

**Part 1: Introduction & How
to Use This Guide**

**Part 2: Your Ideal HR
Consultant Scorecard**

**Part 3: The 10 Critical
Questions and Insider
Insights**



PART 1

Introduction &
How to Use This
Guide



PART 2

Your Ideal HR
Consultant
Scorecard

7.5

5.5

10.0



PART 3

The 10 Critical
Questions and
Insider Insights



Part 1

Introduction

Firstly, I created this guide to help you.

If you're reading this, then it's likely you are looking to engage a Human Resources Consultant for your business.

When you're running a business with limited time and resources the last thing you want to do is divert your attention from the core business that's your bread and butter. Outsourcing your human resources function can reduce your administrative workload and free up your time so you can focus on your business goals.

The marketplace is crowded with companies to choose from. This leads to there being three types of services:

1. Brilliant – the HR team have all the experience, knowledge, background, methodologies, frameworks and client results you would expect.
2. Mediocre – they may know enough to keep you out of trouble, but are usually new to the profession and therefore lack the experience, proven frameworks and systems that will make a sustainable impact to your business. .
3. Dangerously inexperienced – they have little to no relevant experience, don't follow a proven process and can place business owners at risk through poor advice particularly when dealing with the compliance aspects of human resources management.

Doing your due diligence will prevent you choosing categories 2 and 3.

A word on pricing - the pricing models vary. Some companies charge a percentage of payroll costs, some work on a daily rate, and services can also be provided for a flat monthly fee. The total cost usually varies based on the size of the business.

Making the decision on the best HR Consultant comes down to the right fit for your business.

Whether that's my business or not is irrelevant at this point.

We may never meet, or even talk to each other. However, I have a deep interest in the success of the small to medium business sector and hope that this guide will help you ask the right questions of a prospective HR Consultant to ensure they are the right fit for you and your business.

What Is This Guide?

This guide consists of 10 critical questions to ask a HR Consultant before you engage with them (or, to ask your existing HR Consultant).

The guide is intended to help you cut through the fluff from an insider's perspective. It's designed for you to gain the relevant information upfront, so that you can partner with the right HR Consultant for you.

The questions are based on my insights from more than 20 years in the industry, interacting with and working alongside businesses owners and leaders.

Additionally, the guide draws heavily from insights, anecdotes and experiences gained from my clients, my team's clients, as well as from speaking and presenting to hundreds of business owners and leaders.

How To Use It

When looking to engage with a HR Consultant, you will likely be taken through a sales process designed to show you the benefits of having a HR Consultant, to justify the investment.

This is completely fine and to be expected. What this sales process won't do, is highlight any potential pitfalls, weaknesses or blind spots of the HR Consultant.

That's where this guide comes into play...

As well as the 10 critical questions to ask a potential HR Consultant, I've also provided the context, insights and reasoning as to why you need to be asking each specific question. This is intended to help you reach a clear and informed decision.

You will also find a scorecard to keep track of and rate the answers that you receive.

Simply ask the questions during your interview/s with a new potential HR Consultant, *listen carefully* to the answers you receive and rank them accordingly.



Part 2

Your Scorecard

Potential HR Consultant Name:

HR Consultant

Rate the potential HR Consultant you are meeting with, out of 10 for each question below. Use your scoring as a guideline to ensure candidates have the right experience, knowledge, client results, methodology, style and background that best suits you.

Question	Rating (1-10)
Q1: What qualifies you to be my HR Consultant? <i>(look for experience in the areas you want to focus on)</i>	
Q2: How long have you been working in HR? <i>(look for a minimum of 10 years' relevant experience)</i>	
Q3: What methodologies, structure, tools, frameworks etc. will you use, and how will they be tailored for me? <i>(An unstructured approach may lead to a focus on the wrong priorities.)</i>	
Q4: What is your client retention rate? <i>(look for 80% +)</i> Of those that have left, what were the reasons for doing so?	
Q5: Do you have client case studies and are your clients happy to talk to me? <i>(do your reference checking)</i>	
Q6: What industries have you worked with? <i>(look for a wide range to ensure broad insights)</i>	
Q7: What sets you apart from other HR Consultants? <i>(look to see if they can they define that clearly and succinctly)</i>	
Q8: What do you think are the necessary traits for a good HR Consultant? <i>(There are some personality traits that any HR Consultant should bring to your business)</i>	
Q9: What values underpin your business? <i>(ensure they are aligned with your own)</i>	
Q10: Is there a minimum commitment period if I work with you? <i>(consider the risk of lengthy lock-in periods)</i>	
Reflection: Do you get a good vibe from this person? Do you know their values? Do you feel like you can work with them long term?	
Total:	/100



Part 3

The 10 Critical Questions & What To Look For

1 What qualifies you to be my HR Consultant ?

Industry Insight



There are typically two types of delivery models:

1. HR call centers: offering on the spot telephone advice around a specific issue and typically limited to the compliance area of HR. This type of offering is often associated with other product offerings such as an insurance policy, other goods/service, or is a channel to employment lawyers for legal advice.
2. Companies staffed with HR consultants that may have come from corporate and are looking for a change. Some may work in a niche area of human resources and others will offer experience across all aspects of human resources i.e. compliance as well as the areas that promote and enable business growth through its people.

