



## **Tips on Hiring a Business Consultant**

### **1. Define your key business questions**

For founders new to the CPG industry, this is perhaps the biggest challenge when deciding who to contact for advice, whether free or paid. It's important to select the unanswered questions whose answers have the largest overall impact on your business. Start with those as you search. Consultants excel at seeing the key issues in their clients' businesses from a third-party, experienced perspective. Some element of problem discovery should be left to them. However, you as the founder can definitely discern whether or not your top business questions are a) operational or b) strategic in nature. Operational problems are about the present/past. How do I lower supply chain costs? How do I manage my COGS more thoroughly? How do I know how many sales staff to hire? How do I select the right co-manufacturer? These questions are generally mechanical and heavily driven by cash flow and bottom-line concerns. Strategic problems are about the future and about growth. How do I get to where I want to go? How do I minimize risk of expensive mistakes? I just raised a large angel round, but how do I make sure I spend it wisely to grow?

### **2. Select the right advisor for your top questions**

If your problem or question is operational, you should hire experts who have operated similar businesses for years or who consult on operations full-time. Some even rent out their time to act as out-sourced business partners. If your problem is strategic in nature, you want to hire folks who have studied how early stage CPG businesses' grow, how to measure growth and key best practices in stimulating growth. Like a good operational consultant, this requires pattern analysis across dozens, if not hundreds of businesses.



### **3. Network and ask about them**

While it's tempting to simply do an internet search, call some folks and ask for references, this is not the best way to hire a business consultant. Their advice will have too much impact on your business. If you ask them for references, they will simply hand you their happiest clients or most well-spoken, charismatic clients. This is bad research. Instead of asking your consultant to interrupt his/her clients' schedule and do your research for you, spend time asking around in your professional network. Established consultants are known quantities. Some newer consultants may be well qualified but slightly lesser known. The extent of their fame is less the issue than getting the candid, third-party opinion about the individual from 3-4 of your peers in the industry.

### **4. Get your team's buy-in**

Don't waste your time or a consultant's time asking for a proposal without getting tentative buy-in from your team on the idea of hiring a consultant in the first place. If you haven't asked them, don't assume you know if they're onboard. The idea of the 'consultant' is surprisingly polarizing in our society. Showtime's the House of Lies has certainly raised the skepticism level quite a bit. By getting team buy-in, you ensure that your entire team agrees on the key questions you need answered. If buy-in takes time to achieve or causes you to lose interest in hiring a consultant, great! So important not to go down the road of asking for a proposal and then abruptly walking away.

### **5. Negotiating contract/terms**

It's important to ask any consultant about their process and the deliverables you'll be getting. Don't be surprised if a consultant has a set process and won't alter it much for you. This is fairly common among good experts. They know what works for clients in your situation, so you want to trust in that. Always collect the same information from each potential consultant so you can compare them in an apples-to-apples fashion. It's fine to ask for proposals from multiple folks, but never ghost anyone you decide not to hire. Always let them off gently, because, you never know, you may want to hire them in the future.