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ENGAGING CONSULTANTS ON PROJECTS

Small and medium enterprises specialize in certain activities such as commercial, development and investment activities. When a commercial company develops and invests, it hires consultants. Investor often lacks the experience and knowledge, to run the whole development project on its own, so it hires consultants. They are contracted on temporary jobs while the project is ongoing. They typically work for a client, project organization, or project contractor. Consultants are hired for project and advisory work. Depending on the workload and the responsibility taken for the realization of the project depends on the amount of their fee. Those consultants are hired who meet all the requirements of the ad and make the best offer.

Keywords: *consultants, consultants' skills, project services, consulting services, consulting fees, selection of consultants*

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ПРИВЛЕЧЕНИЕ КОНСУЛЬТАНТОВ ПО ПРОЕКТАМ

Малые и средние предприятия специализируются на определенных видах деятельности, таких как коммерческая деятельность, развитие инвестиционная деятельность. Когда коммерческая компания развивается и инвестирует, она нанимает консультантов. Инвестору часто не хватает опыта и знаний, чтобы самостоятельно запустить весь проект развития, поэтому он нанимает консультантов. Они работают на временных работах, пока проект продолжается. Как правило, они работают на клиента, проектную организацию или подрядчика проекта. Консультанты нанимаются для проектной и консультативной работы. В зависимости от рабочей нагрузки и ответственности, взятой за реализацию проекта, зависит от суммы их гонорара. Эти консультанты отвечают всем требованиям объявления и делают лучшее предложение.

Ключевые слова: *консультанты, навыки консультантов, проектные услуги, консультационные услуги, консультационные сборы, подбор консультантов*

The market for temporary and intermittent jobs is growing year after year. It is appropriate for businesses to hire external consultants for all types of jobs for which they do not have everyday needs. On the other hand, they can get a consultant with personal desires, experience and level of expertise (basic, medium, high level) on which their price of engagement depends. This article is primarily intended for engineers but can also be applied to other types of temporary and part-time jobs. It is not necessarily a project as defined by the PMI [1, p. 5], but it has its elements and procedures of engagement that greatly coincide with projects. The involvement of consultants guides its foundations from hiring engineers on projects and over time has expanded to a wide range of other businesses. These can be jobs from web, software making, sound and image processing to translation and many other jobs [2].

Investors are not always sufficiently professional and materially capable of managing development, advertising and investment projects on their own during their life cycle. Taking in to account the increasingly fast development of new technologies, investors are ingoing external consultants for various types of professional jobs on the project. The key role of a consultant in any form of his

engagement is to protect the interests of the client, to strive to satisfy his needs and desires. There is a gap in knowledge of new technologies by consulting firm and client. The role of a consultant (whether he is an organization or an individual) to understand the needs and desires of his employer and to satisfy his needs in the best way within the constraints. Through interaction with the client, the consultant meets client requirements and builds trust to offer the client a solution or new technology. Many consulting organizations are narrowly professionally committed and have the expertise, appropriate equipment and necessary licenses that the legislator requires. The task of the consultant is to analyze the problem with his expertise and equipment and propose certain decisions during the life cycle of the project, respecting the needs and wishes of the client. Under the agreement with the client, he assumes certain professional jobs on the project, taking some of the risk of the project on himself. The relationship between the client and the consultant is defined by a contract that clearly defines the rights and obligations of both parties in the project. Among others, there is the issue of termination of contracts or other circumstances that may take place on the project.

A consultant can be hired from either side of the project. Typically, consultants are hired by investors and project contractors, so that opposing consulting houses can be found on the project, representing the interests of different stakeholders on the project. Hiring consultants is from case to case. If the goals that are to be achieved are more extensive and complex, the participation of consultants is more necessary in order for the project to be successfully achieved.

The EU is using its programs to implement PRAG tender procedures [3] to assign funds and engage consultants (Terms of *References*), suppliers, executors and other participants in the project.

Multiple standards and types of contracts are used to enter into international agreements on the engagement of consultants. One of the most commonly used standards for engineering consulting is a set of standards recommended by the Geneva-based International Federation of Consulting Engineers FIDIC [4]. According to the World Bank's Consulting Services Manual, «consulting services, intellectual and advisory services provided by consultants using their professional skills to study, design and organize specific projects, advising clients, conducting trainings and conducting knowledge transfer». Consulting services are divided into two groups of services, according to World Bank guidelines (The World Bank, 2002):

- the first is related to project services and
- the other is counseling services.

