



CONSULTANT-LITE: LET THE BUYER BEWARE WHEN BUYING DISCOUNT CONSULTING SERVICES

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Something very discouraging is happening in our industry. "Security-Lite" is coming into style. In an attempt to save money, buyers of security consulting services--and to a lesser degree security products--have demanded lower prices. Because of competition for work, some have successfully paid lower prices for goods and fees for services, but only at the expense of lowering quality and service.

I made a presentation years ago to security managers about working with security vendors and I was surprised to see that many in my audience felt that they should squeeze the profit out of any contract they sign with their vendors. Profit, they assumed, was up for grabs and negotiable. As the economy continues to change, certain conditions have converged to create a situation where security service providers are being squeezed, not only to eliminate fat in their proposals but also to eliminate every ounce of profit from work they provide. Companies need to make a profit to stay in business and when they do not make a profit on a given project, there is a good bet that quality will suffer. When I as a security specifier put a job out for bid, I always do a cost analysis



after bids are received to make certain that the successful bidder is making enough profit to be motivated to do the job with the quality we demand. If not, I recommend that the low bid be thrown out.

Suppose your boss came to you and said, " For the past 20 years you have served this company. You have progressed to an annual salary of \$60,000 with a benefit package equal to 40% for a total compensation package worth \$100,000. Effective immediately, we are cutting your pay by 20%. Your four weeks of vacation will become three weeks. Your insurance will be cut proportionately. You will have to contribute \$80 more per month for your medical insurance. You will be expected to continue to do your best job for this company or we will find a replacement for you."

I bet your boss would no longer be on your list of those to be nominated for sainthood. When the choice between going to the office on Saturday morning or taking your son to soccer practice presents itself, I

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know which one you'll choose. When you are sitting by your pool with a gin and tonic in your hand, your thoughts will not be on how to cut the budget at work or how to make the most economical purchase of uniforms for your guard force. You'd probably utter those famous words, "He knows I need this job and he knows I have no choice but to take the cut, but if he thinks I'm going to do one iota of additional work than I have to, he's crazy!"

There is a principle of marketing in regards to consulting services that says after you offer a proposal, if the client wants you to reduce your fee you should do so only by reducing the scope of work. Contractors for the government have found that often they are not legally allowed to charge the government more per hour than they charge other clients and an elaborate formula is used to define an acceptable hourly rate. It is therefore important to maintain an hourly fee rate and save the client money by reducing the amount of work being performed. Otherwise, there is a downward spiral of fees and the industry cannot sustain itself. More and more buyers of consulting services are demanding lower consulting fees. More and more consultants are responding by offering "consultant lite" services--a reduced scope of work.

This trend signals a deterioration in the economy. Say what you will about good times in the stock market and glowing reports on the economy, but we are on the verge of what I believe will be a long and protracted period of reduced economic growth. The

downsizing and mergers of the last decade "dumped" hundreds, if not thousands, of unemployed security practitioners, police officers and military officers on the market, most of whom hung out a shingle as security consultants until they could find "real work". As the economy changes--call it good or bad depending on your perspective--lean companies are demanding and getting lower hourly rates or leaner services from consultants.

What is "Consultant-Lite"? When I am hired by an architect or owner to work on a team with the architect to build a new building and design a security, access control and/or CCTV system, my scope of work involves identifying the owner's needs, designing the system, preparing bid documents, coordinating with other consultants and engineers and along with the architect, answering contractor's questions, reviewing the contractor's work, providing project management, and overseeing project closeout. My specification deals with issues like what product we are buying, how it is to be delivered, installed and serviced, its warranty terms, training of the staff on its use, how the system is to be programmed and documented, and other issues.

Included in the above scope of work are tasks like shopping for the best buys or acceptable equals in equipment for the project and writing the spec to assure that the contractor provides the product we want. It also includes careful coordination of issues to make sure that problems are



corrected early that may result in costly changes or even litigation. It involves reviewing change requests and contractor submittals like shop drawings and as-built drawings, requests for payment, etc. And a good scope of work will include several on-site inspections of the work to make sure that quality is adequate and that the work is being performed in conformance to the specification. This is especially important if conduit is being provided by one contractor and detectors, readers, cameras and wires by others.

