Internal Consultants

Idea In Short

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An internal consultant is just like an external consultant. They are professionals hired to solve an organisational challenge, implement solutions to achieve goals, catalyze change, & improve the organizational performance. Both types of consultants work across diverse Management & organisational areas, such as strategic planning to Mergers & Acquisitions (M&A), Change Management, Process Improvement, Technology, etc. Similar to external consultants, internal consultants serve as Advisors, Change Agents, Execution Facilitators, Coaches Or Trainers. However, the difference between external & internal consultants lie in the relationship with the client organisation. Usually, internal consultants are employed & are limited to full-time consulting & advisory activities within the same organisation that engages them.

Role of the Internal Consultant

Consultants serve on diverse roles Based on their client's needs. These usually are either process roles or expert roles. Traditional consulting roles include:

- **The Doctor** - who provides recommendations following extensive diagnoses
- **The Expert** - who solves their clients' challenges by deploying their expertise, &
- **The Pair of Hands** - who help their clients achieve their goals through their specialized knowledge

Why Internal consultants?

Among the central reasons for the emergence of internal consulting is the constant need that organizations have for specialized skills & expertise from 3rd parties. To many organizations, this was an avoidable dependency that could be resolved by cultivating expertise internally within their organizaion. Hence, to limit the long-term dependence on Advisory firms that charge exorbitant consulting fees, some organisations stood up their own internal consulting units.

Organizational setup

These consultants report to a central consulting (or, Professional Services) department that serves different business units within the parent organisation on critical engagements. Though everybody on the consulting team works for the same parent organisation, the consulting department functions as an outsider, offering independent & unbiased recommendations as do external consultants. As these consultants do not work for the specific business unit that engages them (hence, no vested interests), they are shielded from the political & social dynamics of the parent organization.

Consulting scope & size

Depending on the client organization's size & setup, the size, scope & magniture (impact) of internal consulting engagements vary. Often, only a small part of the typical consulting roles function in formal internal consulting groups. Many consulting & implementation roles are spread over diverse departments & functions. These entities collectively address specific challenges, such as Corporate Learning & Development, Corporate Finance, Human Resources, Finance, Procurement, Portfolio Management, Information Technology [IT], etc. Furthermore, many people fulfill a consulting role, either as a full-time consultant or as part of their overall duties without carrying the title of consultant.

Career impact

Usually, consultants' career progression happens within the consulting department. The rank & file of consulting departments mirror the structures of external consulting firms. Internally, the consulting departments choose to adopt the same performance criteria as that of their external counterparts. However, these departments may, at discretion, choose

appropriate performance criteria that better reflect their contributions. Based on their contributions & impact, internal consultants have scaled the corporate ladders to serve on key executive & board-level roles at their parent organizations.

Consultants are change agents

Traditionally, consultants facilitated organization change as a Change Agents by partnering with the client organization & serveing as the change catalyst. Under other scenarios, they served as Process Consultants by partnering with the client, gaining insight into their critical systems & processes, conducting workshops & stakeholder interviews to identify the issues, inconsistencies, gaps, & roadmap for improvement.

Emergent internal consulting roles

Emerging intenal consulting roles include:

- **Performance Consulting:** Partner with the client, appraise the entire system & help the client identify improvement opportunities
- **Change Leader:** Help the client organization by guiding the change process, involve other teams & business units in planning & implementing change & project management
- **Trusted Advisor:** Serve as a sounding board for Senior Leaders & Executives, developing a trusting relationship & provide coaching & feedback to help them overcome challenges

What makes a good Internal Consultant?

Usually, internal consultants require company & industry knowledge as well as core consulting skills. For aspiring internal consultants, it helps to acquire additional expertise in such key practice areas as:

- Strategic / business planning
- Performance measurement
- Process management
- Quality management (including frameworks, such as Six Sigma)
- Organizational Development, etc.

Consulting repertoire, such as conversation / workshop / interview facilitation, conflict management, team development, effective interpersonal skills & political savvy are indispensible in internal consulting roles.

Internal consultants today

Today, internal consultants are employed across organizational functions, from corporate planning / business development to various human resources & other customer support / services functions. Often, they serve their leaders as business partners, leading change initiatives, gathering support for implementation, developing leadership competences, managing talent strategies, & providing leadership coaching through the use of 360° feedback assessment.

Value of an Internal Consultant

Internal consultants add value because they know who has knowledge within the client organization & when / how best to tap into it to achieve the engagement objectives. Internal consultants have access to their client organization's management. As an employee, an internal consultant has a known position, level, & status within the organization. They have in-depth knowledge of the business, the organization, & leadership team, that helps them to be extremely valuable when implementing strategic change projects or cultural transformation. Internal consultants are effective when they should support the implementation of strategic change or operational initiatives. With their subject-matter expertise, when knowledge of the organization & business is critical, they understand the common language of the organization & culture. This is particularly important when a sensitive insider who:

- Knows the issues & needs is critical
- Internally owns the recommendations long-term
- Ensures the sustainability of the initiatives
- Delivers quick action, and
- Follows up on initiatives

Under these scenarios, an internal consultant is indispensable.

Advantages of internal consultants

Affordability

From an economic standpoint, internal consultants are relatively cheaper than external advisors. However, this is not always the case. Compared to external strategy consultants, internal consultants are relatively cheaper, which makes them affordable for price-sensitive customers that may, otherwise, have not engaged consultants. According to a study in the US, the cost of internal strategy advisors for a typical project is four to six times lower than the rates of one of the Big 3 strategy consultancy firms (McKinsey & Company, Bain & Company or The Boston Consulting Group).

