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Transitions and Partnerships

The Tao of Internal and External Consulting

By Beverly Scott and Jane Hascall

“External practitioners need to provide a neutral perspective and to share their expertise. They need to know “their stuff” and bring the wider world view. Internals need to work with budget and political issues, anticipate potential obstacles and remove them, and know how and when to use an external, not just abdicate and turn the project over to the external. Sometimes internals are resentful because they don’t get the opportunity to design and deliver. Where the internal adds value is in managing the process.”

—Susan Skjei, former internal OD Manager and VP and Chief Learning Officer at StorageTek; currently external

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 help the organization. They are often seen as gurus or saviors bringing wise counsel. Internal consultants, have expertise but it is valued differently as an organization insider. In addition, as one former

internal consultant suggested, “The difference is a matter of degree, but the biggest difference is in having a boss!”

The common skills and expertise of OD consultants enable them to transition from one role to the other; the differences often trip them up unexpectedly. The commonality may lead to competition between them when they work in the same organization; yet the differences can form a dynamic and successful partnership for the client. The challenges and requirements for each of these roles are different and unclear from the other’s vantage point. (See *Table 1*, page 26, for an outline of the comparisons.)

In this article we will explore two areas where

the differences impact the decisions and behaviors of internals and externals: the transition from one role to the other; and the partnership in working with joint clients.

“I was reminded during my time inside that when you are in the system you are part of the system—for better and for worse. Being inside inhibits your detachment.

“I think the main difference between internal and external consultants is that the internal consultant is more focused on task and the external on process. Neither is “better” than the other. In order to have strategic change you must have both.”

—Amanda Trosten-Bloom,
Corporation for Positive Change,
currently external, formerly internal)

**Table 1:
COMPARISON OF INTERNAL AND EXTERNAL CONSULTING ROLES**

	Similarities Internal	Differences External
Knowledge of human systems, organization and individual behavior	Accepted as a member of the “group”, congruent with culture	Sees culture, organization with outsider perspective
Understanding the process of change	Has credibility as an insider	Has credibility as an outsider
Desire to be successful and recognized for the value they bring to client	Knows organization and business intimately	Brings broader experience from other organizations
Commitment to learning	Can build long term relationships; establish rapport more easily	Can confront, give feedback, take risks with senior management more easily
Passion about their work	Coordination and integration of project into ongoing activities	Focused involvement on a project which ends
Ability to influence and lead	Opportunities to influence, gain access, sit at the table as an insider	Once invited in as outsider, broader experience offers credibility, power and influence
Skills to analyze needs and design interventions	Leverages and utilizes informal and formal organization structure	Can avoid or ignore the organization structure, move around organization to achieve results
Credibility or “Authority”	Leads from position and character (trust)	Leads from competence (expertise) and personality
	Knows the cultural norms that should not be violated	Can acceptably challenge or violate the informal rules of the culture
	Knows the history, traditions and where “bones are buried”	Seen as objective and not part of the problem
	Can take an advocacy role	Brings more objectivity, neutrality
	May be expected to be a broad generalist	Often seen a specialist with narrow expertise
	As a “one client” consultant, has a lot more “skin in the game.”	If it doesn’t work out here, can always move on to other clients

TRANSITION FROM ONE ROLE TO ANOTHER

For many OD consultants life on the other side seems more exciting, rewarding or lucrative. Hence they consider a move from internal to external or vice versa. Given the similarities in the consulting role, one might assume an easy transition with unawareness of the challenges ahead. The advantages and success criteria for each position are different. In our experience and that of others we have interviewed, the transition to the other side is not simple and holds potential traps and pitfalls. Some fail and return to what was known and familiar; others struggle and ultimately find success and satisfaction in their new role; some even find the transition an easy one.