A full service consultant will not only provide specifications and drawings, but will also include detail drawings showing exactly how a card reader or other component is to be wired and its conduit installed. A quality specification assures that the correct conduit will be provided, that the conduit to the door is installed before the door frame is grouted and it is too late to run wires, that correct power is provided in the correct conduits, and that the card reader is installed at the proper height to satisfy ADA requirements.

Along comes a building owner who is under pressure to build more building than he can afford. Something has to be cut. You can bet that it won't be the marble in the lobby or fabric wall coverings in the Boardroom. He will look around for something that is not needed. Air conditioning and heat are needed as are the fire systems and lighting, but the burglar alarm, access control and CCTV systems are usually the first target. Seeing that they, too, really can't be cut, the owner looks to design fees as a way of saving money.

Let's digress for a moment. Added to the pressures of the economy is the fact that every unemployed security director is offering his or her services as a security consultant. And consultants who used to make a comfortable living doing surveys have expanded into the system design field in order to compensate for the changing marketplace.

Many of the consultants pursuing projects don't understand the process and are unaware of the full scope of services traditionally expected of them. When confronted with a proposal from an owner or architect seeking a pared down scope of work, the consultant often fails to comprehend the impact that the reduced scope will have on the project or on his ability to deliver a work product that properly serves the best interests of the client.

More and more owners and architects are using fee competition when selecting consultants. And more often than ever before, construction managers and design/build architects are offering services traditionally offered by security consultants, specifically reviews of shop drawings and submittals, approval of payment requests, review of change orders, on-site inspections, and close-out inspections. The theory is that if the design/build firm is ultimately responsible for delivering a working system that meets the spec, they will enforce quality among their contractors. And they will do all of this within their total cost for building the building, saving the owner the money normally spent on consultant fees.

As more security consultants provide



discount fees and a reduced scope of work, i.e. "Consultant-Lite" services, the final result will be that overall quality will be greatly diminished and the owner will not be well served. Any savings that a client may anticipate by reducing the amount paid to their consultants or architects are just illusions. Consultants cost money, but a good consultant performing a full scope of services will ultimately save money. There is a real cost benefit to the service they offer. If this were not the case, millions of companies would not have hired millions of consultants over the last century.

Let's look at a recent project we undertook and see exactly what this "extra" \$5,500 in consulting fees, the first ones normally cut from a project, bought the client. During the design process we re-wrote the specification for CCTV cameras after visiting the ASIS exhibits, our industry's leading trade show where new equipment is introduced, and viewing camera quality on several lower priced camera models. Knowing that the owner needed to stay well within budget on the job, we made the extra effort to seek out alternatives to the proven products that we normally prefer to specify. The revised estimate for the CCTV system was almost \$6,000 lower than the initial estimate because of our extra effort. Before the specification was even submitted, we had already saved the client the portion of our fee that is usually at issue.

When work began and shop drawings were not delivered on time, we made an inquiry. Eventually shop

drawings were delivered and we did our review. We rejected the drawings and subsequently did two more reviews before we were satisfied that the contractor was complying with the spec. We identified one major instance of cutting corners that not only did not give the client what he was paying for, but also substantially reduced the quality of the system. We had specified that each detector's wire be homerun from the device to the data gathering panel so that if any one wire was accidentally cut, the rest of the system remained in operation. The contractor's shop drawings revealed that he was home running data wires from each detector but using one common power loop, defeating the purpose of this safeguard. Our extra effort performed as part of a scope item, that might normally have been transferred to others under today's cost cutting climate, prevented a serious potential breach to this facility's security. It is not likely that a design-build general contractor or even an electrical engineer not regularly involved in security would have caught this--if the review had taken place at all.

