

Workload Overflowing? Look Outside.

M I C H A E L N . J O H N S O N

Staffing is thin, plates are full, and you just received another project from the division president. After careful review, you determine this assignment will require a 15-person team and months of hard work. As the department manager, what are your options and how do you avoid a workload crisis?

You can further stretch your staff and spread the work among the best qualified, or consider a traditional consulting or accounting firm with relevant expertise. For many situations a third alternative may be your best choice: engage a financial services staff augmentation firm.

Staff augmentation has been around for many years. The concept originated when national accounting firms provided staff on loan to clients as a way to “flex-staff” during interim periods of increased workload. However, as the demand for traditional accounting firm services increased following Sarbanes-Oxley and conflict of interest issues emerged, many national accounting firms limited this service offering or divested these service lines altogether. The staff augmentation business segment has been growing steadily in many markets with Atlanta being no exception.

What are the benefits of seeking outside support?

In addition to making your life – and your staff’s - easier, a top-notch outside team can add value by:

- Creating a cost effective way to deliver a project on time.
- Offering fresh and innovative ideas from a third party perspective.
- Placing less of a burden on staff, which enables greater productivity on current assignments.
- Utilizing experienced and qualified talent including former auditors or consultants with national firms, chief financial officers, controllers and internal audit directors.
- Allowing access to additional resources such as technology, case studies, and specialized financial systems.

Do you need a consulting or staff augmentation firm?

Before you begin the selection process, determine if your project is better suited

for a consulting/accounting or financial services/staff augmentation firm. The one critical question you must answer is: Do you need subject matter expert consultants and proprietary knowledge or experienced and credentialed professional interim project resources?

If special expertise and proprietary processes is needed, utilizing interim professionals through a financial services/staff augmentation firm will likely leave you short of the mark and scrambling to fill undesirable gaps in the process. However, if a staff augmentation solution is the right answer, the project cost could be as much as 50 percent less than an accounting or consulting firm and many other benefits may be realized. Making the wrong decision could cost your company thousands of dollars and potentially millions for larger projects.

Establishing clarity and defining your needs is critical at this point in the process. Consider the following questions to determine what kind of help you really need.

- Does your project require interpretation of new government regulations or involve complex subjects that very few professionals have mastered?
- Do you need a third party to provide expert opinions and make available proprietary best practices templates and guidelines and technology tools?
- Do you want a third party to assume a large portion of the project performance risk?

If you answer yes to any of these questions, you likely need subject matter consultants. However, regardless of which professional firm you select, there may be elements of the project that can be unbundled - and either performed with internal resources or with resources from an augmentation firm - to control the cost of the engagement.

If you answer no to all the above questions, engaging a subject matter consultant is likely not the best fit. This is potentially good news and you have the opportunity to save a substantial amount of money by engaging a staff augmentation firm.

But don’t let down your guard yet.

There are additional questions to ask before engaging a staff augmentation firm, such as:

- What market niche does the firm serve and does it meet your specific needs?
- How do they attract and qualify quality resources and will they meet your specifications?
- What guarantees will be provided, if any?
- What is the firm’s service record?
- Does the firm provide “turnkey project management”? And if so, how will they be accountable for delivering the desired results?

You should investigate the firm’s history, ownership and references. Also inquire about payment and employment guarantees to their project professionals.

One area of concern that deserves special consideration is an augmentation firm’s insurance coverage. The important question you must address is: Do you have work that requires independent/strategic decision-making? If you answer yes, then ask if the professionals working on the assignment were hired on a 1099 (independent contractors) or W-2 basis (full time employees). This is extremely important because most 1099 professionals are not covered under the augmentation firm’s insurance and there may be other significant employment tax compliance issues as well. Also find out the type and different levels of their insurance. For example, if applicable to your situation, do they have cyber-insurance for protection against data disclosures?

In conclusion, whether you need one individual or a team of 50 professionals, the thought process outlined here can guide your approach to securing the right firm to successfully complete your project and become a valued partner.

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