Chapter 1

Low-Yield, Conventional Consulting Versus High-Yield, High-Impact Consulting

Almost all the managers who engage consultants, and almost all the consultants they hire, subscribe to a model of consulting that severely limits the benefits of their collaboration. It is typically expected that the consultants are accountable for creating the best possible solutions and tools, while the clients are accountable for using those solutions and tools to produce the improved results. Success obviously depends on the client organization being able to do what must be done to benefit from the consulting input and being motivated to do it. If there is a gap between what is necessary for success and what the client is able and willing to do, then the anticipated benefits will not occur. I believe that such mismatching occurs very frequently and at enormous cost to clients and consultants alike.

The following story will convey the essence of the point. I always use it in the seminars I give for consultants because it captures one of the most profound issues in management consulting.

> A family who had been unhappy for many years about the messy state of various storage spaces in their house heard about a firm of "closet consultants." After a hasty phone call from the family, the consultants arrived on the scene to provide a free preliminary survey. Shortly after that visit a proposal arrived by mail, outlining what the consultants would do with

> the master bedroom closet. The family initialed the agreement, and within two weeks a miracle was wrought. New equipment was installed, and everything in the closet was tastefully, even artistically, arranged. It was a pleasure for the family to witness the transformation, and they willingly paid the consultants' fees. It was a happy ending, except. . . .
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> Within three or four weeks, the closet was just about as messy as it had been before the consulting project. Except for the fixtures that had been screwed into the wall, there was little by which to remember the project.

The closet consultants exercised their professional skills and delivered a superb solution. Yet, although it exactly met the client's stated requirements, the "solution" failed to yield sustained value for the client. Was the consulting project successful? The answer to this question is important, because a great many management consulting projects have the same sort of outcome. Consultants labor long and diligently to produce technically excellent solutions that fail to produce the results desired by their client.

Success in Consulting

Many consultants rationalize that such projects are technically successful since the consultants have provided the "right answers," but for some reason—usually various client shortcomings—the clients were unable to benefit from the projects. I reject this explanation. "Right answers" that do not help clients achieve what they are trying to achieve are, in fact, wrong answers.

I believe that for a management consulting project to be called a success, three outcomes must be achieved:

- First, the consultant must provide a solution or a method new to the client.
- Second, the client must achieve measurable improvement in its results by adopting the consultant's solution.
- Third, the client must be able to sustain the improvement over time.

In other words, management consultants must be more than experts in their field. They must serve as effective change agents and share accountability with their clients for the ultimate outcome of their consulting projects.

Most consultants talk about the benefits of their services but are willing to be held accountable for the first success criterion only, not the second or third. While they always *hope* that their clients will achieve sustainable bottom-line benefits from their work, few consultants accept responsibility for ensuring those outcomes because they are so focused on developing the "right" answer.

Take this very simple, focused consulting project:

> Updyke Supply, an automotive parts supplier with one center of operations near New York City and another near Cleveland, was suffering from an increasing number of logistical problems. Many orders had to be shipped in several installments for lack of needed parts in inventory. Yet at the same time the overall levels of inventory were well beyond budget, resulting in increased warehouse costs and excessive cash tied up. Updyke's chief operations manager invited a consulting firm to help.
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> After some initial exploration, the consultant proposed a study of the company's sales forecasting and inventory management procedures. It was a modest project, completed in about three months. The consultant developed a set of recommendations for an improved sales forecasting system and a modified inventory and purchasing system to impose a more orderly process of replenishing inventory.

Compared to many consulting projects, this one was rather sharply focused. Nevertheless, to carry out the recommendations, Updyke Supply would have to make many changes in many parts of its business. The way reordering decisions were made would have to change. The responsibilities of the people involved in these decisions would change. And as those decision-making processes changed, many other individual job responsibilities would also have to change.

New methods for tracking inventory and reporting on inventory status would have to be developed and implemented. The working relationships among individuals, and the relationships among units, would have to be modified as the new work methods were introduced. Exhibit 1.1 lists a number of the changes that this "simple" project would require.[1]

Exhibit 1.1. Changes Facing Updyke Supply.

- Work flows
- Design of individual jobs (skills, routines)
- Information gathering and processing
- Decision points
- Decision criteria
- Accountabilities
- How new work procedures created; how introduced
- Communication patterns (formal, informal)
- How to solve problems and diagnose and overcome weaknesses
- Record keeping
- Performance measures and criteria

If you set out to identify where all these changes would have to take place, you would discover that sales and marketing would be responsible for the new sales forecasting process. But they would have to coordinate these changes with manufacturing, finance, information systems, and various other groups. Changes would have to be made in production scheduling and order processing. Purchasing systems would be modified significantly. Human resources would have to revise job evaluations, compensation, and various related metrics. It would soon become evident that in addition to the many *kinds* of changes listed in Exhibit 1.1, the changes would have to take place in many different *functions* (as listed in Exhibit 1.2).[2]

Thus, to implement even this very focused, modest project, dozens and dozens of interrelated changes have to be carried out in decision-making processes, in the relationships among jobs and functions, in work flows and measurements—and they all would have to be made in some kind of coordinated way. While the consulting team might help install some of the new systems, it is doubtful that they would even be able to identify, never mind get involved in, all of the ramifications. The rest would have to be figured out and carried out by the Updyke people themselves.