Later in the same project, a change order was issued by the architect to move a motion detector three feet, from a point over the door to a corner, because the door had suddenly been declared a fire exit and an exit sign was to be added where my detector had been placed. When the contractor's price for the change order came through I reviewed it, something that would not have been done, or at least done as well, had this task been assigned to others or been eliminated



altogether. After all, the review would have been done by the contractor himself in a design-build project or by no one at all if these services had not been purchased from a security consultant. The contractor's cost was a whopping \$3,000 for 36" of conduit and wire and two conduit hangers. We knew that labor charges were bogus because the detector had never been installed in its original location so this was not extra work for the contractor. Regular site visits, something often omitted to save money, allowed us to know that this was not a legitimate cost. Such charges are not unusual.

Later in the project, a review of a contractor-requested change, intended to save the contractor time, disclosed added costs to the owner of almost \$9,000! This is still another example of a cost that was saved by having a security consultant on board for a full service project.

A later change request by the contractor reduced the cost of the security system, a welcome savings to my client. But when we looked closely at it and coordinated the work with other trades, we found that the change actually increased the building costs as it required more framing, drywall, electrical, and finish work far in excess of the savings. Without including coordination in the scope of work, this would have been missed.

During the project management phase, we visited the site three times. Each visit revealed deficiencies or variations that, while acceptable, were not approved and did not appear on

shop drawings. Final record drawings were rejected twice before they were accepted. Most striking was the fact that since the full parts and labor warranty began when the record drawings were approved, not when the building was turned over to the owner, the owner enjoyed over six months of additional warranty because the final record drawings were over six months late in being submitted and approved. Since this was a big system and the annual service cost for extended warranty was about \$50,000, that six months amounted to a client savings of about \$25,000. This contrasts with the not unusual situation where someone who has no understanding of the security system or its requirements, tests it and signs off on it before serious deficiencies are corrected. Since the system is accepted, the client pays to fix things that aren't right.

In another job the final acceptance test of the access control system was performed by the design-build firm's representative, not by an independent consultant. After all, the design-build concept is intended to allow the design-build contractor to check his own work because ultimately he will be held responsible for it. At the acceptance test, all components in the access control system worked properly. It wasn't until the owner attempted to expand the card reader system that it was discovered that the power supplies were too small to accommodate more readers without upgrading them. This was not supposed to be the case since power supplies were supposed to be



adequate for a "fully loaded" reader controller equipped with readers on all four doors even if only two were initially equipped with readers. A good full service security consultant would have caught this had one been hired to do the acceptance test. When we did catch the problem-two years later during an expansion of the system- it was too late to hold anyone accountable, and the security department budget took the hit.

All of the above examples are typical. The value of full consulting services vs. "Consultant-Lite" should be obvious on these, and in most other, projects.

One more example: At the end of one recent job's bidding process, the client advised us that the bids were \$80,000 above their target budget and \$50,000 above the absolute maximum they could spend. The client asked us to value engineer the job, a task that took us several extra days of work. Value engineering involves conducting a detailed review to see where cuts can be made with minimal impact on the quality of the end product. Working with the low bidder and sensitive to his need to make an honest profit, we looked at a variety of ways more cost savings could be realized. These included seeking special pricing concessions from manufacturers, lowering our standards slightly on camera quality, and allowing the contractor to locate certain control equipment in locations that were more convenient to him. Forty-eight thousand dollars in savings were identified.

Some clients believe that they can save money hiring a less experienced consultant or by reducing the scope of work and hoping that things go well. Others hire a design-build firm and bypass the traditional architect/engineer/consultant design team process and allow the builder to police himself. The truth is that you get what you pay for. What's worse is that when you are in such a cost cutting mode that you lean on every contractor for his absolute lowest cost, every single change you make--and there will be changes--will cost you dearly. Contractors know that on projects where they had to bid exceptionally low, they must make most of their profit on change orders when it is too late for you to go elsewhere to have the changes made.

