

1. Consulting Policy for Faculty

1.1. Objective

Leading universities world over recognize that though professional consulting services their resident expertise can be gainfully used to assist institutions and individuals in the public, private and not-for-profit sectors.

In return, apart from financial benefit, academic institutions enrich their reservoir of knowledge and forge mutually beneficial long-term relationships with their clients. Like any relationship, however, such engagements have to be skillfully and carefully managed and the interests of the academic institution, the individuals involved, and the clients have to be protected. This chapter spells out the key issues involved in ensuring that professional consulting offered by the University will adhere to the highest standards and be governed by a consistent set of policies regarding the process of such activity.

1.2. Consulting Typologies

Opportunities for consulting arise at various times and the assignments can take various forms depending on the nature of the assignment and the client. Broadly, such assignments may be classified as follows:

1.2.1. Specific Problem Solving

Such assignments can vary considerably in duration ranging anywhere from a couple of weeks to a couple of years and involve one or multiple disciplines. Depending on the client they may involve the submission of a final report and / or a final presentation or in some cases not involve a formal report though frequent communications of some type may be necessary. They may also use just a single consultant from the University or a team comprising several faculty members.

1.2.2. Broad Reviews

Operationally, this is a variation of the first typology but no specific problem is identified by the client who just seeks a professional review of some facet of his organization and in case the consultant finds something amiss, he / she may be asked to recommend some solutions or changes.

1.2.3. Policy Making

Sometimes, the federal or provincial governments may seek professional assistance on any number of areas with a view to formulating or re-formulating policies. Usually, in such cases the University faculty is a part of a larger group comprising individuals from a wide spectrum of society e.g. educationalists, politicians, bureaucrats, other professionals, etc.

1.2.4. Board Directorships

The University faculty can be asked to serve as members of board of directors of organizations in any of the three sectors i.e. private, public or not-for-profit. Such an involvement is mostly confined to attending board meetings and any other policy level action that any board member may be requested to perform.

While the typologies may have many significant differences depending on the task and client, one major difference between the first two and the latter two is in the nature of financial rewards. The first two categories offer faculty and the University to charge a professional fee for their contribution while the latter two generally do not. Government policy making could involve financial compensation but is usually not paid for in cash but may present the opportunity to make a broad impact on society. Board directorships can be paid or unpaid but any financial rewards are probably going to be minimal. Where the assignment involves token compensation it would not be categorized as “consulting.”

1.3. Entitlement

Faculty members are allowed fifty-two (52) full working days as consulting time during the course of the academic year.

1.4. Policy

University consulting policy is binding to the University faculty. Furthermore contravention of this policy may lead to disciplinary action against the faculty member.

1.4.1. Compensation Rules

1. The compensation rules and the University deductions on consulting income apply to all fulltime faculty members.
2. Where the consulting contracts have been formally or informally entered into prior to joining the University, these must be declared at the time of entering into contract with the University.
3. A reduced rate of overheads could be negotiated on these contracts.
4. These rules do not apply to adjunct and part time faculty. However, if the adjunct or part time faculty makes use of the University’s facilities for their consulting assignments, they too would be required to pay towards the overheads.
5. Compensation for consulting assignments is mutually agreed upon by the client and the lead faculty or the faculty team involved.
6. Broadly, pricing for consulting assignments can either be through a monthly retainer, daily professional fee or agreed upon lump sum for the assignment depending upon the nature of the assignment and the client.
7. A team leader should be nominated when accepting a team assignment, and all team members clarify the compensation terms including individual proportions before beginning a team assignment.
8. During the course of an assignment it is quite likely that the relative efforts will be different from those planned in which case the faculty involved are expected to respect such contributions and mutually agree on the relative shares.
9. If a consensus cannot be evolved, the team leader will decide on the relative shares.

10. The university retains 30% of the net consulting income earned by faculty. The faculty's share is calculated by subtracting from the contract fee, the 'out of pocket' expenses and then dividing the balance by 1.3.
11. Where the University is a direct client and has to contract the services of the faculty, the 30% deduction by the University will be waived. The University can negotiate a lower contract fee which adjusts for the zero deductions on such contracts.

1.4.2. Permissible Consulting Load

1. The Head of Department has to keep track that the time spent on consulting is within the allowed limits.
2. For the summer, if the faculty wishes to spend any significant time in consulting, special permission has to be sought from the Dean.
3. The Dean may allow trade off between academic years – more consulting in one (1) year and less in subsequent years.

1.4.3. Co-ordination

1. The consultant will submit a periodical progress report to the client on mutually agreed terms. The same is mentioned in Clause 4 of the Consultancy Agreement (C- Form 2).

