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How to lead consultants to exceed expectations

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FROM RICHARD IVEY SCHOOL OF BUSINESS

If a client doesn't control the consulting relationship, a project will fall short of expectations. Only when clients engage consultants based on merit and manage those consultants carefully, and only when company staff are seen as integral as the individual consultants, can companies hope to achieve or even exceed the goals they set. These authors tell readers how they can do that.

CEOs and their management teams engage consulting firms to further their strategic, financial, and/or operational objectives. Most consulting firms have the inherent potential to assist their clients to achieve these business objectives and even exceed their original expectations. However, more often than their clients would care to admit, consultants do not deliver according to expectations. Insufficient client leadership and a lack of client participation in the project, as well as the structure and incentives of a consulting firm's own business model, often conspire to prevent the realization of full value from consultants.

This failure is not that surprising, since companies rarely consider how effective their organizations are at extracting value from the consultants they hire. Rarely do companies maintain a scorecard showing how the various consultants they use have performed against expectations over time. Consulting firms, on the other hand, are skilled at managing the expectations of their clients--that is, lowering their client's expectations in order to close the gap between what the client really expects and what the consultant will try to deliver.

It is ironic that many consultants strive to "under promise and over deliver", because too often it's the opposite that occurs.

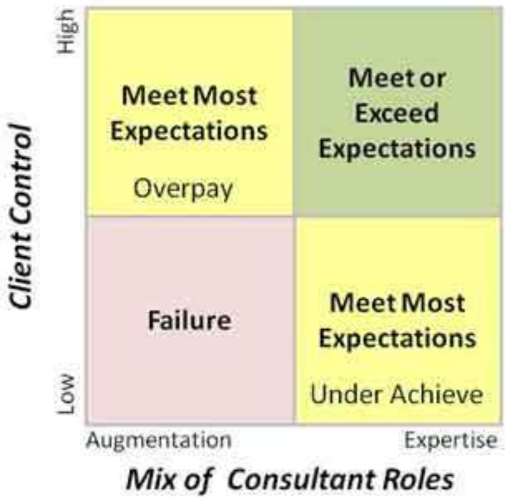
Client control and consultant roles determine value achieved

The two-by-two matrix below is a favourite tool of the consulting profession. It's especially useful for discussing the levers for extracting value from consultants along the dimensions of:

Client control, the extent to which companies constructively control the relationship with consultants and participate, oversee, and direct the consultants' activities.
Mix of consultant roles, the extent to which companies use consultants in roles where they act as experts and fill high, value-added roles which could not be filled by company personnel or less expensive, temporary resources or contractors.

When, driven purely by the needs of their client, consultants are staffed in roles where they function as experts (see consultant roles sidebar), and when the company actively engages with them (see client control sidebar), consultants can help companies achieve performance levels that could not be achieved without them. In fact, they can even exceed expectations. Simple enough–but rarely achieved!

Figure 1



Identifying expert roles

It is up to the client to identify the roles where consultants can provide the most value, and to source resources for the other roles. For example:

Is a $200-an-hour consultant really required to manage project logistics such as booking meeting rooms? Instead, make an administrative assistant available for the project.
Does it make sense to have two $300-an-hour consultants attend all stakeholder interviews? One capable consultant should be able to do the job or perhaps a client employee should participate.
Why is a full pyramid of consultants needed to research each of 24 branches or departments? Consider including client employees in the mix and progressively decrease the ratio of consultants as the employees become more effective at gathering the information.
And is it really cost effective to engage 20-30 coding or configuration consultants, who come with premium rates, for the implementation of an ERP system when what is really needed from the consulting firm is just the planning, project management and design expertise of a few experts? Internal staff and lower-cost contractors can supplement consulting resources.

Clearly, a key ingredient in enabling a consultant to meet or exceed expectations is to avoid diluting value-adding expertise with the consulting firm’s unskilled or inexperienced resources. Consulting firms are too quick to dismiss the capabilities of client personnel, when in fact such personnel can orient the consultants, navigate political minefields, get to the data more quickly (as they understand the company and the industry), and facilitate the buy-in process. Companies must demonstrate leadership not by simply accepting a consulting firm’s proposal, but by applying their own considered perspective as to the best approach for embedding maximum, value-adding expertise in the project, while cost-effectively filling non-expert roles with resources from other sources.

