

1 Chapter

Origins and Evolution From Whence We Came

The Role of a Consultant

One day, somewhere in the mid-Pleistocene Epoch, after the last glacial period, a man was trying to create a stronger point on his stone spearhead so that he could better hunt and slay the peccaries that fed his clan and protect himself from dire wolves that fed *on* his clan. He did this in the only way he knew how, which he learned watching his father—he laboriously abraded the sides of the point on a larger rock.

On this day, however, a stranger happened by who might have been seeking more interesting surroundings, or was exiled from his clan, or, one could readily assume, simply was lost. Observing the work on the spearhead, the stranger demonstrated that the point had to be ground on a harder rock, not a softer one, and indicated how to choose them. Not just any rock would do. And, indeed, his method worked and the hunter fashioned a sharper spearhead more quickly. The stranger was offered thanks, provided with food, and bestowed with a lion's tooth. He then went on his way once again, well fed, and with a talisman.

Consulting had been born.

The Gospel

The role of a consultant is to improve the client's condition.

It may or may not have happened that way, but you can't prove it didn't. Consulting—advice, counsel, suggestions—has been around since people began living together. Claims of “the oldest profession” have been misapplied to another career, though some would claim that consulting can also be somewhat meretricious if performed with poor motives or lack of skills.

Our job is to improve the client's condition. Doctors are consultants, and one of the first things they learn in medical school is *primum non nocere* (first to do no harm). When we walk away from a client, the client's condition should be better than it was before we arrived, or we've failed. (That “we” may mean both the client and we have failed, but we share in the failure in any case.)

It's that simple.

However, we are engaged in *management* consulting as solo practitioners and small firm principals (or consultants and partners in large firms). And that pursuit did not begin when sloths as large as a tree waddled about the earth. It began and then flourished within some of our lifetimes.

The first management consulting firm was A.D. Little, founded in 1886 by a professor from MIT. It was mainly a technical research firm at the outset. Booz Allen Hamilton was founded by Edwin G. Booz of the Kellogg School at Northwestern University in 1914 and was the first to serve both industrial and governmental clients. (It wasn't until after the Great Depression's onset that these independent consultancies expanded to embrace more professionals and offices.)

Many, perhaps most, chroniclers of management consulting trace the origins to Frederick Winslow Taylor, the famed guru of time-and-motion studies in the early 1900s who purportedly spawned the industrial engineers and consultants who measured efficiency. There are two things wrong with this simplistic Genesis. First, it was governmental regulation combined with the exigencies of World War II that established consulting as we know it. And second, Taylorism was based on a great lie—Taylor fudged his numbers. In measuring efficiency (say, of a man shoveling coal), Taylor would calculate the size of the shovel, the distance to be traversed, lifts possible per minute, and so on. *But he never did calculate the fatigue factor inherent in virtually all physical labor.* People tend to get less efficient the more they work. When this became apparent, Taylor simply made up numbers out of thin air to accommodate this inconvenient reality. His work was discredited during his lifetime.¹

From those beginnings² management consulting grew dramatically, primarily in the United States. The egalitarian nature of U.S. democracy was conducive to the belief that even senior people could use help (as opposed to, say, the European belief that high office was to be held by family ties, school connections, nobility, or bestowal by absolute authority), and that it was a sign of strength and insight and not weakness or incompetence to ask for help.³ Only after the global transformation as a result of World War II was management consulting transported overseas from the United States.

Prior to the war, however, governmental regulation actually promoted independent consulting. As opposed to the shop mentality of Taylor, management consulting was more focused on dealing with organizational structure—bureaucracy, if you will. The outside experts (see Figure 1.1) were accountants, engineers, lawyers, and similar professionals who worked for merchant banks.



FIGURE 1.1 Relationship of Skills and Content

In the mid-1930s, New Deal legislation such as the Glass-Steagall Act prohibited banks from engaging in nonbanking activities, so they could no longer employ and bill out the experts. Yet the banks continued to urge their clients to utilize experts to protect their loans and investments and ensure effective management.

Hence, independent management consulting was boosted by Depression-era government regulation.⁴ James McKinsey, for example, assiduously pursued banking relationships to secure the consulting business that the banks themselves had once provided for their clients.