MOVING FROM INTERNAL TO EXTERNAL

The internal, drawn to life on the outside by the lure of control over his or her time and high consulting fees, may be unaware of what is required to be successful as an external. Here are some of the challenges to the life of the external consultant:

- **Marketing and selling:** Selling a product is not easy; selling yourself is even harder for many OD consultants. Touting one's expertise, successes, and uniqueness can seem like too much bragging and immodesty. One struggling external said, "If I was good at marketing, I would be in marketing and not OD!" The challenge of marketing overwhelms many externals who then rely on reputation and word of mouth to bring in business which may be insufficient to meet required financial needs.
- **Isolation:** Working in a solo or small practice often means working alone. Even in large consulting firms, the external consultant is often on the road working alone and coping with the rigors of traveling which can be especially lonely. Lacking colleagues with whom to share stories of last weekend or the ups and downs of the work can be very isolating.
- **Support Structure:** Leaving a scheduled internal position with the organization support systems can be a shock. Many former internals find themselves staying up all night to collate partici-

part binders, doing copying, filing, running to the post office, and other administrative tasks. Without a set schedule time floats away and needed or desired activities get delayed.

- **Financial Stability:** A regular paycheck with benefits becomes a luxury for the new external working solo or in a small firm. The ability to manage financially when times are flush versus when times are tight can challenge the unprepared.
- **The map is not the territory.** Directionally, the compass may be off. As an external you know *about* the organization but you can not *know* the organization in the depth or detail you did as an internal.

"It's hard to realize that one's skills, knowledge, and abilities are difficult to turn into a business if people don't know who you are. Marketing is gigantic. Right now I am trying to figure out what kind of marketing works for the kind of business I'm in. What's worked best so far is a deliberate word of mouth campaign to get referrals. For example asking, 'who do you know who owns his/her own business and might be going through some kind of transition?' Right now, I'm casting a wide net. Referrals from people I know have been most successful so far.

"A lot of it too, is making sure you have some financial security so that you can buy yourself some time. Know how much risk you are willing to absorb and have a backup plan. Buy yourself some time with a six month to twelve month cushion.

*—Susan Skjei, Sane Systems, LLP,
external for second time after
seven years as an internal*

Clearly, the move from a comfortable internal role with the security of a paycheck and benefits, to the freedom and flexibility of external consulting is not always easy. Here is some of the advice our colleagues offered to help make this transition smooth and successful.

CRITICAL SUCCESS FACTORS

1. Leave your former employer on very good terms because you might want to use them as a client or a reference.
2. Recognize there are three elements to running a consulting firm:
 - a. having really good consulting skills;
 - b. having really good skills in OD;
 - c. being able to run a small business: forming a support team of professionals such as an accountant, lawyer, and marketing, gaining visibility, and knowing how to make a profit
3. Affiliating with a large consulting firm as a sub-contractor can give you time to build your own client network. Be clear about your agreement and the issue of competition with your contractor. Most of them have to live with the fact that they can't provide you with enough work; but they often do have you sign a non-compete clause with existing client systems.
4. Refer liberally to others (including lawyers and other professionals). It will come back to you.
5. Know your required financial and security needs. Establish fees that are competitive in the market that will also meet your revenue needs.

Establish a comfortable financial cushion to fall back on.

6. Identify and clarify what you are really good at; and learn to communicate it quickly and easily.

MOVING FROM EXTERNAL TO INTERNAL

"The good news is that acceptance and the level of trust went way up and the system is more inclusive of me now. However, I am a confrontive person who tells it like it is. As an external, people knew, expected and appreciated this. Now I am seen as aggressive and seem to be alienating people. They want me to "play nice" and conform to how the system deals with issues—avoiding them as long as it can until they blow up. Direct feedback and confrontation or just calling the issue is viewed as pretty aggressive behavior. Higher levels of executives still want my directness but the jury is out with my peers. And since lower levels find it scary, I have tried to become gentler in my approach."

—Annmarie Neal, Sr. VP,
Organization Development,
First Data Corporation, former external

AUTHORS

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The move from an external to an internal role is less common and perhaps more personally challenging. Former externals find they have less control, more organizational restraints, increasing demands for cultural congruence and the bureaucracy and organizational inertia with which they must cope. Some of the additional challenges are:

- **Being congruent but marginal.** Internals constantly calibrate their position. They must be congruent with their client organizations to be accepted, build relationships, and increase trust. Then they must shift to a more neutral, outsider stance to bring alternative perspectives, hold up the mirror, or introduce new ideas. This paradoxical balancing act can be challenging for former externals who expect to remain marginal and resist the pressures to "belong"
- **Multiple Roles.** Because the work is driven by the needs of the organization, internals have more opportunity and are expected to take more varied and diverse consulting roles. These

roles demand a breadth of expertise: neutral facilitator, executive coach, expert on organizational behavior, task force leader or member, or change management consultant. As Kevin Wheeler, a former internal describes, “It is a more complex role across a spectrum of issues. You don’t necessarily have to be the expert yourself but you need to know how to leverage.” In fact many former externals who thought they were bringing their specific expertise inside may find that expertise or competence authority is unrecognized and underused.