Exhibit 1.2. Where Updyke Supply Would Have to Change.

- In sales department
- In order processing
- In plant production and scheduling
- In inventory control and logistics
- In purchasing
- In final assembly
- In shipping
- In accounting and control functions
- In human resources
- In product design
- In customer service

This case demonstrates that to successfully implement even a simple, focused consulting assignment requires that dozens of interrelated changes be carried out, a process calling for skills and capabilities and motivation that may be missing. Thus even a modest and sharply focused project can run the risk of failure—not because the consultants' recommendations or the methods they introduce are not sound, but because some or most of the associated changes may not be carried out properly. If that is true, consider what can happen when the complexity is multiplied many times over.

Just as in the closet consultants case, the Updyke project was carried out in the conventional consulting mode, which is based on the belief that consultants' value comes from their expertise, from their ability to make flawless recommendations or to install powerful new processes or systems. In the spirit of this philosophy consultants concentrate on making sure that their recommendations are "professionally correct." They pay much less attention to the great many changes their clients have to carry out in order to actually *benefit* from the consultant's recommendations.

Here is where both clients and consultants fail to recognize the fundamental flaw of the conventional approach: like Sunday sermons, parental advice, diet books, and doctors' admonitions about smoking and obesity, conventional consulting is based on the assumption that the key to progress is knowledge. In other words, once the client knows what to do, then the client will achieve greater success.

But real-world experience suggests that this is a false assumption. Mountains of data indicate that not knowing what to do is only rarely the main obstacle to organizational success. Much more often it is not being able to do it. Who would say that in the 1940s and 1950s Packard Motors, Studebaker, and Willys-Overland did not have the same market information and did not try to pursue the same strategies that enabled General Motors, Ford, and Chrysler to succeed? And who would say that in the 1960s and 1970s General Motors, Ford, and Chrysler were not privy to all the information they needed to prevail over their Japanese competitors? They simply lacked the capacity to translate their insights into effective action.

Or take this case, which occurred within a huge global corporation:

> A consulting firm was retained by the corporate headquarters to study the marketing approach of a particularly powerful competitor and to develop an effective counterstrategy. Five divisions of the client company were to be involved.
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> The consultants began by interviewing a number of senior executives in the client company. They learned about the unique operations, goals, and strategies of each of the five divisions included in the project. They then conducted extensive research in many different marketplaces to gather information on the competitor.
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> The consultants prepared a thorough analysis of the threats posed by the competitor and offered a fairly detailed menu of possible counterstrategies for dealing with them. Although they had performed a first-rate analysis and produced some excellent solutions, when they tried to convene a strategy summit of the general managers of the affected divisions to discuss an action plan, they could not make it happen. No real action was ever taken on the report. Despite this fact, the corporate officers who had hired the consultants were very impressed with the high quality of their professional work and judged the project a success.

A success? I disagree. The elegant and creative recommendations prepared for the managers of the global corporation failed to advance the company's competitive position one iota, just as the closet consultant's efforts failed to improve the client family's lifestyle. Any solution—no matter how creative—that provides no direct, measurable benefits for the client is, in my view, a failure. Unfortunately, such "solutions" pervade the world of consulting.

Despite the occasional strategic victories that come from knowing which horse to bet on, more often the key to business success is the ability to translate strategic visions into needed change. The ultimate value of consulting inputs always depends on the ability of the client organization to absorb and use them to achieve better results. As people have known for thousands of years, even the best advice often fails to produce any noticeable progress. I would go so far as to say that providing clients with answers or recommendations or systems without ensuring their potential for successful implementation is really just plain technical outsourcing, even though most consultants and clients call it consulting.

Flawed Assumptions, Flawed Designs

Of course consultants understand the importance of successful implementation. Of course they want benefits to accrue to the client from their work. Most individual consultants and most consulting firm officers want to do good for their clients. The trouble is that most of them don't make client implementation a central focus of their consulting practices. Most are almost completely dedicated to providing managers with insights and ideas *about* change; they pay virtually no attention to helping the client *effect* change. In fact, client limitations in this area are generally not viewed as an appropriate focus for the consultant's attention. Rather, they are viewed as hazards to the practice of consulting, like sand traps on a golf course. Over and over again, I hear consultants complain about organizational barriers that prevent their clients from achieving good results from their recommendations—almost as if it were unfair to have to deal with these obstacles. No wonder that so many projects are undermined by the implementation gap—that gulf between all the changes that a client would need to carry out to benefit from the consultant input and the changes that the client is actually ready, willing, and able to carry out.

For example, a consultant-developed sales forecasting system fails because the sales force does not provide the required data and support. A corporation implements a consultant's recommendations for organizational restructuring but places the wrong people in some key roles. A client rejects a carefully developed marketing plan because it contradicts the CEO's beliefs. A company sets aside a major strategy study because it calls for directional shifts too radical for senior management to risk. Such occurrences are quite common, and when they occur, the disappointed consultants usually blame the results on limitations of the client organization. They never see that the very design of their consulting project contained the seeds of its failure.