More and more architects are under pressure to cut fees or provide "lite" services and they pressure their consultants and engineers to do the same. The result is that quality has been diminished. We see it every week in the quality of specifications, drawings, and other services provided by consultants. We see a growing potential for litigation that will ultimately involve the security consultant, in project delays, and in eventual cost overruns. Most important to our industry, we see inadequate security systems and unsatisfied owners.

Consultants used to offer a fixed fee for a defined scope of work on construction and design projects. The package was all inclusive unless the owner made changes after the



contract was signed. Rarely did we have to charge even for the types of changes that usually occur, since our package was adequate to cover almost everything. Clients were happy and we got repeat business. Today, we hear more and more about consultants who charge for every single phone call or task performed that is not within the agreed-upon scope of work to make up for the beating they took in their primary contract. And, I suppose, this is justice.

More and more I am seeing cost estimation performed by a commercial cost estimator rather than by the security system designer in order to save money. Unfortunately, it is rare for a cost estimator using one of the national standard estimating programs or services to hit the actual cost within 50%. Some are as much as 100% off. You can't estimate security costs for a museum using a cost estimating formula designed for a retail store. The result is that the security system budget, and subsequently the security system itself, are inadequate.

We are seeing more security systems designed by electrical engineers who know a heck of a lot about electricity, but very little about how crimes are committed and how thieves are caught.

The trend today is to ask the security system vendor to design the system. This is similar to the design-build concept used to build some buildings. Some vendors actually produce the drawings for the architect or owner. While this might be OK if you really

want that system they are selling and are willing to pay a premium for it, the lack of competition is costly. The security consultant's entire fee and expenses can usually be covered several times over by the savings produced by a competitive bid, plus you get the full services of the consultant including after-design project management and quality assurance.

Security managers are rarely involved with the decision about whether the new facility will be designed by an architect and built by an independent contractor or if it will be a design/build project where an architect-affiliated general contractor designs and builds the building as one project. But the security manager should inquire about the method of design and construction as soon as it has been established. Owners incorrectly think that in a design/build project, oversight of the work will be included and services of consultants and engineers can be reduced. Some quality oversight may be provided for some building systems under design/build, but it is not likely that a general contractor's representatives will understand the fine points of security to assure that changes do not negatively impact the final product. And it is almost certain that the design/build firm's in-house team will not understand the security needs of your unique company or institution. In a recent project we designed, motion detectors were specified at 7' 6" above the finished floor. For whatever reason, after the design/build firm took over the inspections and we were out of the



job, detectors were moved to 9 feet above the floor level, higher than the detectors were rated for by Underwriters' Laboratories. This problem was not noticed until we were brought back in at the end of the job for acceptance testing. The client now faces the decision on whether to change every detector location at a cost of over \$100,000 causing a delay of months in the work, or to accept the system as is. Litigation is a possibility. No one on the general contractor's inspection team realized that when you increase the height of a detector, you might change the detection pattern or affect the UL rating. Their decision was self-serving as it saved construction costs which were not passed on to the owner.

If yours is a design/build project, you should ascertain what services your security consultant will be asked to perform. "Consultant-Lite" may yield paper savings, but in reality your costs will be higher or your quality lower. If your work involves a complex security, access control or CCTV system, you had better make absolutely certain that your system designer is fully qualified to perform the task. You, as security manager, will have to either retain a security consultant to perform any work that is not likely to be successfully performed by the general contractor or do it yourself. Your involvement will be intensive. A typical consultant bids a project based on an estimated number of hours of work, but knows that he will "eat" many extra hours when unforeseen changes or problems occur. A consultant is geared up for this work if he has multiple projects under way at any given time. To the security manager, project

management can be a major disruption and a major learning experience.