Sometimes a larger team of consultants is indeed necessary, particularly at the commencement of a project. But consulting headcount should steadily diminish over the lifecycle of most projects.

Assessing whether a consulting firm can deliver the necessary expertise can be difficult if the company itself does not already have the particular expertise. Consultant credentials and resumes are carefully crafted to make the consultant appear to be the perfect fit for the role called for in the proposal. But just because assessing consultants’ capabilities can be challenging, companies should not simply take refuge in a favourite or familiar brand. Rather they need to invest the time to verify that the proposed team can deliver.

Of course these are not necessarily the purchasing behaviours that consulting firms encourage from their clients. But shouldn’t companies be able to buy what they need, rather than what consulting firms are selling?

Control the consultant or the consultant will control you

Irrespective of the extent of value-added expertise applied, the value realized by the company will be determined by the level of control that a company is able to exert over its consultants – from the first contact through to the final invoice payment. However, many executives, managers, and employees have never received any education, training or guidance on how to manage consultants.

Managers and employees spend the majority of their time on the day-to-day operations of the business. Their participation in projects where consultants are used is infrequent and usually only part-time. Those assigned full-time to consulting projects return to their normal operational roles as soon as the project is over. Few companies routinely capture and disseminate the lessons learned by employees who have worked with consultants. In essence, companies continually allow consultants, who manage their clients every day, to be pitted against internal personnel, who are ill-equipped to manage consultants effectively. Companies need to build better internal capabilities and learn from experiences gained from working with consultants.

Some companies assume that the responsibility for controlling the consultants rests with the procurement function, particularly during the sales and contracting process. However, consultant services are not a commodity where procurement officers can simply squeeze down rates. Inevitably, the success of a project depends on the capabilities of the individual resources assigned. Category managers often boast of impressive rate reductions, but perhaps it is because they do not have to worry that less qualified resources will be assigned and jeopardise the success of the project. Besides, category managers also tend to overlook the other variables in the cost equation – hourly productivity, output quality and value.

Hiring former consultants as executives and managers, contrary to popular belief, does not automatically guarantee increased control over consultants, a reduction in consulting expenditure or an increase in consulting value received. Firstly, former consultants hired to fill executive positions have a tendency to turn around and hire their former consulting firm as soon as they find it difficult to get things done with their own staff. Secondly, former consultants may not sufficiently challenge the proposed staffing models and project approaches of consulting firms as those are the very models and approaches with which they are comfortable. They have been conditioned to believe that the consulting firms know what is best for the client.

Too often, it is the consultants who lead (explicitly or implicitly) and control the relationship. Their clients follow. If the client is not controlling the consulting relationship, then it is highly unlikely that their consulting projects will meet or exceed their original expectations.

An honest assessment is required

The public sector seems to bear the brunt of the media's attention when it comes to the question of value from consultants. Such scrutiny can probably be attributed to the greater transparency associated with the use of public funds, rather than the belief that consultant projects that deliver below expectations are unique to the public sector.

Unlike public sector organizations, private sector companies rarely undertake independent reviews of consultant projects either during or after completion. They seldom analyse how a project was executed, assess the business outcomes realized and tally up the total consultant costs (after all the scope changes) compared to the original business case or consultant proposal. Few company boards ensure that appropriate policies are in place to govern the selection and management of consultants – despite the impact that consultants are expected to make on strategy realization, top-line growth, and cost reduction. Thus, private sector consulting projects undoubtedly fail to achieve the desired business outcome more often than companies realize.

Although consultants would not highlight their own under performance voluntarily, company managers and employees similarly want to be associated with the illusion of project success. Therefore, they routinely report projects to be more successful than they actually are.

Companies would be surprised to find how often consultants did not actually deliver to their full expectations, especially if they analysed the many projects that have been regarded internally as a success ("Meet Most Expectations" on the two-by-two matrix).

