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## **The Changing Consultant/Plan Sponsor Relationship**

By: Joe Hornyak

Sarah Beech and Jacques Théorêt both agree, there has never been a better time to be an HR **consultant**.

With HR so focused on drawing a line between its efforts and business results in a competitive environment, HR **consultants** also have an opportunity to really demonstrate thought leadership and thus establish their own ROI, says Beech.

For Théorêt, it's both a challenging and an exciting time to be in this business. "**Benefit and pension plans** are in the headlines in a way we did not see a decade ago. With changes to **accounting** rules, recognition of costs on the balance sheet, and burgeoning plan costs, clients expect much more from **consultants** than technical expertise."

In the following, Beech, a managing principal, consulting, Hewitt Associates Canada; Jacques Théorêt, leader, Mercer Human Resource Consulting, Canada; Chris French, a senior vice-president, Canadian sales and marketing, ACS and Buck Consultants, an ACS company; and Mario Galizia, a principal at Towers Perrin who leads its retirement practice in the Ontario market; share their views on the relationship between plan sponsors and their consultants.

All four agree that plan sponsors are making greater demands on their consultants.

French says today's consultants are expected to be partners and advisors in the resolution of client issues, not just providers of technical expertise. "Plan sponsors are expecting proactive and timely advice – not only on today's challenges, but also on the challenges faced by other similar organizations, today and in the future. They want a partner who truly cares about their business and understands the broad business issues that they are facing, rather than one who simply addresses basic technical issues as they arise."

Added to this is that Canadian plan sponsors are increasingly sophisticated in their work and in how they work with consultants, says Galizia. "In the past, clients wanted us to provide them with data and a range of alternatives for their consideration. Today, clients are looking more for strategic advice and input on what will work to achieve their business objectives. If a consultant can't provide that strategic advice, there are plenty of others in the market who will."

Beech says the biggest change has probably been in the fact that they're dealing with a broader group of individuals at client organizations – "finance and procurement, in particular." This reflects the fact that "people issues" have taken on increased significance within organizations.

Galizia says much of consulting work used to be focused on understanding industry and competitive practices, "so over the years we've built extensive database and benchmarking capability to serve that need. Today, we're far more focused on finding the 'best fit' for each of our clients, rather than simply developing programs that are based on competitor and market practices. That requires a different mindset, more focused on the client's business plan and what they need from their workforce going forward."

Beech says the current economic climate appears to be affecting the role – and the perception – of HR at some organizations. Organizations are grappling with people issues associated with mergers, acquisitions, downsizing, and international growth, combined with an increasing shortage of labour. These issues, combined with the fact that people-related costs make up two-thirds of organizational spending, have senior leadership focusing more on what HR can bring to the table.

"In recent years, we've seen HR change from being a business supporter to a business partner. But the current economic climate is pushing some HR professionals to the next level – that of being a business driver, where they are focused on business outcomes rather than traditional functional silos." she says.

What this means for consultants is that, rather than being asked to help design a benefits program or a pension plan, they're tasked with helping HR to meet the business objective of ensuring there is a continuous supply of talent. HR is thinking more holistically and is expecting consultants to do likewise, says Beech.

Another change is that clients refuse to keep paying the same fees for the same service, so core activities are becoming commoditized, says French. "Expectations relating to innovative service and enabling tools are constantly being raised.

As well, clients are demanding a single point of view from organizations that are typically structured in 'silos' along different lines of expertise. "In other words: they want one point of contact that will consider things from their point of view, and then bring in a multi-disciplined team to seamlessly address their unique situation," he says.

But change is inevitable.

"If nothing changed in the client's world, our role would diminish," says Théorêt. Most organizations look to their consultants to become a business partner – one with an understanding of their business issues, their industry, and competitive environment. With more businesses moving to North American and global organizational alignments, the consultant must adapt to this dynamic change in both relationship and structure.

"A significant factor in global alignment is the movement of work. As clients locate or outsource operations to India or China, they look to us to provide local insights and support, and often, to be where they are. We have to provide comprehensive solutions that reach seamlessly across borders whether in Asia, Eastern Europe, or South America," he says.

Théorêt expects "our business to continue to shift towards providing the comprehensive, intelligent solutions that organizations need at the strategic business level. And, with new technologies and new ways of working, like mass collaboration, we expect many knowledge resources and tools to become more available to everyone. This means we'll continue to evolve what support we provide and how we add value. We'll continue to find and leverage the best knowledge, ideas, and support networks to serve clients."

Meanwhile, French expects to see more dynamic partnering with competitors for convenience, in order to solve a client's specific business issues. Making this kind of the partnership work will require flexible organizations and creative, problem-solving individuals, so much of the bureaucracy in major consulting firms will have to disappear so that they can remain competitive with consortiums of small niche competitors.

This means, says Théorêt, that the successful consulting firm will be the firm that can bring the best-of-breed risk and investment management innovation, people strategies, and global reach to bear for the client. ■

Joe Hornyak is executive editor of Benefits and Pensions Monitor.