

The Time We Walked Away

Written by Nick Sanders

Wednesday, 14 September 2016 00:00

This is a true story. Some of the people involved are probably reading it right now. If so – *Hi*. We're talking about *you*.

This is the story of the time when Apogee Consulting, Inc., walked away from a potentially lucrative consulting gig because the client didn't meet our standards. To be fair, this isn't the first time we've suggested to a client that they would be better served by another consultant. And [once](#) a client stiffed us on a \$9,000 bill because they didn't like our advice and didn't pass a DCAA audit after they refused to follow our advice. So this isn't really about the almost-but-not-quite client we are now going to discuss.

Except it is.

It's also about you and your company.

The almost-but-not-quite client is a very large engineering services corporation. By "very large" we mean annual revenues measured in the billions of dollars. A true multi-national engineering services provider, with stock publicly traded. And the company had a compliance team staffed with really good people, folks that we knew personally, and liked quite a bit. We were really looking forward to taking our relationship to new levels.

The gig was going to be "on-call consulting," which is our specialty. We don't have teams of specialists to deploy at the client site, so what we do is sit back and wait for emails and phone calls. We respond and in responding we provide advice and assistance. It's what we do, and for the most part it works out for everybody. In this case the client wanted an SME to bounce notions and theories off of, to brainstorm possible audit responses and to discuss compliance concerns. We're good at that.

As part of the on-boarding process the company had us submit several documents, including a 5 page set of FAR-based Reps and Certs. (Which is weird because, as far as we know, we were not going to be a subcontractor under any Federal government prime contract.) One of

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the documents to be completed was a IRS Form W-9. We filled out the forms, including the Reps & Certs, and we also submitted an executed W-9 that we have on hand for such things.

We keep an executed W-9 on hand because everybody wants a W-9, even though as a registered Corporation we don't receive a 1099 Form at year-end and so, strictly speaking, a W-9 form is not required. Rather than argue we just submit our executed W-9 and everybody is happy.

But not this time.

Before we get into that, let's note that the company apparently was eager to hire us, because we started to get emails and phone calls and text messages before any consulting agreement had been signed. We think it's important to understand that, apparently, there was a real need to engage Apogee Consulting, Inc.

But there was a glitch. According to the company's Procurement Department, we had submitted an invalid Form W-9, and "the system" would not accept it. Intrigued by the notion that a signed and correctly executed W-9 – one that had just been accepted by two other clients – would be so incorrect that its information could not be input into the appropriate fields in the vendor master file, we attempted to engage. Turns out we had submitted the 2013 version but there was a 2014 version that we (allegedly) should have used.

You need to understand that Apogee Consulting, Inc. is not focused solely on regulatory compliance *per se*. We also engage on contractor business systems, program management effectiveness, and in business process improvement. When we encounter a client process that seems weird or broken or bloated, we see it as an opportunity to understand and recommend improvements. Thus, our reply to the news that our 2013 W-9 was invalid:

I'm confused. Apogee Consulting, Inc. is a subchapter S corporation and, as far as I know, we do not receive a Form 1099. So there should be no need to submit a W-9 of any variety. In any case, the information would be exactly the same whether we use a 2013 or 2014 form. Our EIN is exactly the same and our business address is exactly the same. I really do not want to redo a form that I believe to be unnecessary in the first place. If XXXXXXXX requires me to resubmit a current form then please let me know WHY. Thanks.

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The answer we received was disheartening, to say the least. It was short and sweet.

... our system won't pay you unless you can be entered you into it....and [the Buyer] is saying they cannot enter you into the system without the more current form.

We compared the 2013 and 2014 versions. To our eyes, they are identical with respect to information provided. There is no information on the 2014 version that is not also found on the 2013 version. To our eyes, there was no substantive difference whatsoever.

Many consultants would have shrugged, perhaps rolled their eyes, and filled out the 2014 version and proceeded to start billing the mega-corporation. But not us.

The response we received, and the lack of rationale for not accepting a valid form and the lack of rationale for requiring submission of a “current” form that was identical in all substantive respects, and the inability of the company’s Procurement Department to understand that what is input into “the system” is *not* a piece of paper but information contained on that paper, when coupled together, sent a clear signal to us that we needed to walk away. The company has its own processes and it is satisfied with them, and it is not open to engaging on process improvement. We hadn’t seen a consulting agreement and nobody had agreed on payment terms, but we strongly suspected that those terms were not going to be favorable to Apogee Consulting, Inc. Based on the role “the system” had and how it dominated common sense and standard business practices, we suspected we were going to be in for a rough ride.

Life’s too short for that.

So we walked away.

If you’re reading this and you realize we’re talking about you and your company, please understand why we won’t work with you under these conditions.

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If you're reading this and you know we are not talking about you and your company, please consider whether we could be. Are your Procurement Department processes dominated by bureaucrats and bloated processes that defy common sense? Do you do engage with suppliers based on true requirements, or because somebody says "the system" requires it – when clearly it does not. Are you taking a streamlined approach to compliance, or are you layering process on top of process? Are you open to continuous process improvement, or are you satisfied with the *status quo*, which is based primarily on "the way it's always been done"?

If you think we could be talking about your company, then consider the notion that *you can do better*. And we can help you do better. But first you have to *want* to do better.