Consulting business models: A conspiracy that prevents clients' expectations from being exceeded

Companies must learn to overcome the pressures driven by the typical consulting firm's business model. For instance, executives should be aware that in order to maximize revenues, consulting firms will assign their experts (partners, directors, associate partners, senior managers, depending on the nomenclature of the firm in question) to win the project. But once the project has been awarded, they will leverage those scarce experts across as many other clients, projects, and pyramids of less experienced consultant resources as possible. Heavy advertising, volumes of published thought leadership material (often produced by external agencies unrelated to the consulting firm), carefully crafted brands, and extensive executive relationships have all diverted clients' attention away from the capabilities of individual consultants. Senior executives should be careful not to sign massive contracts with consulting firms that are based on concepts and intellectually-elegant value propositions without fully vetting the capability of the team to execute and realize the desired business outcomes. Teams deliver projects, not brands.

Executives should also be aware that most consulting firms have a core competency around which their economic model and resource profiles are built. But as they actively extend their relationships with the client company and attempt to cross-sell, up-sell and follow-on sell, consulting firms, fuelled by aggressive revenue-growth targets, will often end up proposing services in areas further and further removed from their core competency.

The capabilities of global consulting firms can also vary dramatically by geographic region. For example, almost none of the so called "global consulting firms" have the breadth and depth of sustained capabilities across the diverse markets in Asia that they have in Western markets.

Selecting consultants based on brand and relationship, without considering the specific requirements for the geography or service area, is likely to result in under-achievement and perhaps overpayment. Leadership is required to avoid making what are falsely presumed to be safe selections simply based on brand or relationships. Rather, consultants should be appointed on the basis of which firm has the most qualified resources who are fully available for the task at hand.

Plotting consulting project experience on the matrix

The biases introduced by the consulting firms' typical business models, coupled with a lack of consultant-management skill on the client's part, contribute to:

> Failure—when relatively junior consultants or consultants are employed in roles that could be sourced more cost-effectively elsewhere. Compounded by a lack of oversight and management on the part of the client, this results in an outright project failure or a result that significantly misses expectations.
> Over Payment—the project objectives were mostly achieved, but expensive consulting resources were used in staff- augmentation-type roles, so the project cost more than it should have.
> Under-Achievement—results are less than what could have been achieved with the assigned resources, often because the scope was not tightly managed and/or the client did not actively manage the consultant's activities.

Only when buyers engage consultants based on merit and apply control over their consultants (starting with control over how they use them), and only when company staff are seen as integral to the project as the individual consultants can companies expect consultants to:

> Meet or exceed expectations. The client and consulting staff work together as an integrated team, with the consultant focused on advising, facilitating, knowledge-transfer roles and tasks that require expertise that the client does not have. At the same time, the client actively controls the

relationship, the resources, the project and the deliverables.

Time to realize raised expectations

Companies will improve their track record in receiving full value from consultants if they focus on improving their level of control over their consultants and their consulting project, and if they pay close attention to how projects are staffed and which roles are filled by consultants. This requires leadership, participation and discipline on the part of management. Effective consulting requires effective leadership.

High Value Consultant Roles

Technical Expertise—functional, industry, methodology, project management
Consulting Process—structured thinking, logical communications, facilitating change
Third Party Perspective—independence, objectivity, external party experiences

Low Value-Added Roles of Consultants

Resource Augmentation—research and data gathering, documentation, low-level programming and configuration, repetitive tasks, administration
Reiteration of management's perspectives

Effective client control

- Central point of accountability across the enterprise for consultant spend and for validation of the value realized from such spend.
- Executives define the problem, perhaps with some consultant support but without being unduly influenced by consultants.
- Executives define the metrics (documenting baseline and target values) for the desired business outcome against which the project will be measured.
- Executives, managers, and employees who will be working with consultants are educated on how to work with and manage consultants.
- The company configures the project team with a mix of competent internal employees, relevant contractors, and selected consultants in consultation with the chosen consulting firm.
- Each role is filled by someone who has the actual skills required and is committed for the appropriate duration and participation level to the project.
- The company provides their own consulting contract rather than working off the consulting firm's standard version.
- The company retains a strong role in project management which may be supplemented with the consulting firm's engagement manager.
- Consultants are controlled and managed during the course of their engagement as if they were an internal team.
- An independent group conducts post-completion reviews of consulting projects.
- Lessons learned by employees working on projects with consultants are captured, retained, and disseminated.

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