Considerations



- Can the prospective HR consultant demonstrate that their background and expertise will be relevant to your specific needs?
- Does the HR consultant have the breadth of experience for their advice to be relevant for different industries, stages of business, or even with different personality types?
- A good HR Consultant should be able to demonstrate that they can deal with grey areas. When working in HR, there are often issues that are anything but black and white. Having the experience to deal with these kinds of tricky situations will avoid you incurring the cost of an employment lawyer. The best solution is often found by taking a pragmatic approach whilst also working within the legislative frameworks that govern employment relationships.

What to look for



- Ensure that they have experience in the area you want to focus on.
- Look for a HR Consultant who can bring other relevant expertise or tools to the table. For example, trusted partnerships in employment law, mediation, executive/leadership development, assessment tools, employment engagement tools.

2 How long have you been working in HR?

Industry Insight



HR management involves developing and administering programs that are designed to both protect business owners and leaders from compliance gaps, and to increase the effectiveness of a business. It includes the entire spectrum of creating, managing and cultivating the employer-employee relationship.

Considerations



- Due to the many activities within this field it is not unusual for HR professionals to possess specific expertise in just one area. For example, someone may have worked in recruitment for many years, however, has never worked in a general HR advisory role. Someone else may have great qualifications and experience in executive coaching, but has never managed an unfair dismissal claim or a formal bullying/harassment claim.
- Therefore, be wary not to become the “training ground” for a HR consultant who wants to expand on a narrow set of HR skills.

What to look for



- Look for a HR Consultant who has a *minimum* of 10 years’ experience working in HR, advising business owners and leaders on all aspects of human resources management. Longevity in the profession demonstrates their ability to advise business owners successfully.
- Ensure that they can demonstrate that their consulting business is successful, and utilises a systemised method for attracting new clients and facilitating tangible results.
- This will go a long way to ensuring that they have the skill, knowledge and experience to be your HR Consultant.

3 What methodologies, structure, tools, frameworks do you use, and how will they be tailored for me?

Industry Insight



If a HR Consultant does not have proven structures, frameworks or systems in place when working with clients, they may approach your business in an ad hoc, reactionary manner – meaning items get dealt with insufficiently.

Considerations



- Compliance with Fair Work and National Employment Standards is important, but only part of the story.
- Does the prospective HR consultant go further than compliance? Can they demonstrate how they offer relevant tools and experience in mediating issues, assessment, coaching, leadership and team development management support?

What to look for



- Look for a HR Consultant who brings to the table a structured HR Audit process which investigates all aspects of HR health, including compliance, best practice and areas to improve efficiency in the business.
- Ensure that the tools and approaches that they recommend have worked for others and can be tailored to meet your unique needs.
- A good HR Consultant should be able to demonstrate this with client case studies.

4 What is your client retention rate?

Industry Insight



Client retention rate is a great indication of how effective a potential HR Consultant will be. If it's low (less than 50%) then it may be a sign that the HR Consultant hasn't added the value expected and that their approach, experience and methodology is ineffective, or reactive at best.

Considerations



- Whilst engaging a HR consultant can often happen at a time when specific advice is needed, the most impact will be gained by taking a longer term view to working together.
- Can the prospective HR consultant show a high client retention rate?

What to look for



- Look for a HR Consultant who can demonstrate retention rates of 80% and above.
- Where they have lost clients, ask for an explanation.
- High retention rates is also a sign that they can adapt their approach and style, to avoid it becoming stale.
- Ensure this spans across *multiple* clients in *different* industries.

5 Do you have client case studies and are your clients happy to talk to me?

Industry Insight



Unfortunately, many HR Consultants simply do not get tangible results with their clients or may only have 1 or 2 “success stories.”

Considerations



- Can the potential HR Consultant demonstrate success with clients over a reasonable period of time?
- Did these case study clients start in a similar situation to where you are currently, and go on to achieve the sort of results you are after?

