



## 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 RiskNZ 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.