[Table 3.2]

The Differences Between External and Internal Consulting

STAGE OF CHANGE	EXTERNAL CONSULTANTS	INTERNAL CONSULTANTS
Entering	• Source clients • Build relationships • Learn company jargon • "Presenting problem" challenge • Time consuming • Stressful phase • Select project/client according to own criteria • Unpredictable outcome	• Ready access to clients • Ready relationships • Knows company jargon • Understands root causes • Time efficient • Congenial phase • Obligated to work with everyone • Steady pay
Contracting	• Formal documents • Can terminate project at will • Guard against out-of-pocket expenses • Information confidential • Loss of contract at stake • Maintain third-party role	• Informal agreements • Must complete projects assigned • No out-of-pocket expenses • Information can be open or confidential • Risk of client retaliation and loss of job at stake • Acts as third party, driver (on behalf of client), or pair of hands
Diagnosing	• Meet most organization members for the first time • Prestige from being external • Build trust quickly • Confidential data can increase political sensitivities	• Has relationships with many organization members • Prestige determined by job rank and client stature • Sustain reputation as trustworthy over time • Data openly shared can reduce political intrigue
Intervening	• Insist on valid information, free and informed choice, and internal commitment • Confine activities within boundaries of client organization	• Insist on valid information, free and informed choice, and internal commitment • Run interference for client across organizational lines to align support
Evaluating	• Rely on repeat business and customer referral as key measures of project success • Seldom see long-term results	• Rely on repeat business, pay raise, and promotion as key measures of success • Can see change become institutionalized • Little recognition for job well done

SOURCE: M. Lacey, "Internal Consulting: Perspectives on the Process of Planned Change," *Journal of Organizational Change Management* 8 (1995): 76, © 1995. Reprinted with permission of the publisher. All rights reserved.

issues and assess the organization more objectively. In the intervention phase, both types of consultants must rely on valid information, free and informed choice, and internal commitment for their success.[16] However, an internal consultant's strong ties to the organization may make him or her overly cautious, particularly when powerful others can affect a career. Internal consultants also may lack certain skills and experience in facilitating organizational change. Insiders may have some small advantages in

Personal Views of the Internal and External Consulting Positions

The Internal Consultant's View

I am an agent of change. I am also a member of this organization. I was hired for my OD skills, but also for the fact that I was seen as a "cultural fit." Sometimes I struggle between my dual roles of "team member" and "free radical." After all, it is my job to disrupt the status quo around here, helping leaders to find ways to make the organization more effective.

I have the great advantage of knowing and understanding how my organization works—its processes, policies, norms, and areas of resistance. I can usually anticipate how difficult a given change will be for members of the organization, and where the resistance will come from. Because I believe in the mission of my organization, I am able to cope with the inevitable challenges of the change process. Still, I am frequently a magnet for resistance and a receptacle of institutional anxiety. While I understand how people can be frustrated and frightened by change, it can still be difficult for me to bear the disruption I help to create.

To keep myself sharp and healthy, I breathe, run, meditate, and read. I take every learning opportunity that comes my way, and work diligently to create and maintain a network of colleagues who can support me through the rough patches. I find that my best support comes not from friends, but from people who know and understand the hard work of planned change.

As an internal consultant, I have exposure to many of the same people over time—executives, managers, and employees get to know who I am and what I do. I get to know who they are and what they do. I have the opportunity to leverage my executive relationships from project to project; over time the executives here have come to understand my work and trust my skills as a consultant. This understanding and trust saves us time and energy each time we work together. Of course, I realize that if I fail one of my executive clients, my life in this organization could become less pleasant. That can stress me out when I'm working on a messy or unpopular project. After all, my performance review is affected by client feedback, and my compensation is tied to people's perceptions of my performance. This can make it difficult to press forward with risky interventions. I am proud of my reputation around here—proud of the fact that I have built solid relationships at the executive level, that managers respect my work, and that employees value having me in the organization. Still, I am ever aware that I must walk the fine line between "respected insider" and "paid agitator."