As the investor makes the final decision on almost all issues related to the project, the difference between project and advisory services becomes more and more dated by the day.

Project Services. Relations between consultants and investors are regulated by the agreement to engage consultants. The contract specifies the rights and obligations of each of the contracting parties. The manner and deadlines of payment as well as the terms under which the contract can be terminated. Depending on the type of contractual relationship, the consultant has certain obligations that may be legally regulated. As an example, a consultant is a developer of facilities and processes, then he must have a license issued by the Engineering Chamber to provide this type of service. The legal regulation stipulates the responsibility of the consultant for the provision and execution of services as specified by the example of design.

Project services are further divided into two service groups:

- project Preparation Services;
- project Implementation Services.

Project Preparation Services. Includes the following planning documentation:

- sector studies;
- master plans;
- feasibility Studies;
- design Studies (Design).

Project Implementation Services. They are providing the following consulting services through the following types of jobs:

- drafting of tender documentation;
- help with purchases;
- supervision of the execution of works;
- project Management;
- quality Management;
- technical reception or release.

Advisory Services. In all projects, the final decision on which direction the project is headed is made by the investor. The role of consultant as a consultant is almost always present. The question of whether the consultant is only an adviser or has other obligations (designing, performing, etc.). The key role of the adviser is to inform the investor of all relevant matters related to decision-making and the decision-making process on the project.

As a rule, fees for advisory services are less than the preparation or execution services of the project because the obligations and responsibilities in this case are much higher. The advisory role of an engineer as a consultant here is very similar to the client's legal services. The client decides on further steps and therefore hires a lawyer. An adviser as well as a lawyer must protect the interests of the client when issuing advice and proposals.

Consulting fees. Methods of engagement and payment of consulting services are listed in the tender documentation. An estimate of their amount based on the project's engagement assessment and timetable is shown in the project budget. Consultant fees must be looked at in relation to contractual expenses that fall on the consultant's burden and are not foreseen in budgets. This is the kind of cost a consultant has to make to provide his services. They may apply to travel expenses, royalties, etc. These costs will not be subsequently recognized by the investor and therefore paid to the consultant. The more extensive and higher the cost estimate, the more detailed the project's systematization and norms must be done. Any unforeseen costs must also be defined in the project. The contract must clearly predict that if there is a budget breach, the burden on which it falls. The compensation system for the consultant should be in accordance with the obligations and responsibilities taken by the consultant. The higher the liability, the greater the compensation. In order for the investor to be protected, part of the fee can be paid as an advance and ultimately as a bonus for a job well done. For the agreed amount of advances, the consultancy may be obliged to provide guarantees for the good execution of the job.

The most common forms of payment for consultants are:

- it's a cash payment. Costs are defined based on rough judgment and experience on similar projects. They are most commonly applied to smaller projects. A certain small amount of expenses may be contracted to the consultant's burden;
- payment based on the value of investment works. Consultant costs are determined based on the value of investment works. They are also among the rougher methods of assessing costs. Who exemplary these costs can be the formation of project documentation costs;
- payment based on effective working hours. Costs are determined based on effective hours of work on contracted jobs;
- payment costs plus fees. The investor determines the budget amount of expenses and the fee is defined as a percentage of the costs. It is often used in contracts to create websites. A certain amount of license fees over photos, musical effects, etc. is borne by an investor and the second part falls on the consultant's burden;
- basic fee plus bonus. One of the often-used forms of payment of engagement on projects. It consists of the agreed amount of fees and compensation for the good execution of the job. An investor may have as a key requirement to implement the project under one of the limitations. Thus the bonus may be related to the completion of the project before the agreed time, the quality of the works, etc.

Select and select consultants. Minimum criteria that must be met by consultants in order to be eligible for consulting work must be outlined in a publicly published advertisement and contained in the tender procedure. If minimum criteria are met, consultants are selected based on the following criteria:

- prices offered for the specified specification and description of the jobs to perform;
- time of execution of the specified jobs.

References achieved on other projects. Other eligibility that a consultant can offer, such as several types of different jobs related to the project, flexibility in capacity for potentially breaking the project's scope, etc.

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