

# Internal vs. External Consulting

Vault.com

Hannah Im

While many readers have expressed interest in external consulting, I bet there are a few out there who wonder about internal consulting. My career includes both working as an external consultant for two of the Big Five and a startup Internet consulting company, as well as working as an internal consultant for one of the world's largest investment banks. This article is for all those interested in internal consulting. While I will not describe all similarities or differences, here are enough descriptions to get you started.

## **Similarity 1: The Dynamic Environment**

Consulting, in general, offers a variety of projects and interaction with a large range of clients in different industries and/or environments. No two days are the same. No two projects are the same either. Each day, we get to stretch our intellects and creativity. Those case questions in the interview process actually represent the kind of thinking required in our jobs. On the message boards comparing consulting to other industries, stimulation and challenge are the two characteristics that consultants consistently mention.

## **Similarity 2: Networking and Influence**

We also get to rub shoulders with some of the most brilliant minds in industry. There are very few careers where we get to meet and dialogue with as many CEOs, board members, and industry leaders. Sometimes we witness and learn the importance of ethics, the impact of poor prioritization, or the negative power of the bottom line (a.k.a. revenue, be it plus or minus). But among them all, we also find inspiration, leadership, influence, and for those of us who are lucky, mentors and other long-term relationships, even friendships. Most importantly, they listen to us and are genuinely interested in our opinions. As a first year consultant, this blew my mind! Me, a fresh graduate, offering insight to men and women decades my senior and with far more experience. In other jobs, learning is often a one-sided experience for consultants. But in consulting, the learning is most definitely symbiotic between consultant and client.

## **Similarity 3: Broad Experiences**

Our clients range in size, structure, and strategy. We advise on issues both common and unique throughout our client rosters. By the end of our first year, many of our resumes contain a wider range of projects and skills than those in other fields.

## **Difference 1: Our Clients**

Regardless of whether we are internal consultants or external, the rewards are equal. However, the kinds of rewards vary, because of the environments where we consult.

As external consultants, we engage startups and blue chips. Our clients do not resemble each other. As an internal consultant, we work within one company only. Though we interact with departments of different sizes, our client remains the same. Catering to numerous clients has its advantages and disadvantages, as does serving one client. When working with a diverse clientele, we get to know many industries as generalists, so it takes us longer to become experts. If we work within one industry, the time to specialization decreases, and we get a broad overview of the industry. We know different companies' best practice and how each grapples with their issues. Still, most of the diversity within any industry is vast enough that we still need more time to settle on one or two areas of expertise within the field. With one client, we get to know one industry very well and can become an industry or product expert much more quickly. However, we miss the chance to broaden our exposure to the numerous environments and people external consultants have.

## **Difference 2: Project Completion**

Working as external consultants, we meet many employees at each client. However, we do not always remain onsite or work with the clients long enough to establish deep-rooted relationships. Nor do we always get to see a project through to completion or know if the clients implemented our suggestions. Internal consultants, on the other hand, work with the same people for longer periods, even if the projects are short-term in nature. So we also know the outcome of our projects and have greater opportunity to manage the projects' outcomes.

External consultants often have to reach out to their clients to find out how that last project is faring, and many times, we are disappointed to learn the project was never implemented. Maybe funding fell through, or reorganization no longer makes the project necessary, or some other situation arises to obliterate all those hours and ideas we contributed. By this time, there is very little we might be able to do about the client's situation.

This is not always true for internal consultants - often, clients seek us out when it looks like the project's value will diminish. Also, because internal consultants are already onsite and probably know the management that decided to bypass our recommendations, we can act almost immediately.

### **Difference 3: Additional Consulting Opportunities**

External consultants constantly bear the pressure to identify and close sales opportunities in order to climb the ranks. Unfairly, clients often view external consultants' genuine concern or interest in their firms as another sales pitch. In contrast, the company generally values an internal consultants' advice more, because we are not perceived as only seeking self-promotion at the client's disadvantage. So when an internal consultant recognizes a consulting opportunity, management generally receives our communication more willingly.

### **Difference 4: Career Transitions**

On my first day at my first company, the human resources partner told us one in one hundred of us new employees would stick around to make partner. At the time, I thought I would surely be one of those on partnership track. I also did not understand why anyone would want to leave such a great company. But during my first year, I witnessed a great turnover rate, including partners. Few of us are lifetime consultants. Some of us return to school, but many external consultants join other industries. Our clients offer a great starting point. Sometimes, they recruit us, and sometimes, we solicit them. In contrast, internal consultants wishing to leave the company often struggle more, since a large portion of our network is concentrated under one roof. However, internal consultants who want to transfer out of consulting and into another department generally have an easier transition.

### **Difference 5: Utilization**

Because consulting firms make money based on number of hours billed, external consultants face a lot of pressure only to bill. This translates into more on-the-job training and less formal training. Unfortunately, regardless of whether you are an internal or external consultant, your clients always expect a degree of expertise. Justifiably, they seek best practices from external consultants and deep knowledge from internal consultants - after all, external consultants cost a lot, and internal consultants are cost centers.

Unfortunately, even when external consultants are "on the beach" or want to pursue free formal training, we are often denied and put on development projects instead, like research or proposal writing or presentation support. Internal consultants do not share the same pressures on how we use their time, and management is more likely to allow or send us on training. On the other hand, internal consultants face a higher client expectation to know their internal clients and the clients' issues. So training is not only easier to acquire, but management tends to view it as necessary for job performance.

### **Consulting Careers**

Whether you choose to be an internal consultant or external consultant, you will have career and growth opportunities available to you in many forms. But like everything else in life, how much you learn depends on you. So be sure to take advantage of every chance to develop your network, your skills, and your talents. Be sure also to recognize what outstanding achievements you contributed toward any project and to put it prominently on your resume. Should you ever decide to leave consulting or switch between internal and external consulting, you will want your r?sum? to reflect your fair market value.