The war also represented seismic shifts in demographics and learning, most relevant for our purposes because of the large movement from an agrarian to an urban culture, and the introduction of mass training for people who had never been developed in such a manner before, nor so quickly, including women in manufacturing jobs. World War II actually necessitated the creation of the training “industry,” for both military and domestic requirements. After the war, management consulting clearly had two components, shifting from merely specific, content-related expertise to also embrace *processes* that consultants mastered that were applicable in a variety of public and private enterprises.⁵

You can view the relationship in Figure 1.1. A consultant who is strictly a content expert (brake pads, air traffic control, medical malpractice) and has no processes to apply or transfer to the client may be thought of as an expert witness at a trial. His or her expertise is sought in a specific area for a finite duration. If there were no brake pads or air traffic control, the consultant would be irrelevant.

On the horizontal axis is the ability to apply processes and to transfer them to the client. If that is purely what’s done, and there is no content expertise at all, then we have

the equivalent of a facilitator, who can run group meetings and prevent mayhem, but who brings no intellectual capital or property to the table.

I submit to you that the diagonal represents the power in consulting: the consultant who can apply and transfer skills and who also has an impressive ability to tackle content areas. That person becomes a collaborator with and partner to the client, and is far more valuable (can demand higher fees) than either colleague at the maximums of the other axes. And that person more readily can become a trusted advisor, an ideal role for a consultant which we'll return to later on.

Recent phenomena have included the move of traditional audit and accounting firms into more generalized management consulting. The trust placed in them in dealing with company finances was simply transferred to other areas of the operation, albeit with mixed results—the audit mentality has resulted in time-based billing, which I'll discuss at length later as unwise, unethical, and unforgivable. There have also been abuses in such transfers of trust, as we saw with the collapse of Enron and the subsequent crumbling of Arthur Anderson's consulting business at the time (since resurrected as "Accenture").

Finally, bear in mind that IBM derives the greatest percentage of its profit not from hardware and not from software, but from its consulting operation. That should tell you a great deal about the future. No one really knows how much revenue is derived by the total management consulting profession, but at this writing I'd guess it's over \$500 billion.

The Ongoing Need

We've established that our role is to improve the client's condition. That client is the person who is authorizing our payment out of his or her budget. I call that person the *economic buyer*. *The buyer is our client, not the organization*. A client is a human being, not an inanimate entity.

I know you prefer to list Bank of America or Microsoft as your client, and we all do such things. But very few buyers have the authority to hire you on behalf of the entire organization, and even those that do—CEOs, board chairs—are almost always hiring us for a limited scope of action. Your allegiance is to the economic buyer, the person whose condition is to be improved. (Only if you find that the buyer in ethical or legal conflict with the organization should you abrogate that allegiance.)

"Need" for the buyer comes in three flavors:

1. *Preexisting needs.*

These are age-old, traditional, and valid needs now and tomorrow, and may include such areas as customer relations, market expansion, strategy, conflict resolution, innovation, and so on. Even the pharaohs had team-building needs, but they chose to take care of them with whip methodology.

2. Needs you create.

All clients know what they want, but few know what they need. No one knew they needed a belt-mounted device connected to headphones to play music, but Akio Morita at Sony created the need with the Walkman (despite internal advice not to pursue it because no one wanted it). That was the grandfather of the iPhone, which is one of the most popular consumer products in history. Today we have tele-health and 3-D printing. Don't forget, a luxury, once used successfully, quickly becomes a necessity! The COVID pandemic created the need for remote meetings, work-at-home protocols, workplace safety parameters, and so forth.

3. Needs you anticipate.

Globalization, increased volatility, changing societal mores, technological advances, and other waves of change should enable any consultant to predict future needs for the client, such as the need to manage remote teams that never see each other, to outsource some services while insourcing others, and to create new levels of internal computer security. Disruption and volatility are *offensive weapons* not threats to be defended against.

The Gospel

All clients know what they want. Few know what they need. That difference is your value-added.

You can see in Figure 1.2 that your value distance is the difference between what the client states is wanted and what you demonstrate is really needed. That's often accomplished merely by asking this complex question: "Why?"

"We want a leadership training program. Can you design one?"

"Yes, but why do you want such a program?"

"Once people get to district manager, our attrition rate goes way up. They are obviously not prepared for the job."

"That's one possibility. But the increased travel, management pressure, and dealing with administrative requirements might also be causing tremendous stress and unhappiness, right?"

"Well, yes."

"Then shouldn't we investigate, ascertain the real reasons, and formulate appropriate responses? Training might not accomplish enough."

