

Consultant Cost / Schedule Comparison: A Cautionary Tale¹

"IF YOU DON'T HAVE TIME TO DO IT RIGHT, WHEN WILL YOU HAVE TIME TO DO IT OVER?"

This quote belongs to Hall of Fame basketball player/coach John Wooden. It's a good reminder that rushing through something might appear to save you time and money on the front-end, but it will ultimately take you more time and money to do it over when—not if—there are problems.

Prelude:

A Company had a major complex quality initiative at one Business Unit to mitigate an audit finding with impending operational and regulatory implications. Internal employees either don't have the expertise or are otherwise too busy with daily activities to dedicate themselves. Company proceeds to define the project scope, activities, deliverables and schedule and then contact various consulting companies and staffing agencies for help.

The Search:

Since the initiative is so critical for continued success, the company spends three (3) months diligently interviewing multiple Consulting Companies and Staffing Agencies. Company ultimately decides that seasoned SME's are too expensive even though the SME's have successfully implemented the exact same quality initiatives at multiple other companies. Company ultimately hires a contract staffing firm to implement the initiative within six (6) months on a limited budget. Since staffing firm wants the business, they find Contractor #1 that claims they are qualified and subsequently quote a low hourly rate. Unfortunately for Company, the staffing firm gets the job.

Reality Sets In (reference Figure #1):

Six months into the project, Company realizes that Contractor #1 has been "learning on-the-job" and has accomplished only 50% of the objectives. Company releases Contractor #1.

Company then suspends the initiative for one (1) month while they give staffing firm a second attempt to find and on-board a better-qualified Contractor #2.

While Contractor #2 is better than Contractor #1, the company is on high alert for "red-flags" and within two (2) months learn Contractor #2 has some deficiencies. Not only does Contractor #2 have deficiencies, but Contractor #2 and Company now have to rework significant amount of Contractor #1 efforts. A six (6) month project now is quickly approaching twelve (12) months and the overall objectives are optimistically only 70% complete.

Company declares success!



Company Lesson Learned (reference Figure #1):

- 1) Company didn't properly vet Staffing Agency or qualify Contractor #1.
- 2) Company increased Contractor #2 rate 38% greater than Contractor #1 rate.
- 3) Company experienced an additional six (6) month delay.
- 4) Company did not achieve all the project objectives.
- 5) Company is significantly over the original budget and even over budget from what the seasoned SME would have cost.
- 6) Company is left with an inefficient and ineffective process that is cumbersome and expensive for employees to use AND places Company at operational and regulatory risk.



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Ultimate Lesson Learned (reference Figure #1):

- A. If company had chosen the seasoned SME, it would have initially cost them approximately 53% more per hour than Contractor #1 and approximately 24% more than Contractor #2, **BUT** the project would have accomplished 100% of the objectives and would have been completed on time.
- B. There would have been no need for Contractor #2 and no additional six (6) months...**AND** the overall costs of using SME would have been less than the combined costs of Contractors #1 and #2.
- C. Most importantly, had Company chose seasoned SME there would have been virtually **NO REWORK** and company would have an effective and efficient process and would have successfully mitigated the operational and regulatory risks.

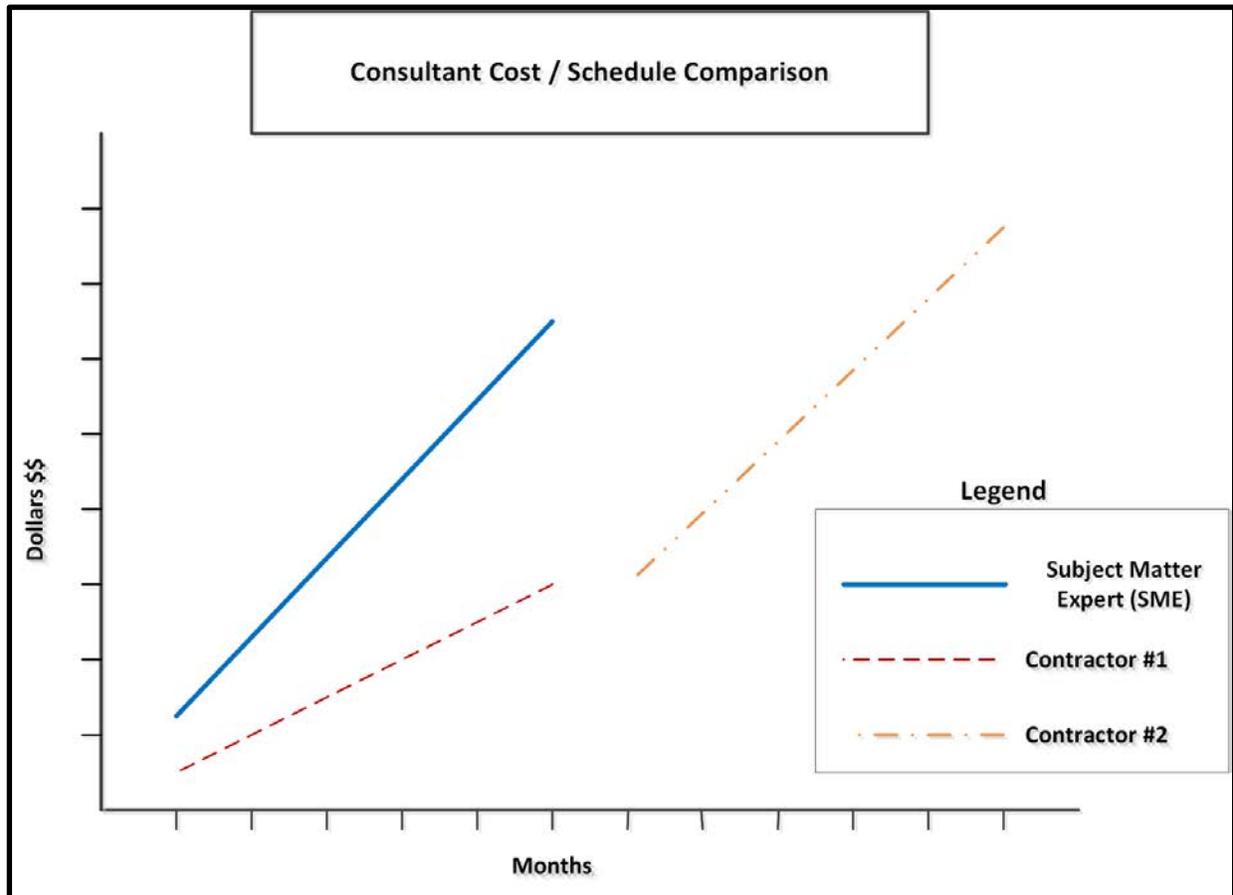


Figure #1

“IN THIS WORLD, YOU GET WHAT YOU PAY FOR.”

KURT VONNEGUT (CAT’S CRADLE).

¹ **Post-script:** This Cautionary Tale is based on a series of actual events, however it is a truncated tale. After Contractor #2 was released, Company realized that all Business Units needed the same major complex quality initiative and that all Business Units had to be harmonized. Company then embarked on a five (5) month external search for a full-time employee to implement the harmonized initiative across all Business Units. After five (5) months of searching, Company re-assigned a pre-existing employee instead of hiring a qualified new employee.