

ThoughtForm's notes on funding models for internal consulting teams



ThoughtForm attended a session during the 2017 AIMC conference in which three organizations presented the funding model(s) their internal consulting team uses. This document captures what we heard and how we interpreted it to spur productive dialogue about which funding model is the right fit.

	Corporate	Allocated	Hybrid	Fee for Service (internal clients)	Fee for Service (external clients)
	<p>The consulting team is funded from the top down as a corporate function. Projects may have a narrow focus on corporate strategy or a broad focus on enterprise needs. Prioritization methods vary.</p>	<p>Business units fund the consulting team as a shared service, similar to HR and IT. Prioritization may be based on order of requests, impact, or who asks. The actual use of the funds may vary from what was allocated.</p>	<p>Each business unit meets with the consulting team and agrees on a budget for the year. Fees are drawn from the budget as projects are delivered. Projects for clients outside of business units are billed directly.</p>	<p>The consulting team is set up as a profit center with an annual revenue target. The team pitches projects and presents proposals to internal clients—who can choose internal or external consulting services.</p>	<p>A subset of the internal consulting team provides services to the organization's clients. A percentage of the internal consulting revenue target is dedicated to external engagements.</p>
Evaluation criteria:					
Ensures alignment with strategic initiatives from leadership	✓	—	—	✗	✗
Establishes a predictable project pipeline	✓	✓	—	✗	✗
Requires low management effort (lead gen, proposals, reporting, etc.)	✓	✓	—	✗	✗
Lessens vulnerability to cost-cutting measures	✓	✗	—	—	✓
Prevents exploitation of internal consulting services	✗	✗	✓	✓	✓
Gives the the team control over what projects they work on	—	—	—	✓	✓
Enables prioritization or projects by impact/need, not funds	—	✓	✓	—	—
Positions internal consulting as competitive to external consulting	✗	✗	✗	✓	✓
Drives consistent utilization of the consulting team's services	✓	✓	—	—	—
Involves less negotiation with clients (business units or external)	—	—	✓	✗	✗
Works well for an established consulting organization	✗	✗	✓	✓	✓

If you want to learn more about how to visualize your ideas, get in touch at www.thoughtform.com or 412.488.8600.