What to look for



- Look for a HR Consultant that can demonstrate results across multiple phases of business growth.
- This will ensure they can act as a good sounding board and valuable resource as your business grows. (The exception is if you’re planning on a short term “project- based” relationship).
- Once again, to ensure a level of depth and breadth, look for client results that span a number of *different* industries and that they are relevant to you and your situation.

6 What industries have you worked with?

Industry Insight



The best innovations often come from strategies and practices that are *commonplace in other* industries and other businesses.

Considerations



- There are advantages to hiring a HR Consultant that specialises in a particular industry, especially if your business is in the early stages and is lacking basic operational functions or procedures.
- However, there are also many disadvantages. These can range from a highly tactical and rigid methodology, to your business becoming a replication of other businesses in the industry with little to no competitive advantage.

What to look for



- It can often be more strategically beneficial, to engage with a HR Consultant who is experienced across many different industries and businesses where they have designed and implemented effective initiatives and strategies that could be valuable to your own business.
- This allows you to gain access to a greater depth and breadth of insights, advice and strategies, as well as avoid potential blind spots.

7 What's sets you apart from other HR Consultants?

Industry Insight



Surprisingly, many HR Consultants will have difficulty in answering this question because the work of human resources management and relevant core competencies are so broad.

Considerations



- Is the HR consultant well networked with complimentary businesses or offerings, e.g. Employment lawyers, mediation experts? Are they trained on tools to facilitate leadership development, employee engagement, recruitment?
- Like your Accountant, a good HR consultant will become another of your trusted advisors. A well networked HR consultant will be resourceful and should be able to introduce you to experts in other professions that can be good for your business.

What to look for



- How a potential HR Consultant answers this question will be a good indication of how they will add value to your business. Therefore, can they answer this question in a succinct, tangible manner or are they vague and non-descript?
- Look for a HR Consultant who has worked alongside business owners or leaders. Ask for examples of how they have supported the business, particularly in managing the trickier aspects around performance management, formal complaints, redundancies or staff exits.
- Have a view of your specific needs and ensure they can articulate how their service will help and align to those needs. For example, are you only interested in an off-site HR support model, or are you looking for a model where your HR Consultant is available to you and the business both on-site and off-site.

8 What do you think are the necessary traits for a good HR Consultant?

Industry Insight



Every Consultant you look at, will have different personality types. There are however a few personality traits that any HR Consultant should bring to the table

Considerations



- HR can be a career that attracts people who may be overly helpful or over-consultative with staff, which can delay an outcome.
- What type of person do you work best with?

What to look for



- The HR profession can often be described as “fluffy”. Look for a HR consultant with a strong, well rounded business acumen who is not just focused on the emotional elements of HR management.
- They can negotiate well. The ability to negotiate with workers will help find a middle ground, especially when there are two opposing views involved.
- They are a good communicator. Working in HR means you are often the go-to person for a range of situations and challenges. A good HR consultant needs to be able to communicate well with business owners/leaders and equally, with employees. They should write well and be able to speak confidently in front of large or small groups. They have to be convincing, caring and believable.
- They offer skills and expertise that will be beneficial to you your business today as well as for future stages of growth.
- These should be in addition to a very strong coaching skillset - they should be able to articulate examples of where they had to manage difficult people challenges, and they should also be able to relay a time when they had to give difficult feedback - even to the boss!

9 What values underpin your business?

Industry Insight



Values are the essence of a businesses' identity – the principles and beliefs that shape how a HR consultant, or any partner, will work with your business.

Considerations



- Values drive behaviour. Can they demonstrate that their values align with your own?

What to look for



- Look for a “serve before selling” approach. The best way to test this is to have a current HR issue or question in mind when you meet for the first time. *Don't be afraid to ask for free advice* – a good HR Consultant will be willing to serve you before selling to you.
- HR Consultants are often required to be the keeper of confidential information. Ask for examples of where high levels of discretion were needed to successfully deal with a business issue or challenge.

10 Is there a minimum lock-in period if I work with you?

Industry Insight



It is not unusual for a minimum commitment, or lock-in period, to apply when you engage with a HR Consultant.

Considerations



- Is there a lock-in period? What is that timeframe?
- What is the penalty for ending the contract?

What to look for



- I've seen everything from between 0 and 3 years' minimum lock-in period. If a lock-in period does apply, ask why and assess what you think is reasonable for *your business* to avoid a lengthy contract that you can't easily get out of. Don't be afraid to negotiate on the lock-in period if you don't think it is reasonable.
- Remedies in case of breach of a lock-in clause can include damages to be paid in breach of the contract. Although you can generally challenge a lock-in period, *you want to avoid* this as it takes up valuable time and money. Damages should be quantified in a retainer agreement.