Most consultants will thoroughly research almost every dimension of a client's problems but pay little or no attention to assessing the client's willingness and ability to implement the suggestions that the consultants might be making after they do their research. Consultants rarely discover what their clients are able to do with their recommendations until after the project is over and the reports have already been submitted. By then it is often too late.

Another self-defeating aspect of conventional consulting is the assumption that the best way to attack any subject—whether cash flow, marketing strategy, or inventory turns—is to examine it in its totality and, even better, in its relationship to everything else. Most consultants, particularly the larger firms with thousands of consultants to keep busy, want to produce a "big-picture" solution. Anything less is considered piecemeal or suboptimizing. But such large-scale, comprehensive studies usually take very long, are very costly, and result in change processes that are much too complex for most organizations to carry out successfully—even with the vast amount of consulting help the firms are happy to provide. Moreover, with everything being dealt with at once and dozens of consultants busy intervening all over the place, there is no way of ever being clear about what the consultants' contribution really accomplished.

Further, the serious research and deliberation that are at the heart of consulting projects are usually considered to be mainly within the province of the consultant. Although clients may be "involved," the consultants usually do their work and then hand over their products to their clients. The clients, with little opportunity to do this thinking and develop their own insights and skills—and busy with all the other aspects of their jobs—are nevertheless expected to fully accept and then implement the consultants' recommendations.

It is no wonder that a significant number of projects, directed by highly knowledgeable and motivated consultants, produce great ideas, great reports, powerful new systems and methods—but are undermined by the implementation gap. At the end of too many consulting projects, the consultants can honestly say, "We did a thoroughly competent job and showed them how to solve the problem." And the clients can honestly say, "We really wanted to deal with that, but implementing the consultant's recommendations would have required some changes we were not prepared to make." In other words, everyone did the "right" thing but the results were dismal.

This should not be permitted to happen. In fact, a number of consultants, sharing this feeling, have experimented with new techniques and have paid greater attention to implementation issues. But neither consultants nor their clients have questioned the fundamental paradigm of conventional management consulting. And that is where the solution lies—not in fixes and adjustments but in some basic shifts in the way consulting is practiced.

The High-Impact Paradigm

High-impact consulting is based on the premise that although the consultant's expert solutions are vital to the success of a consulting project, it is just as vital for consultants to make certain that clients absorb, use, and benefit from those solutions. Merely dishing up the consulting products with the assumption that the client can take it from there makes each project a gamble—and a poor one at that. Client success must be carefully designed into the process. And client success must include both client implementation and client learning.

To ensure success, each project must produce an action plan that the client is apt to be ready, willing, and able to implement. If a high-jumper has been able to jump sixty inches but no more, no coach would set the bar at sixty-six inches and say, "Try it." That's loaded for failure. But consultants do the equivalent to their clients every day of the week. Both client and consultant should take responsibility for making certain that a project not require client staff to do things they're not equipped to do. Instead of tackling a huge project all at once, the client and consultant can carve off subprojects, each focused on a near-term goal that both parties are reasonably certain can be achieved. These first subprojects can provide the reinforcement of success. They can provide experience that proves helpful in subsequent projects, laying a foundation for continuing, expanding cycles of success.

High-impact consultants devote as much energy to helping their clients tap into their own wisdom and develop new skills and confidence as they do to their technical studies. As clients experience success in the early phases of the process, they develop new skills and confidence and thus the ability to attack increasingly ambitious undertakings.

These fundamental shifts, the essence of the high-impact paradigm, take much of the gamble out of consulting. Because the strategy is designed to mobilize and exploit the client's own capabilities and to overcome the organizational barriers that often sabotage improvement, it can significantly increase clients' return on their investments in consulting.

P.S. An Action Note to Client Managers and Consultants

It will not be very difficult for managers or for consultants to make the shifts described in this book. Anyone ready to try it will be surprised by the results they get and the ease with which they get them. The difficult part is wrenching yourself psychologically from the conventional model, an approach that has for so long provided a cozy security blanket for so many managers and consultants. The essence of this shift to high-impact consulting is that neither consultants nor their clients will continue to regard the attainment of measurable bottom-line results and the sustaining of those results by the client merely as the desirable outcomes of consulting projects. They will be essential goals of consulting projects. Client managers: no matter how smart your consultants may be nor how busy you are, you have to play a key role in designing projects for success.

To get a feel for the difference, think of a recent project where you were either client or consultant. Select a project where good technical work was done, but the bottom-line benefits were disappointing. Was that disappointment identified at the time and confronted? Or was it overlooked to avoid difficult discussions and self-examination? In retrospect would you, the client manager, tend to blame the consultant for the lack of results? Would you, the consultant, feel that you had done a great job and believe that your client was remiss for not properly implementing the recommendations?

This tendency to blame the other party instead of blaming the essential flaws of the methodology will have to change if you are going to enjoy greater success. For the rest of your read through this book, try focusing not on what's wrong with any of the players, but on what it is about the method that needs to be changed.