1.4.4. Confidential Information

1. The consultant will treat any information provided to him / her by the client as confidential during the term of the agreement and vice versa. A time frame may be agreed between the client and the consultant after the expiration of the contract during which confidentiality of information will be maintained. If there is a need to share information with a third party during this period, the same will be done with the written consent of the consultant / client (Ref: C-Form 2: Clause 7).

1.4.5. Competition

1. The consultant may offer his / her services to other clients during the term of the agreement provided that they are not in direct competition with the client (Ref: C- Form 2: Clause 8).

1.4.6. Liability

1. Neither of the parties will be liable to each other for any loss or cost incurred directly or indirectly during the term of the agreement or arising from the agreement at a later date other than by willful misconduct or gross negligence of either party. In the event of willful misconduct or gross negligence by the consultant, his / her liability is to be limited to the proportionate amount of payment received by the consultant at that date (Ref: C-Form 2: Clause 10).

1.4.7. Non-Agency

1. The consultant does not have the authority to bind the University to any contract (Ref: C-Form 2: Clause 11).

1.4.8. Termination

1. Certain events such as bankruptcy, insolvency or winding up of either party will entitle the other party to terminate the agreement immediately by provision of written notice to the other party. Written notice of three (3) months has to be given to the party in breach which grants a cure or remedial period. If the default continues thereafter then the other party may terminate the agreement by further written notice to the defaulting party (Ref: C-Form 2: Clause 14).

1.4.9. Applicable Law

1. The law of Pakistan has been nominated as the applicable law. Lahore is named as the sole seat of arbitration and the courts of Lahore are to exercise exclusive jurisdiction over any arbitration proceedings, as the contract will be made and performed at Lahore. This provision has been made so that in case of a dispute under the agreement, if the client initiates proceedings, he / she will be able to do so only in Lahore. By virtue of this, the client is denied action against the consultant in any other court of Pakistan (Ref: C-Form 2: Clause 19, 20, 22).

1.4.10. Disclaimer Clause

1. In all submissions and presentations emerging from the consulting assignment, the consultants have to identify themselves as faculty members of the University but make it clear that the views expressed and the advice provided is purely in their personal capacity.
2. The following disclaimer needs to be present in their submissions:
“The views expressed in this report / papers are the authors / consultants alone and do not, in any way, represent the view of the Lahore University of Management Sciences and the Lahore University of Management Sciences does not accept any responsibility or liability in relation thereto..”

1.5. Approval and Procedure for Consulting

1. Consulting assignments usually take two routes in coming to the University.
2. First, an institution or an individual may approach any administrative head (Vice Chancellor, Dean, Head of Department, etc.) or any other member of the faculty and ask for assistance in any of the categories of consulting.
3. The person is approached as a member of the institution or because he knows the faculty member personally. In such cases, the person approached can recommend directly to the prospective client, the persons who would be suitable for the assignment. He / she can also elicit interest in the assignment by informing the faculty about the proposed assignment.
4. Depending on the nature of the assignment and its importance for the University, the Vice Chancellor or the Deans may also form one or more team to work on the assignment.
5. Second, an individual representing an institution may approach a faculty member directly because he / she recognizes the faculty's expertise in the area that needs help.
6. In such cases, the faculty member will inform the relevant Dean and get the approval before commencing work. For multi-functional issues the Dean may form a team or in certain cases ask the initiating faculty to form a team.

- 7.** Formal permission to undertake a consulting assignment is required in all cases.
- 8.** A Consultancy Approval Form (C-Form 1) has to be submitted to the Dean for approval with Head of Department recommendations before entering into a contract with the client.
- 9.** When a consulting assignment involves a financial compensation, a formal contract in the form of Consultancy Agreement (C-Form 2) must be signed with the client before starting an assignment.
- 10.** Departure from this format is allowed provided all the clauses of the specimen contract are included.
- 11.** All payments related to the contract must be handled through the University. Payments by the clients would be made to the account of the University, which in turn would make payments to individual consultants after appropriate deductions.
- 12.** Departure from this practice would require express approval of the Vice-Chancellor.
- 13.** The role of the Accounts Department is primarily to facilitate the transactions between the client and the consultants and to make deductions for the university overheads and expenses.
- 14.** It is mandatory for the proposed agreement to be reviewed by the Head of Finance and Accounts prior to its execution to ensure that the payment structure and invoicing mechanism is satisfactory.
- 15.** Normally the Accounts Department must release payments to the consultants within ten (10) days of the receipt from the client.
- 16.** If there were any reasons for withholding or delaying payment, the consultants would be informed in writing with a copy to the Dean.
- 17.** In the event where the client delays payment as agreed under the terms of the contract, the Accounts Department will, on the advice of the consultants, write to the client and follow up to ensure that contractual payments are made in time.
- 18.** If the client procrastinates (without a plausible reason) the Accounts Department can initiate legal proceedings on the advice of the consultants and the approval of the Dean.
- 19.** In the event of a dispute between the client and the consultants regarding the fulfillment of the contract (such as quality of work or delay in the completion of work etc.) the Dean can be approached for arbitration or for pursuing any legal course of action.