If you are a security consultant--either a career consultant or a security practitioner moonlighting as a consultant--you should reconsider the temptation to become involved in "Consultant-Lite" projects. A medical doctor would never offer a discount on a physical exam because you asked him to forego the cardiac exam. A reputable mechanic would not sign off on your 50,000 mile check-up because you didn't want to change the oil or check the brakes. So why should you want to offer a client a scope of work that ultimately doesn't serve the client's needs yet increases his costs without making a major, serious pitch to convince him of his folly?

I had a phone conversation last week with a colleague and occasional competitor for high end system design projects. We were discussing the impact of recent Underwriters' Laboratories standards on our industry. The conversation turned to the subject of "Consultant-Lite" and how so many consultants are low balling bids on projects, then gouging the client for every change in scope or minor revision to the bid documents. "Sometimes I think that's the only way to make a good living in this business," he said. I agreed. Then we both simultaneously decided that if it comes to that, it's time for us to get into some other business.

Quite frankly, I'm concerned that the corporations have downsized as far as they can. American business is lean and inventories are low. While jobs are apparently plentiful, most are part-time



with no benefits in many parts of the country. Many contract guard providers "compete" with McDonald's for their cast-offs when recruiting contract guards because that's what many companies want to pay. We've cut as far as we can. I think that much of this downsizing has been shortsighted. It has improved immediate profits--and CEO bonuses--at the expense of long-term economic stability. Now that corporations have eliminated employees and forced many into the consulting field, they want to become even leaner by buying reduced quality architectural, engineering and consulting services, another shortsighted plan. And they will have plenty of co-conspirators because there always will be those who will offer low quality services.

Unfortunately, consultants who agree to a reduced scope of work feel no obligation to tend to the extra details that make a project a success. Like the employee given a 20% pay and benefit decrease who no longer is willing to give 110% to the company, a consultant simply will not give you what you don't value enough to pay for.

Perhaps it's time for our professional associations to make their members aware of the ethical aspects of offering low quality, low cost services that do not meet the needs of clients. We must give our clients what they want. But that doesn't mean that we shouldn't give them an honest disclosure that what they want isn't necessarily what they need and that the buyer must beware if they insist upon buying

"Consultant-Lite". Consumers of consulting services need to understand that they will get exactly what you pay for.

Sidebar Material

In a traditional construction project, the owner hires an architect who hires what is called the "design team" consisting of architects, engineers and consultants. The make-up of the team depends upon the nature of the project. Design specifications are written and the project is put out to bid to contractors who build the building. Each engineer and consultant serves as the expert in their specialty who inspect, accept or reject, and enforce quality controls on the systems they designed.

In a design/build project, a similar team is assembled, but only to prepare performance specifications for each system in the project. Performance specifications are where the results of a product are specified, not the product itself. The performance spec is turned over to a design/build firm that finishes the design by preparing actual construction specs and builds the building from those specs for an agreed upon price. If the contractor builds the building for less, he makes more profit. If it costs more to build, his profit is reduced.

The perceived advantage of using a design/build firm is that if there is a problem under the traditional method of design, two people can be responsible--the architect and the builder--and it is the owner's problem



to figure out who should make corrections. The architect blames the contractor for doing a poor job and the contractor says the problem is due to faulty design. With a design/build project, any problem is, by definition, the responsibility of the design/build firm.

In a traditional project, the architect and his consultants and engineers carefully define one or more products the owner needs for each system. In a security system, it is not unusual to define each motion detector or door contact by make and model to assure the owner gets exactly what he wants or needs. If you want a door protected by a reader, you specify one. Rather than providing only a concept for security, a detailed specification is provided. When construction begins, the consultant reviews progress reports, approves payment to the contractor, and makes sure that the work is fully completed according to the spec before signing off.

While there may be some advantages to a design/build project when buying a building structure or an electrical system or a boiler, it is almost impossible to improve on the traditional method of design of a complex security system. The designer must know the client's security needs and how to meet them. He or she must know system design and engineering. The consultant's scope of work must be defined in a manner that assures that quality is maintained and proper products are supplied. And the security consultant must work for the owner or his independent architect so that he is free to challenge the builder when

appropriate.