Proximity to client problems

Internal consultants are closer to their clients' problems than external consultants. They have a better grasp of their organisations structures, processes, mechanisms, power structures, language & culture. This deep internal knowledge makes them very valuable, especially in realizing strategic change trajectories or culture transformations. Internal consultants can better manage processes and projects through such extended perspectives. Hence, internal consultants can effectively integrate initiatives within their organisations. In addition, internal consultants have existing relationships with other employees within the organisation. As a result, they benefit from improved means & channels of communication.

Longevity

In addition, internal consultants realize outcomes for their clients. Another argument is that some external consultancy projects only provide an organisation with advise, without (or only partially) being involved in the implementation of the proposed solutions. The advantage of internal consultants is that they are more often involved with the realisation of their own advises, & can continue to play an important role even after the implementation.

Client focus

Furthermore, internal consultants are focussed. Most internal consulting teams are internally focused on improving their organisations' outcomes. However, over the years, some internal teams have developed deep specialization, knowledge & expertise to apply their skills beyond their parent organisations. Such consulting firms as Porsche Consulting started out from an internal consulting setting at Porsche. Today, Porsche Consulting consults multiple

automotive customers. There are several similar consulting firms have branched out from internal practices within big enterprises, such as General Motors [GM], Philips & Shell, to name a few. In short, having an internal consulting unit can benefit organisations to improve their competitive posture & achieve superior outcomes through top-performing talents.

Advantages of external consultants

Choosing for external consultants can come with several benefits:

Independence

Organizations view external consultants are seen as independent players. This contrasts with the internal advisors, who literally depend on their own organisation for their engagements. This dependency could lead to a trust issues between advisor & client (usually, the employer). Clients trust external consultants more than internal consultants!Research shows that clients trust external consultants more than internal consultants. External Advisors render an inquisitive & firm hand - a role that they frequently fulfill - that internal consultants frequently find difficult to deliver. Due to their market-focussed nature, external consultants hold more expertise to stay market-relevant with compelling skills & competences. However, as an employee at an organisation, consultants find it relatively harder to stay abreast of the market developments & stay professionally competitive as with their external counterparts.

Experience diversity

In essence, Internal consultants engage themselves with projects that involve their own organisation. On the other hand, external consultants regularly draw from a broader, industry-wide business perspective gathered from their diverse experiences with several clients, industries, challenges, market dynamics, & sectors. Hence, exerternal consultants bring new ideas & best practices along to clients. Especially, external consultants' ability to benchmark their client against other players is a signifcant advantage of external consultants. This makes them, especially, appealing due to the breadth, variety & diversity of their client experiences, including those across industry segments (cross-pollination of ideas!)

Track record

Furthermore, advisors often work for specialised consultancy firms, frequently with the biggest names in the market, & due to their track record are regarded to be credible advisors. Internal consultants do not have this advantage. In general, many assume that external consultants have a higher level of expertise & experience, largely because they are completely focused on their consultancy role, & deal with multifaceted issues at various clients. Internal consultants possibly miss certain industry knowledge, which external consultants have encountered in previous assignments. Finally, external consultancy parties often have – particularly the bigger players – broader choice when it comes to selecting the most suitable consultants for projects. Large firms have international talent pools which they can source from, &, for certain assignments, can pick the best people for the job. Organisations with internal consultants are usually limited to the talent they have in-house.

Challenges

Internal consultants participe in their organization's political & social / structural order. These perspective differences drive behaviors that can create challenging situations for the consultant. There are several challenges for internal consultants, such as:

Organization challenges

These are inter-personal & intrapersonal challenges. Some organization challenges include:

- Gaining Senior Leader buy-in & support
- Obtaining resources needed to implement the change, and
- Managing multiple organization priorities

Another challenge for the consultant may be difficulty in navigating the organization, especially if their position is below executives & management. Internal consultants may have difficulty influencing senior leaders to take a different approach or challenge their style of thinking. They may have difficulty navigating the organization's hierarchy, politics, & culture.

Interpersonal challenges

Internal consultants are likely to avoid conflict to maintain harmony to achieve an engagement goal. Essential consulting skills include asking effective open-ended questions, listening accurately, & accurately interpreting the meaning of the message free of

personal bias.They influence skills to gain senior leader buy-in. Internal consultants should clarify their roles & authority before focusing on developing solutions. They should weigh the trade-offs between building a helping relationship & doing the work. Internal consultants need to overcome approval over effectiveness, have high integrity, stand up to diversity, be more collaborative & flexible, self-reflect, & be open to feedback. Intrapersonal challenges - Some intrapersonal challenges that might affect an internal consultant's ability to be effective are: fear of failure, fear of speaking to senior leaders, negative self-perception, lack of self-confidence, poor self -esteem, unrealistic expectations, self-doubt, & negative self-talk.

Recommendations

Recommendations for internal consultants to become more effective:

- Know your organization, its structure, systems & leadership style
- Build relationships & trust with Senior Leaders & offer your help
- Ask deep, open-ended questions to help the client identify the need
- Collaborate with others, work in teams, be supportive
- Offer just-in-time learning & provide tools as needed when facilitating meetings
- Know how to lead projects, gain buy-in & commitment, complete tasks, goals, & measure outcomes
- Build strong skills as a coach, facilitator, leader, influencer, & strategist
- Develop the ability to consult at all levels of the organization & across boundaries
- Develop personal mastery & be open to continued self-growth & learning!

Summary

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