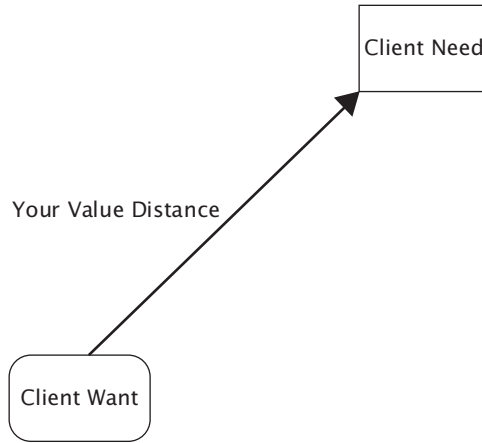


FIGURE 1.2 Value Distance

One of the primary flaws of unsuccessful consultants is that *they accept client wants as the real need*. The need is almost always beyond and above the stated want. If you simply satisfy the client want (no value distance) or advance it slightly (small value distance), your value is not very great.

However, if you demonstrate to your client that the real underpinnings of the issue need to be addressed, you can broaden the project, best delight the client, and, not surprisingly, charge the highest fee.

This concept of need is critical to consulting success. No one, but no one, cares about your mission, or vision, or values, all of which are now monotonously pontificated on countless consultant web sites:

“We believe in the highest level of integrity and ethics.”

Oh, too bad, I was looking for an unethical consultant.

Your own beliefs and value and firm history are irrelevant and hugely boring to buyers. *What fascinates them are their own history, values, and beliefs*. The more you cater to what’s in it for them, the more successful you’ll be in holding their attention. And always bear in mind that buyers have two sets of needs: professional and personal.

Thus:

- Never settle for what a buyer claims is wanted (even if the word “need” is employed). Probe to find out what conditions prompted the initiative to scratch that particular itch. Ask “Why?” to raise the lever of the decision.
- Always seek professional needs (e.g., greater market share) and personal needs (e.g., I want to stop acting as a referee between teams and between team and client).

No matter what type of consulting you’re undertaking, these facts are immutable. However, the various forms do have some distinctions.

Various Forms

Everyone today is a consultant. There is no barrier to entry, which is the blessing and the curse. When I wrote *Million Dollar Consulting* in 1991, I found that a palm reader on the boardwalk of Atlantic City has to pass more tests and conform to more regulations than any independent consultant. (I found that she has since retired, having sent her kids to college.) I would bet that's still true today, though no one claims to be a palm reader in an attempt to cover up that they're in fact between jobs, as the actors like to say.

Let me create a fundamental schism right here:

- A consultant is someone who improves the client's condition by providing skills, behaviors, content, advice, experiences, and other factors unique to that individual over a designated time. The consultant is a peer of the buyer and creates assignment parameters in consultation and agreement with the buyer. The consultant provides conceptual capital, often in the form of intellectual property. Outstanding consultants charge fees based on value.
- A contractor or subcontractor is someone who performs work for the buyer at the buyer's direction and discretion, acting as a temporary employee, helping to implement work assigned by the client. A contractor is, in fact, a temporary employee, and is almost always paid by the time unit, usually hourly. They are peers of other, internal implementers. They bring no unique intellectual capital in most cases, nor is that what the buyer is paying for.

Many of you are having a case of the vapors or have gone to have a shot of Scotch, and I hope it's the aged stuff. But that's my story and I'm sticking to it. A consultant is a "brain," a subcontractor is another "pair of hands."

As some of you are thinking, many people calling themselves consultants simply are not. My educated guess over the past 30 years of good economies and bad ones is that there are only half as many true consultants as are claimed.⁶ If we eliminate those between jobs just claiming to be consultants to save face, and those who are really subcontractors who are not sharing consulting DNA, we may have about 200,000 consultants in the United States, and perhaps twice that number globally.

And I believe only about 50 percent are sustaining decent lifestyles without additional support (their spouse's income, the oil well in the back yard, Aunt Tillie's bequest), and perhaps 20 percent are making high six-figure and seven-figure incomes. But that's a story for later in the book.

You may also have noticed, to your horror, that perhaps 90 percent of people calling themselves information technology (IT) consultants are, in reality, just paid help without the benefits.

The Gospel

If you are a pair of hands and not a brain, then you're not a consultant. You're probably a very inexpensive employee.