Sometimes I'm lonely—often I'm the only OD person working in an organization; sometimes there are two or more of us, but we're always spread so thin that connecting is difficult and truly supporting one another is virtually impossible. I may work with other staff people—HR for instance—but they don't always understand my role and can't really relate to my challenges. Sometimes they can be resentful of my relationship with the client, which makes me feel alienated. I enjoy my client groups, but I must be careful not to over-identify with them; the greatest value I bring to my clients is a clean "outsider" perspective. I can't do hard change efforts with them if I'm worried about them liking me. Being a lone ranger can be thrilling, but being an outsider can get tiring.

Occasionally I bring in an external consultant to work on a specific project or problem in my organization. This can be both challenging and rewarding for me. It is time consuming to bring an outsider up to speed on my organization's business, processes, and politics. I seek external consultants who will fit in our culture, while helping us see our issues more clearly and realistically. I enjoy the process of partnering with people who have exposure to other organizations, who possess different skills and strengths from mine, and who understand the inherent discomfort of the change process. Still, this can be risky, because my reputation will be affected by this person's work and the outcomes we are able to achieve. When it works best, my partnership with the external consultant leads to improved effectiveness for my organization, while affording me a valued learning opportunity and professional support.

The best thing to me about being an internal consultant is knowing that I am contributing to the mission of my organization with every client I work with, every day.

The External Consultant's View

I am an agent of change. I work for many different organizations of varying sizes with different missions and goals. I spend most of my time helping managers, HR people, and internal consultants initiate and manage change—both planned and unplanned. I enjoy the variety in my work and the learning that comes from seeing the way change happens in different organizations and contexts.

But it is hard being an "outsider." I must work quickly to understand each new organization I work with. As an outsider it can be frustrating to navigate the inner workings of the organization—its politics, pecking order, and culture—and to root out what's important and what's not. In my role, I'm not around while the unglamorous, time-consuming, and important work of nurturing a change along is being done. So, although I experience the risk and excitement of some part of the change, I do not always get to experience the whole change process from start to finish. I rarely get to see the project bear fruit and the organization become more effective as a result of the work I've done. Sometimes the process feels incomplete, and I almost always wonder how much I've actually helped.

Being an external consultant is both rewarding and risky work. On the one hand, I am seen as an expert. I am appreciated for my assistance, applauded for my knowledge, and liked for my interpersonal skills. I have the benefit of many revenue sources, so I'm never overly dependent on one client. I am often rewarded handsomely for my time and effort, although most people mistake "daily fee" as actual income and forget about self-employment taxes and the health benefits I have to pay myself. The other truth is that I am always

at risk—economic crises, budget cuts, personnel changes, executive shake ups, organizational politics, and the occasional hostile HR person are but a few of the land mines an external consultant faces. For the most part, I feel pleased and rewarded for my work as a consultant. But I always know that my situation is dependent on my client's situation, and I can never afford to get too comfortable.

When I'm hired by an executive or manager, sometimes the HR person or internal consultant may be resistant, feeling threatened by my presence. When this happens, I have to find ways to address their concern, partner with them, and still do the important work of organizational change. Sometimes just creating space for the conversation by using simple probes—"You seem very concerned about this situation" or "You must feel pretty unsupported right now"—help me uncover their discomfort so we can move forward. Sometimes these relationships are difficult throughout the engagement. It's the downside of being brought in as an "expert."

I am asked by clients to perform a wide variety of tasks ranging from content expert to process expert to personal coach. Regardless of the request, however, I am frequently aware of an unspoken need on the part of the client—manager, HR person, or internal consultant—to have me support his or her project, position, or person. When the request is to support a project, it is usually clear. When the request is to support a position, it is less clear but typically surfaces during the course of our work together. However, when the request is to support the individual personally, the request is almost never overt. This is where my self-as-instrument work serves me best, helping me to understand the unspoken—the question behind the question. While my goal is always to help my client organizations become more effective, I never forget that change can happen many different ways and at multiple levels of the system. It is my work to be aware of opportunities to intervene, and to have the skill and courage to do so as an outsider.