1.6. Contract Research and Commissioned Studies

Contract research and commissioned studies have a consulting component but it is clear from the outset that the deliverable of the assignment would be a recognizable research output for instance a chapter in a book, an edited volume or research papers and publications.

The faculty members may combine their research interests and supplement their incomes if they can find sponsors who will support their research. Sometimes the sponsors approach the faculty directly because of their professional reputation and standing. The consulting rates charged for such work are usually not comparable with the normal consulting rates.

1.6.1. Policy

- 1.** Any time spent on contract research and commissioned studies is not treated as “consulting” and therefore the fifty-two (52) days a year limit placed on consulting will not apply here.

2. Deliverables should be clearly recognizable as research output.
3. Typically, the University's overheads will not apply but expenditure on consumables, materials and other direct costs will be charged.
4. Sponsorship rates may at times be comparable with consulting rates. In such cases University overheads will be built into the budget when seeking sponsorships.

1.6.2. Approval of Contract Research and Commissioned Studies

1. The Consultancy / Contract Research Approval Form (C-Form 1) must be submitted for approval to the Head of the Department and the Dean.
2. A formal contract must be signed with the client along the lines of the contract in C- Form 2
3. There is no limit on the number of days the faculty member can work on contract research but the Head of Department and the Dean should be satisfied that other responsibilities do not suffer and must give their approval on the consulting / contract research approval form.

1.7. Other External Programs

All programs that complement the programs at the University and provide positive externalities are permitted.

There are two types of external programs:

1. External Programs with Financial Benefits
2. External Programs without Financial Benefits

The following types of assignments may be categorized as "Other External Programs":

1. Membership of government committees
2. Membership of a task force
3. Membership of the board of trustees or board of governors of a University
4. Membership of a selection board of a University or college
5. Membership of Board of Directors of a company
6. Supervision of a PhD student registered in another University
7. Acting as an external examiner for a MS / M Phil / PhD thesis

1.7.1. Policy

1. Honoraria for "Other External Programs" are subject to the 30% deduction on account of "University overheads".
2. A faculty member who receives any compensation for assignments undertaken under this head must inform the Accounts Department of the payment received.
3. The Accounts Department will make appropriate deduction from the monthly salary bill.

1.7.2. Approval of Other External Programs

1. All such assignments require approval from the Head of Department and the Dean.
2. The assignments could involve substantial commitment in term of time and University resources.
3. The Head of Department and the Dean have to feel comfortable that;

- a.** The assignment is consistent with the needs of the University
- b.** The demand on the faculty and other resources at the University are within reason
- c.** The time commitment is within the limits allowed for consulting in a year
- d.** The benefit to the University compensates for the resources that are committed to the assignment.

1.8. Programs not permitted or outside the purview of this policy

Programs that are not permitted are those that are either competitive with the programs at the University or have negative externalities for the University. The arbiter for this would be the Dean or the Vice Chancellor. Teaching (voluntarily or otherwise) in schools, tuition centers, colleges or universities falls in this category. Another example is executive training programs. These programs are handled through the Executive Development Center and the appropriate rules and procedures are those that apply for EDC programs. Similarly, refereeing for academic journals is an external assignment, is almost always voluntary and makes demands on faculty time. Yet these are not only permitted but also encouraged.

Another example of external assignments, which fall outside the ambit of this document, is working for family businesses or for social, religious and political organizations. If faculty members are to commit significant amount of their time to such activities, permission from the Vice Chancellor is required. The system works on an honor code.

Faculty members will judge themselves whether their time commitment to these external activities is notional or substantive.

1.8.1. Approval for programs outside the purview of this policy

If any faculty member intends to take assignments, as are mentioned in this section, formal permission needs to be acquired from the Dean and the Vice Chancellor.

1.9. Related Forms

[C-Form 1: Consultancy/ Contract Research Approval Form](#) [C-Form 2: Consultancy Agreement](#)