- **Supporting Cast versus Starring Roles:** The internal must work backstage, be a supportive cast and team player, while externals often are viewed as stars, prophets, or gurus. Stepping out of the limelight is not always easy for a former external used to the applause.
- **Politically neutral or Politically savvy:** Many former externals enter the organization assuming they can remain above the political dynamics, remain neutral and aloof. Successful internals suggest that it is critical not to become politically aligned but to be aware and savvy about organizational politics. It is easy for former externals to step into a political quagmire and lose the opportunity to build their credibility and trust.
- **Boss-Subordinate relationship.** One huge change for an external is having a boss! Many bosses expect to be kept informed and want inside information about clients. A long time internal recommends developing a job charter with the future boss that includes agreements about your relationship and client confidentiality.
- **The territory is not the map.** The internal, with deep knowledge of where the bones are buried, the sacred cows, and the sources of power in the organization, may believe that their intimate knowledge reflects understanding and wisdom about the organization. Internals may become so embedded in the organization that they lose perspective, lost in the territory without a compass or a map.

“One of the biggest differences moving from external to internal is the extent of the network required for buy-in. As an external, one or two sponsors or champions was sufficient but as an internal a much larger number is

needed to impact the culture. I view culture change as an inside job; external consultants do projects, assist the client but don’t have accountability to change the culture. To do that the successful consultant must embed him/herself in the culture as an insider and think of the client as the whole system.

“Externals have a very narrow view of the company based on the project they are working on and they generalize from that limited view. Internals have multiple data points that inform a broader view.

“On the other hand it takes a long time to get things done. Much longer than my experience as an external where you scope, sell, do and it’s over. As an internal, it is a larger scope, more people are involved and more collaboration is required.

“I like the sense of belonging and my greatest satisfaction is the opportunity to build something the company needs that is value added” (

—Myron Beard, Senior VP of Organization Development, First Data Corporation, former external.

“Since I was recruited for my internal position, I thought about how to strategically position myself as an internal. I am rigorous about keeping my external mindset and negotiate and position myself as though I am external. I keep very clear boundaries around relationships: these people are colleagues and clients, not friends. I stay close to the Action Research Model whereby roles are clearly defined and articulated. I keep the organization dynamics and culture traps in the forefront of my mind to keep myself clean. I also walk away from work in the interest of systemic effectiveness or if it is just plain wrong to take on.”

—Annmarie Neal, Sr. VP OD, First Data Corporation, former external

CRITICAL SUCCESS FACTORS

1. Don't be naïve about how difficult it is to get things done internally, the politics, and the need to be collaborative. As an external you tend to believe you can get things done fast. Not true!
2. Develop client agreements which support effective OD work and don't play into the corporate dynamics.
3. Be clear about who your champion is, how much power they have and the degree of commitment to your cause.
4. Recognize there will be a change in the power dynamics. As an external you had the power of expertise and perhaps reputation. As an internal you have the power of position and the power of acceptance as an insider.
5. Know the culture you're going into; conduct an assessment. Be aware that the culture will try to absorb you and expect you to conform. You must have a strong sense of self when you go inside so you don't over-adapt in a desire to be liked and to belong.
6. The risks are higher as an internal. You are moving from "dating" as an external—you can always move on to another client—to marriage as an internal—you must stay committed. Myron Beard suggests, the intensity is at least 50% more than it was externally.
7. It takes more courage to consult as an internal. To be effective, you are always pushing. The higher in the organization you are working the more you push; and higher level people resist being pushed!
8. If you don't want to develop business anymore, remember that as an internal you are developing business all the time. You just know more about the territory and you may not have to write proposals.