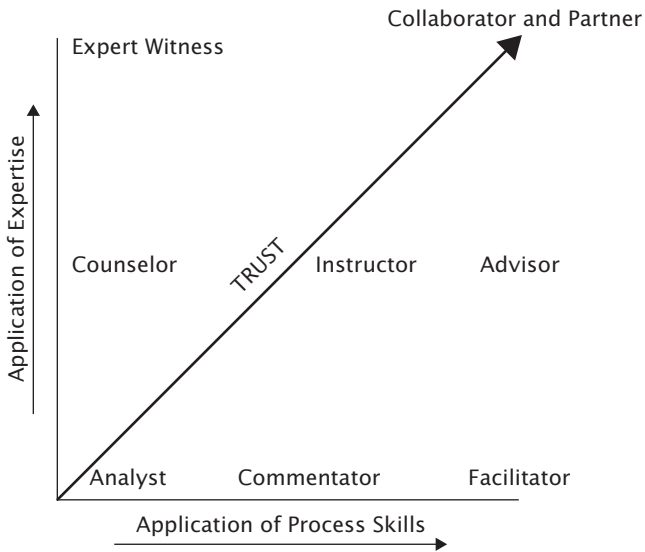


FIGURE 1.3 Content, Processes, and Trust

I've personally mentored IT consultants all over the world, and have helped them to become true consultants, peers of their buyers, and charging for their value. But this is a tough sell. Most IT resources are simply performing tasks—writing code, fixing bugs, testing new relationships. They are not bringing their own intellectual capital or serving as partners and advisors to the chief information officer or chief technology officer (who should be their buyer).

Thus, the actual world supply of consultants is smaller than believed and the need is constantly growing, meaning that your potential to be in that top 20 percent is pretty high if you approach the profession with at least the diligence of a palm reader. That potential is growing as companies reduce residual talent. The greatest creator of net, new jobs in the U.S. (and in most countries) is small business. Large corporations reduce jobs through automation, attrition, and layoffs.

I've reproduced an earlier graph with more detail in Figure 1.3.

I advocated the diagonal approach earlier, and you can see that it's based on three factors, not just two:

1. The degree to which you bring useful content to the client.
2. The degree to which you bring useful processes to the client.
3. The degree to which you create trust with the buyer.

Content: The client is already immersed in content, which is often the problem—they are breathing their own exhaust. (I once had to remind officers at Mercedes-Benz that they had auto experts falling out of the rafters, but that wasn't solving their customer service problems.) However, your ability to apply best practices from content you've

been involved with elsewhere (and it doesn't have to be identical content, just analogous content) is highly valuable. The degree to which you move up the vertical axis depends on your interaction with the client, from sitting in a room by yourself to casual contact to public representation.

Process: You can superimpose processes that are universally applicable and that the client may be missing or simply not very good at. Most content-heavy clients are not adept at the processes of conflict resolution, or priority setting, or strategy, simply because their time is overwhelmingly devoted to content matters. As you move along the horizontal axis, you once again move from “back stage” to “front stage.”

Trust: This is the key factor to propel you to the top right and become a true partner with your buyer. You can swiftly and efficiently build trust by:

- Being introduced by a peer of the buyer.
- Having a commercially published book(s).
- Creating proprietary intellectual property and models.
- Behaving and dressing like a successful businessperson.
- Offering value early and frequently.
- Being in the “public square” and known widely in the field.

Let me define trust: *It is the honest-to-God belief that you're acting in the other person's best interest.* That means that I'll accept even criticism well, because I know it's meant constructively. But if I don't trust you, I'll be wary even of compliments, worried about some hidden agenda on your part.

Consulting can take many forms, and it has in popular jargon. But I'm rejecting those who simply use the title because they are looking for full-time work and those who are merely implementing as part-time employees. That may sound elitist, but consulting is a noble profession, and we need to set some standards, since no one else seems to be doing so.

Let's see what success looks like.

Examples of Success

It's easy to talk about “new levels” and “great success” and “turbo-charge your career,” but what do those metaphors really mean? Do they mean more clients, more money, more time?

First, let's describe what constitutes a successful consultant, generically. He or she can be recognized by the following attributes:

- A track record of helping improve clients' conditions over several years.
- Buyer testimonials in writing and on video attesting to the specific results the work generated.

