



Corporate Exposure: Hiring A Risk Management Consultant (Part II)

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We begin this month by concluding our Top 10 list of considerations to examine before retaining a risk management consultant. Last month's column highlighted the need to perform a client self-analysis, requirements for developing a proposal, identifying the consultant's perspective, reviewing the consultant's flexibility, and consultant's experience. We can continue with the rest of the list:

Independence/Affiliations. Does the consultant have any restrictions or conflicts of interest in rendering the services you require? If the consultant is affiliated with or owned by a larger firm promoting certain products or services, how can that individual be true to the project's objectives? Often, due to these constraints, the consultant always sees the same problems and naturally offers the same solutions.

It has been our experience that clients may display common symptoms in their respective organizations (i.e., workers' compensation back injury losses), but there is no one universal solution that will achieve results for every client. As an anecdotal illustration, we can all probably relate to the fact that although many Americans are overweight (common symptom), the root cause and possible solutions for each may not be the same. This parallel can easily be made to risk management issues. Thus, it is important the consultant be creative without the burden of constraints from his or her own firm. So ask the consultant to provide information on affiliations.

Communication. Once the consultant's conclusions are finalized, how well can he or she present those findings?

The consultant's written, verbal, and presentation skills are vital. Developing practical solutions without the

ability to inspire action is virtually worthless. The consultant must be able to motivate your management toward achieving success, once they have heightened interest within your company. We have completed consulting projects, only to be informed by the risk manager that he or she was ignored by senior management when making the same points we offered in our report. Perhaps the risk manager's presentation skills were not appropriate.

Once again, be certain the consultant can deliver the salient points to your management team and inspire results.

Five more crucial things to look for when making a selection

Client's involvement. Be certain the consultant is soliciting and securing your involvement throughout the project. The consultant can only appreciate the organization's health if the patient is involved in the diagnosis. Those who do not seek your input or value your organizational experiences cannot be successful.

In addition, your presence will eliminate any surprises later on in the project. The consultant should keep you advised and informed at all times. If a consultant wants to "work alone," be cautious.

Size and reputation. Although the size of the consulting organization can be important (depending on the project), perhaps the individuals working on your account are far more critical. A consultant's reputation as a good broker, ex-

risk manager, claims adjuster, etc., does not guarantee a good consulting foundation. In addition, simply because a consulting firm has a highly recognizable name, is not enough to inspire confidence with regard to their risk management analytical skills. As a matter of fact, sometimes the larger the firm, the more likelihood of "rubber-stamp" solutions instead of more creative ones. As reported in several business journals, often the smaller management consulting firms are far more results-oriented and innovative than larger firms. This is because your project may become one of a hundred going on simultaneously. Obviously, name and reputation are important—but not always the most important consideration.

Fees. No one disagrees fees are important, but perhaps they have been overemphasized during these difficult economic times. Consultants' ability to perform the services and possibly offer alternate compensation options are far more deserving of your review. "Goods" in return for consulting services should be discussed. Again, the smaller firms may be more open to alternate compensation methods than larger organizations.

In summary, although we have provided our top ten list of items to consider, the overwhelming topic of importance is to be certain a consultant is retained only after you have clearly defined your objectives. Hiring a consultant without a definite game plan is simply not advisable. You are performing a disservice to both your organization and the consultant in charge.

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