

Inside or Outside: Internal and External Consultants

by Beverly Scott & Jane Hascall

Contrasting the external and internal consultant is the focus of this article and a chart on When to Choose Which is included. You can sample some of William Onckens' theory on Authority also. Oncken's four components of Authority: competence, position, personality and character might be strong attributes to use as a part of your next self-evaluation.

EXTERNAL AND INTERNAL consultants share the characteristics of helping their clients address problems and improve business and organization results; they have a passion for the wisdom and expertise they bring to the organization, and they have the ability to galvanize clients into action. Yet those of us who have spent years in both roles know there are significant differences in perspectives, challenges and requirements. External consultants are often brought in because they bring wisdom, objectivity and expertise to the organization. They are seen as gurus or saviors bringing wise counsel. Internal consultants have expertise, but it is valued differently as an organization insider.

CONTRIBUTION AND VALUE

The external consultant is usually viewed as having higher levels of expertise and experience and credibility, especially if he or she is published, credentialed, and well known. This gives the external more influence and buy-in from senior level executives who may prefer to hear from outsiders. Paying for services also implies the output is better or more valued. In addition to these perceived advantages, externals are frequently more up-to-date on the newest business thinking and new ways of working, and they bring the added value of a broader base of experience. With this broader experience, the external can provide benchmarking and best practices as well as insights into potential pitfalls learned from other clients. Externals are valued by clients for their outsider objectivity and ability to give tough feedback or to ask the difficult question.

Internal consultants, limited by perceptions and position in the organization, add a different value of in-depth knowledge of the business, the organization and the management. This in-depth knowledge makes them particularly valuable on sensitive implementation of strategic change projects or culture transformation initiatives, managing processes or projects, and integrating or leveraging initiatives across the organization. Unfortunately, many organizations do not recognize the value of a strong and competent internal consulting function, so they hire less experienced or less competent junior consultants and place them in uninfluential lower positions in the hierarchy.

Use an Internal or External Consultant?

Because internal and external consultants add different value, clients can assess their needs and make the choice of which to use based on the contributions each makes. The table below suggests some criteria to use in making the best choice based on the recommendations from our interviews of seventy five internal and external consultants.

Table 1

Use External Consultants When:	Use Internal Consultants When:
To support development of strategy or facilitate corporate-wide initiatives or key priorities	To support implementation of strategic priority, or intervention as an operational focus
Do not have internal expertise	Have the internal expertise
Deep expertise is needed	Broad generalist knowledge is needed
An outside, neutral perspective is important	Knowledge of the organization and business is critical
New, risky alternatives need validation from an outside expert	Speaking the jargon or the language of the organization and the culture is important
Internal does not have status, power or authority to influence senior management or the culture	A sensitive insider who knows the issues is needed
CEO, President or senior leaders need coach, guide or objective sounding board	Need to sustain a long-term initiative where internal ownership is important
Initiative justifies the expense	Cost is a factor
Project has defined boundaries or limits	Follow-up and quick access is needed

In 1967, respected management thinker, William Oncken, proposed the notion that "Authority is whatever you possess at the moment that causes someone else to do what you want him to do at that moment." Although Oncken's original context was management, we believe his four components of authority or credibility apply equally to consulting:

The authority of competence, or expertise, prompts others to believe a consultant is knowledgeable and to follow his or her recommendations. Others will give only surface compliance, and "at worst, ignore or sabotage" a consultant who is not perceived to have competence. Although internal OD practitioners can possess very high levels of competence, externals seem to arrive wearing the mantle of competence. This seems unfair and maddening to the internal and is not always reflective of reality for the external.

The authority of position demands compliance and influences others to defer to those with greater power. Internals may and often do possess position power, depending on their organizational level. Externals rarely possess position power unless they arrive on the scene bearing a widely acclaimed reputation.

The authority of personality, or behavior, makes it "easy to do business" with the consultant who establishes rapport with ease. Successful externals tend to be masters at this because they need to sell themselves to pay the bills; internals should be but aren't always.

The authority of character, or trust, is the consultant's 'credit rating' with other people based on integrity, reliability, honesty, loyalty, sincerity, personal morals and ethics. It is the establishment of respect based on the trail of promises kept or broken, expectations fulfilled or forgotten, statements corroborated or disproven. The authority of character must be developed or "cultivated," based on one's track record. Internals tend to establish great authority of character; externals tend to have a tougher time establishing this component of authority. Marketing and selling services evokes suspicions of self-interest over the organization's interests. The authority of character, or trust, is the most difficult to establish, but once earned is the most powerful. However, if trust is lost it is very difficult to recover.

Applying Oncken's perspective reinforces the differences in perspective and context for internals and externals. Internals can lead and exercise power through position and character; externals through competence and personality. When consultants work together on joint projects, clarity and understanding of these differences and the requisite skill sets required increases the prospects for success.

SUMMARY

Successful involvement of consultants in desired organizational change projects is increased by appropriately choosing whether internal or external consulting resources will contribute the most value. Indeed, in many cases, a partnership that leverages the advantages of both internal and external often provides the best value to the organization provided senior management supports and endorses it.

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