



Bigger Isn't Always Better: How To Choose Your Niche Consultant - Part 2

In a [previous post](#), we highlighted how niche consulting firms can provide meaningful business value over larger entities. But when you've decided to hire a niche provider, how do you go about evaluating your options? Let's uncover ways to vet the landscape.

THE AMBIGUOUS SHORT RESPONSE

When evaluating consultants, you may come across situations where their responses to questions include "it depends." This is because each business issue is unique and should be diagnosed as such.

While software systems work on precisely-defined conditional run states, the processing framework embedded in operating models is rarely sacrosanct. With the emergence of unique business models and technical advancements, the qualified response seems to be warranted, albeit mostly from the consultant's perspective.

What you should focus on at this stage is a set of well-defined steps and differentiating information that empowers your team's decision-making. Is there a way to wade through the maze?

WHAT TO LOOK FOR

Typical, canned responses from consultants to RFPs include some variation of the following:

- We have more than two decades of experience implementing XYZ product
- Our team has defined the target operating model for a \$100 billion investment management firm
- More than 60% of our consultants are CFA/CIPM designation-holders

Although these statements are meaningful and reflective of the wide experience obtained, they are not enough. In other words, they are necessary conditions, but not sufficient. Some of the most successful firms have identified the nuanced distinction between choosing consultants with experience and expertise. In our opinion, there is a sea of difference between the two.

Experience is often achieved through decades of analysis and implementation work while expertise synthesizes important principles from experience and coalesces them with modern decision making and novel processing paradigms. Experience sans expertise likely repeats the past with little regard to new challenges facing you today. Expertise based on experience leverages the past to develop imaginative and unique solutions. It will not be a replica of the past but instead lay a careful placement of bricks for a promising future.

If your firm is oriented towards defining futuristic solutions, choosing consultants with expertise rather than experience will be a valuable bet. We would recommend watching out for "conditional elaboration" in the consultant responses. This can be examined in the proposals or taken up for debate during the live presentation sessions. You should seek out consultants that provide transparent and thoughtful stewardship.

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PRACTICAL EXAMPLE

Let's illustrate how to go about your consultant search with an example around a specific project. In this scenario, you're interested in a partner to help rearchitect your data management platform. Typically, a consultant would mention data governance, data lineage and data quality in your initial conversations. There is nothing inefficient in discussing these areas; however, it is the overreliance that could hinder you from understanding nuances. Setting the stage for a debate on the following lines could uncover key insights:

- What are the primary challenges surrounding data management today?
- If you were to address these problems, what would be your top priorities?
- What are the problems associated with alternative asset data management?
- Can underlying principles of traditional asset data management solve for them? Why/ Why not?
- What is your opinion on the Snowflake data model and where do you think it is most effectively applied?
- Do cloud data warehouses and data lakes provide business value? If the benefits are well understood, then what are some of their limitations?
- Do graph databases solve any of the industry's challenging use cases?

As one can see, the above questions do not merely attempt to unearth statistics and success stories of the consultant's past, but instead offer a sneak peek into the way they think and operate. Additionally, responses can be graded on a scale that ranges from "excellent, but difficult to achieve" to "good, but quick to market." This level of questioning will greatly help to differentiate between what may look like similar choices.

In the end, the right consultant has a vision of the optimal but works towards a satisficing model.

HOW MERADIA CAN HELP

Having executed many implementation and advisory projects for the investment management industry, Meradia delivers clear, unbiased and objective analysis. Our recommendations stem from a thoughtful blend of modern principles with traditional experience.



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is a Senior Consultant who plays a central role in the Performance, Risk & Analytics practice. He brings more than 15 years of progressive, varied investment services experience; establishing performance system architectures being one of them. His strong domain, functional and technical skills; combined with end-to-end process knowledge, data management expertise and project leadership result in effective and efficient solutions. He understands the broad contours and specific nuances of many investment performance products including FactSet and BNYM Eagle. Fluent in SQL and an expert in translating business needs, Jose is competent in helping clients design, test and implement practical, long-term solutions. For the global risk solutions group of an asset servicing client, Jose redesigned important aspects of investment performance systems, established best practices for the information delivery framework and standardized performance validation procedures across US, Europe and India. Identifying the right technology stack to maximize business value is something that intrigues him.

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