PARTNERSHIPS

When the external is hired to work in an organization, misperceptions and confusion of roles often lead to breakdowns in collaboration, learning, and successful results for the organization. When the strengths of the internal consultant

are recognized and valued by the external; and the internal is open to the learning and the leverage that can result from close collaboration with the external, a successful partnership can achieve significant results for the client. The experience of "being in it together" occurs when the internal's inside perspective and knowledge of the organization and the business is paired with the outside perspective and expertise of the external. However, there are several conditions which can undermine the opportunity for partnership.

- The internal consultant may not be in position or does not have enough organizational influence to lead a major change initiative.
- Senior management often does not understand the value of the ties internals have within the organization to support a change effort and thus they fail to support a partnership with the external firm they bring in.
- Internals left out of the contracting process may feel resentful, threatened and marginalized resulting in a lack of commitment. This may lead to alignment with the old way and with clients threatened by the impending change and resulting in potential for undermining and sabotage.
- Externals are often seen as arrogant, exclusive, judgmental; in turn, internals are perceived as ineffective, incompetent, and "poor losers"
- Externals ignore or go around the internal function promoting themselves solely to senior management.
- Weak internal functions that may be incapable of successfully leading change projects.

POOR PARTNERSHIP

"The primary internal was a very scattered, immature person who was dealing with significant challenges in terms of his capacity to deal with the world. The result was an inability to focus, take in or act on the advice of the consultant. The project was held hostage to the client's idiosyncrasies."

—Amanda Trosten-Bloom,
Corporation for Positive Change,
former internal

SUCCESSFUL PARTNERSHIPS

“What made the partnership a success... continuity was important to them. Telling the truth, being a woman of my word, honest, establishing trust, having a realistic picture of the client system, knowing the client and knowing myself well enough to know when to bring in additional expertise. We had the intent of transferring ownership and facilitation of the work into the organization. I’ve never done exactly the same thing with them more than once; it has become theirs—the internals have taken over. We have not been afraid as a team to try things we haven’t done before. Everybody’s grown through our work together.

—Amanda Trosten-Bloom,
Corporation for Positive Change,
former internal)

Requirements for Productive Partnerships

Partnership is the key to success when externals and internals work on joint projects. Internal Susan Curtis, Director, Work Force Development at StorageTek, states, “I believe it is the attitude of the consultant and the internal staff that make the difference. If both approach the work from a limited pie perspective there is a tendency to grab what I can for me. However, if the perspective is “there’s plenty for everyone”, the relationship has an opportunity to flourish and grow.

Based on our own experience and the advice of many internals and externals we offer the following advice:

For Externals:

- Remember who your client is
- Deliver on your promises
- Value your client’s deep knowledge of the organization
- Become clear about and respect personal boundaries
- Stay apolitical and maintain objectivity.
- Maintain the highest of ethical standards
- Leave the organization better off when you depart than when you entered
- Transfer skills/knowledge to internals and the client system

- Bring the organization the benefits of your knowledge of the wider world.

For Internals:

- Go after partnership with externals
- Ensure that management understands the value and expertise of internal consulting
- Don’t be offended, don’t whine about not being included, and don’t act out resentment in petty ways
- Recognize that the external consultants become stakeholders in the organization and that they are under the gun to perform also
- Help clients understand that they need to play ball and join in the change process
- Be clear about your role and competencies before confronting the challenges of large-scale change, planned and managed by an external firm.
- Consider using small firms that specialize in partnership with internal consultants
- When managing an external firm, some suggestions are:
 - Define expectations for the external and internal partners in the project
 - Discuss and determine how conflicts and differences will be resolved
 - Manage the scope of the project very carefully
 - Plan frequent communication; build in scheduled checkpoints.

When internal/external partnerships fail there are missed opportunities for the transfer of skills and knowledge, and often a failed implementation means disastrous results for the organization and its employees. When externals rather than internals are managing the process, the final insult is a departing consulting firm that leaves the internal function to “clean up the mess”. On the other hand, a successful partnership draws on the strengths of both the internal and the external. The organization benefits and the consultants all learn from the partnership.

SUMMARY

Assuming that the common skills and expertise of OD consultants enable a transition from one role to another or ensure a natural working relationship, is unrealistic based on our own and others' experience. Rather the roles and challenges differ significantly for internals and externals. Awareness of these differences will ease the trauma of transition to the other side and help build collaborative, successful working partnerships. ■