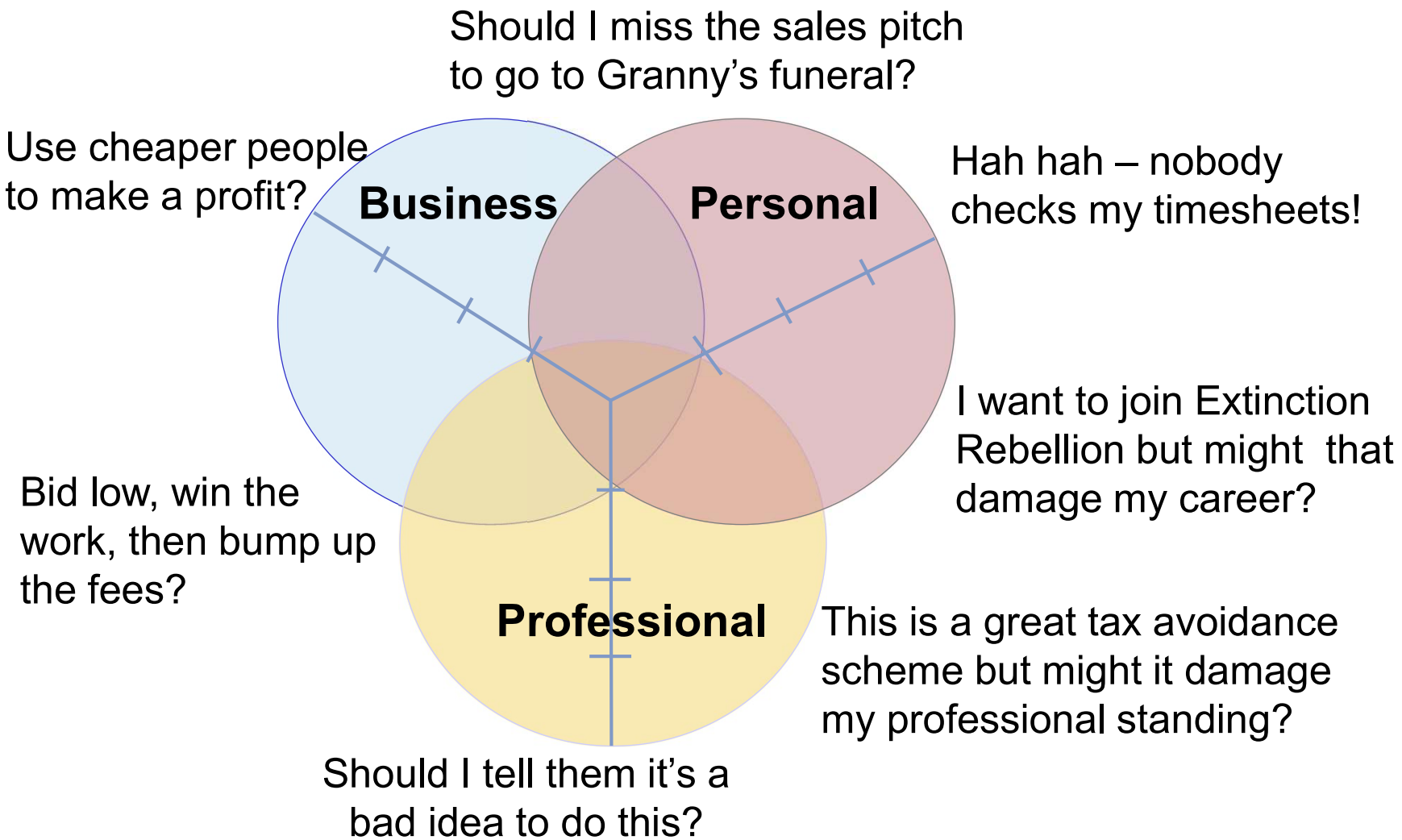
Class

Programme

Management




# Be ethical, professional and on your best behaviour





# Protect your brand

- Banter with client friends and teammates
- Texts do count and are legally discoverable
- Posting on social media
- You call it humour, they call it offensive...
- You call it fun, they call it degenerate
- Diversity & respect
- Are you bullying?
- Client confidentiality (how much could we learn from your Linked In and social media?)
- Data security (lost that USB?)

<b>Linked In</b> Simon is currently leading the business case for the closure of branches at XXXX	<b>Facebook</b> Another tedious day in a dreary office trying to teach idiots how to use their stupid computer
<b>Twitter</b> Working all night - client's database got hacked	<b>Instagram</b> 
<b>Email</b> Client's CEO just wants a massive bonus to pay for his dodgy lifestyle	<b>YouTube</b> Drunk teenager: my dad's a partner in XXXX and he's going to ...
<b>Overheard on a train</b> We've only got the weekend to get a rescue package for XXXX Bank	<b>Text</b> Running 30 mins late
<b>Pub Night</b> Anyone seen my laptop?	<b>Office Party</b> Do you fancy a dance?

# Don't go to jail

- KYC = Know Your Client
- AML / STF = Anti Money Laundering / Sanctions and Terrorist Funding
  - It's not just about avoidance - you need processes and controls
- ABC = Anti Bribery and Corruption / Bribery Act
  - Define acceptable policies
  - People do go to jail
  - How big is a bribe – can I buy them a coffee?
- Anti-competitive behaviour (eg price fixing / cartels)
- Insider Trading
- Data protection and privacy - GDPR
- Employment, equality and discrimination laws
- Company law / tax law
- Fiddling your expenses





## Evidence for

- snags / issues and resolution
- risks managed
- agreed changes
- contract variations
- conversations and correspondence
- deliverables
- signoffs
- etc



# Get paid

- Know the client's processes and contacts
- Do timely billing
- Agree
  - timesheets
  - signoffs and charges
- Calculate invoices in accordance with contract
- Chase payment

They want to know our  
Purchase Order Number

Question:  
Are four 10-hour days the same as  
five 8-hour days?



# Ten Challenges for Profitability

1. Is it worth our time looking at the opportunity?
2. If we look at the full costs, revenue, risks and future revenue streams – will it represent optimal profit?
3. Are we being thorough and honest in our appraisal of profitability – budget, resources, hours, expenses, fees, etc?
4. What form of contract is most likely to result in best profitability – eg contingency fees, time and materials?
5. Could we be making more money doing something better with our time?
6. Does this create best profitability as a whole, as well as ticking the boxes in terms of cost centre performance measures?
7. Are we proactively managing the work for optimum profitability – minimum costs, maximum revenue, efficient use of resources, optimum timing, etc?
8. Are we billing and collecting payment promptly?
9. Are we doing all we can to develop further profitable activity with the client?
10. Are we using this work to develop reputation, capabilities, collateral and services that we can leverage elsewhere?

# Afore ye go

- Handover / Knowledge Transfer
- Tidy up – documentation/filing, equipment, workspace
- Agree a reference and case study
- Keep up those good relationships
- Maybe agree a post-implementation review or follow-up



# Gain value

- Learn lessons
- Retain knowledge
- Store away legitimate materials for next time