- Working for firms and people beyond a narrow niche (and ultimately, as broadly as possible).
- Working globally, even if solely remotely.
- Delivering value by virtual and alternate means beyond physical presence.
- Sufficient income to sustain one's desired lifestyle, including appropriate savings and planning.
- A brand and presence in the market creating widespread knowledge of who the consultant is in that market and immediate credibility with prospects.
- Peer respect and a place in the profession where the consultant is recognized and cited.
- Intellectual property encompassing print, audio, video, and electronic distribution channels.
- A personal life in sync with one's professional life and the discretionary time to pursue one's interests continually.
- Regard as a "thought leader" with a strong brand.

One of the consultants I began mentoring about 15 years ago was making about a half million dollars at the time and working almost constantly, the stereotypical one-man band. Today, his business is about \$10 million; he uses five subcontractors on a regular basis, turns down business that doesn't interest him, has a pipeline extending out two years, *and takes 12 weeks of vacation each year*. Some of his typical vacations include swimming from one Caribbean island to another, and taking a month-long private air tour of a dozen world sites.

You may not need millions of dollars of income⁷ or three months of vacation, but you get the idea. You should be able to attain what you reasonably desire in life, and even beyond that. If I had ever had a business plan and created even stretch aspirations 30 years ago, I *never* would have imagined or predicted I'd be where I am today.

Never.

The Gospel

A market plan will move you forward. A business plan will kill you, because you'll hit it.

Success means having an evolving marketing plan that you tend to daily. Since many aspects of it are passive, you can take long vacations and still have it work for you. But success doesn't ever mean having a business plan, since these are notoriously inaccurate and become dismal, self-fulfilling prophecies.

If you plan to increase your revenues by 20 percent, or bring on four new clients, or expand your virtual presence, you may just do that—at the expense of having done much more! You don't want to increase revenue by 20 percent; you want to maximize revenue, maximize new client acquisition, and expand your web presence.

When I was being interviewed by the then-CEO of State Street Bank for a \$350,000 assignment, he said to me, “We’ve increased net new revenues by 22 percent compounded annually over my watch, the last five years. Why do we need you?” In the next three seconds I was going to make or not make a third of a million dollars for me.

I said to him, “How do you know it shouldn’t have been 34 percent?” He thought for just a moment, smiled, and said, “You’re hired.”

Let’s return to a familiar refrain: *Real wealth is discretionary time*. Money is merely fuel for that wealth. Ironically, many consultants chasing after success are like dogs chasing cars. They probably aren’t going to catch the car and, if they do, what are they going to do with it? Ironically, too many people are busy earning so much money that they are actually eroding their wealth.

Now couple that premise with another tenet—TIAABB: there is always a bigger boat.

The point isn’t to have the most; it’s to have what you need for your purposes, assuming those purposes will grow as you do. Families, interests, philanthropies, friends, and other involvements usually demand more and elevated support as one matures. That’s natural and expectable.

When we vacationed in St. Barth a few years ago, every major slip in the inner harbor was occupied: six yachts that had to be worth \$25 million each tied up bumper to bumper like Hondas in a supermarket parking lot. Out in the bay were a dozen more that couldn’t fit in the inner harbor, *and couldn’t be seen or appreciated*.

There is always a bigger boat. The point is to be able to acquire the right boat for you at any given time and move on to new ones when appropriate for your needs, not someone else’s needs or ego challenges to you.

I raise these attributes and philosophies of success early so that you can assimilate them as you learn the strategic and tactical approaches that follow in the chapters ahead. These are the generic parameters of success that I’ve observed and enjoyed over decades in this profession. The specific ones will depend on your lifestyle, your interests, and your intentions.

Finally, the best way to achieve success by any measure in the consulting profession is to be a generalist, not a specialist. The hackneyed refrain “Specialize or die” sounds like New Hampshire’s license plate motto (“Live free or die”). Surely there is a middle ground!

My refrain is “Generalize and thrive.” It’s a simple equation: The more prospective buyers you have, the more opportunity you have to close business. The more appealing you are to the more people, the more you will be sought.

Once you start adding adjectives to your value propositions, you continue to narrow your field until it will fit on the head of a pin. Which of these two value propositions is more appealing to more people?

1. We accelerate sales closing time while decreasing costs of acquisition.
2. We accelerate sales closing time while decreasing costs of acquisition in the New England, middle-market, mortgage-lending space.

The first will still interest the mortgage bankers. The second will interest *only* them.

The Future

Usually, future trends and projections are saved for the final chapter in a book. I'm changing that here, because if you're going to, in essence, prepare for the future in the chapters ahead, perhaps it would be a good idea to agree in advance on what the future might hold! As Socrates pointed out, "If one does not know to what port one is sailing, no wind is favorable."

So how do we tell the good winds and stay away from the doldrums?

Anyone who makes projections in a snapshot such as a book can be in serious trouble, since events can change so quickly. However, I'm going to mitigate that problem in two ways.

First, I am providing an appendix that is electronic on my site (<http://summitconsulting.com>), which means I can update it regularly and you will have ongoing access to it. Second, I'm going to focus not on the price of gold or the future of alternative energy, but rather on *processes and systems* that will influence our clients and, hence, us, in very broad areas.

Trend 1: The Transience of Talent

Organizations will be porous and non-porous. That is, they'll have residual talent among a relatively small group of people, and transient talent depending on the priorities and initiatives at any given moment. Some people will work in the office, some at home, some will rotate; some will be W2 (permanent) and some 1099 (temporary).

This will also become global, just as you might talk from Lansing, Michigan, to a credit expert for Visa who's in Kuala Lumpur.

Trend 2: HR Becomes the Incredible Shrinking Function

Human resources (HR) departments will continue to attenuate. Their transactional functions (benefits administration, relocation, and so forth) have been outsourced successfully over the past two decades. That leaves the transformational functions (change management, organizational redesign, succession planning, and so on), which, by and large, HR has been excruciatingly awful at fulfilling, following every loony fad and buzzword written by every academic and training company guru. If you don't believe that, then consider the market in front of you and around you. It's not being satisfied within the organizations that need you. And at this writing, I can't think of one HR executive

promoted to CEO in a Fortune 500 company over the past decade. It has become a dead end. (That is a consistent fact since the first edition of this book.)

What it means for consultants: We are cost-effective responses to transformational needs. We come, we improve, and we depart, with no benefits package, no vested political interests, and no intent on a corner office or retirement fund. Change management and organizational development skills will be in great demand, often best delivered by solo practitioners, rather than by outside firms descending with 50 people and creating a pseudo-HR department!

Trend 3: Emerging Markets

I believe that Africa and some South American and Asian markets will grow tremendously. This includes technological advances, communication advances, remote learning and coaching, and English as a common language. There is a growing middle class and a growing appetite for entrepreneurial success and small business development. Fewer people view large corporations as “safety nets” in view of recent developments.

These emerging markets will be served far better by agile, independent consultants than the mammoth firms that want to descend on clients with 300 junior people who have to learn the business over months.

The Gospel

You don't grow in the consulting profession by getting better at what you've already done yesterday. You grow by anticipating tomorrow.

Trend 4: Volunteerism

We're going to see major increases in volunteering because of retired people with time on their hands, the American ethic about helping others (much stronger here than in Europe, where government is expected to provide such help), and companies lending executives to nonprofits, community organizers, and other social movements. However, as I've said on every board on which I've ever served in the arts and charity, “Nonprofit doesn't mean nonprofessional.” The excuse “I'm just a volunteer” doesn't compensate for sloppy management, wasted money, and a disappointed constituency.

What it means for consultants: The nonprofit world, bereft of government funds and corporate donations for years compared to historical giving, and hurt badly during the COVID crisis, has managed to survive to the extent it has through volunteers and intelligent management of resources. But tens of thousands of these organizations have disappeared. There will be a growing need to educate board members, staff, and management on how to acquire, train, evaluate, and retain volunteers. A poor volunteer is worse than no volunteer. And the money will be there, through donors, sponsors, patrons, and fund-raisers.

Trend 5: The Importance of Communities

I didn't say "just-in-time," which invokes a frenzied dash to me. I'm talking about individual professionals and corporate employees having access to a variety of platforms that can generate information immediately, from where a certain movie is playing to the best insurance rates for a newly married 28-year-old airline pilot. These will be accessible to both the buyer and the seller. But there can be too much access, so how do you narrow down what you need without winding up on Facebook for 20 hours in a row?

What it means for consultants: The concept of communities will flourish, where people are attracted by the value of (1) the organizer, (2) the other participants, and (3) the environment.

There will be simultaneous need for you to create your own communities as well as advise clients on how to create theirs. A complaint, don't forget, is a sign of interest. It's better to be expressed in the community, as are ideas and suggestions for other communities, which create buying trends.

Let's turn now to setting up your business and getting ready for action. If you already have a business, use these guidelines to validate that you're organized in an optimal manner for your own success.