

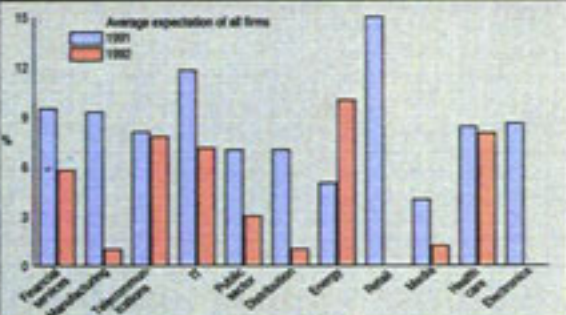
Management Consultancy

OCTOBER 1992

AN ACCOUNTANCY AGE PUBLICATION



STRATEGY SURVEY



Times are tough in strategy consulting - PAGE 28

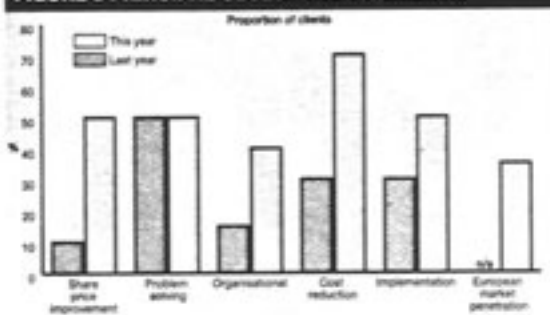
HOW TO SPOT A FAKER

Tony Page and Ron Hyams - PAGE 32



Eastern approaches — page 87

FIGURE 3 PRINCIPAL OBJECTIVES OF CLIENTS



What strategists' clients want — page 28



Burgess — page 38

Management Consultancy

OCTOBER 1992

EDITORIAL

NEWS

UPDATE

DIARY

SHAREWATCH

Management Consultancy/Datastream index

OUTLOOK

Upheaval in waste sector

Kellogg Fairbank on European waste management's future

PRESIDENT'S VIEW

Aiming to make a distinction

Adrian Williams on consultancy — profession or occupation?

ISSUES

Into a new era of consultancy

Bob Simm talks about recessionary pressures on consultancy

Developing a building's IQ

Bob Alford on the total systems approach to clever buildings

IT companies go to market

Technology suppliers saw the open systems market coming and may now be ahead of the competition, says Alan Howard

SURVEY

Strategists have no great expectations

With staffing levels almost static most strategy houses should remain cautious about growth prospects, reports Philip Abbot

COVER STORY

Genuine article will triumph in the end

Long term success is built on 'authentic' reputation, argue Tony Page and Ron Hyams

PROFILE

Standing on great men's shoulders

Andersen UK head Keith Burgess is a forceful individual — but he puts the organisation first, writes Elizabeth Williams

3 SYSTEMS MANAGEMENT 43

Lots of life left in mature method

Good SSADM knowledge is in demand, and opportunities are not restricted to IT consultancy, says Nick Cheetham

10 STRATEGY 50

Integrated model targets efficiency

Maximum efficiency can be attained only by integrating proven methods write Jonathan Smilansky and Steve Perry

16 HUMAN RESOURCES 61

Taking account of people as a resource

If a company fails to choose its personnel IT package wisely, it only wastes its human resources, argues Mike Ensor

18 EUROPE 68

Panic now, worry later — 1993 cometh

We are going to have to scale a 1993 paper mountain if we want to compete in the single market, reports John Mirams

22 CUSTOMER SERVICES 73

Are the clients being served?

Uniform service delivery doesn't make for happy clients — the trick is to treat them all differently, argues Tony Scott

HEALTH AND SAFETY 81

Casting a legal eye over VDU directive

David Green looks at the EC regulations that employers will need to follow soon for employees using 'display screen equipment'

BANKING SYSTEMS 87

Flexibility needed for jump to the east

Implementing a bank system in the ex-communist bloc is fraught with difficulty, writes Nick Wyatt

BOOK REVIEW 93

Pragmatic view of total quality

Philip Jackson on *World Class performance Through Total Quality* by Paul Spensley

JUSTIN THYME 104

Bundesbank keeps it quiet, Shamanful, Who's a clever building, and much, much more

Genuine article will triumph in the end

Long-term success is achieved by building a solid 'authentic' reputation, argue Tony Page and Ron Hyams

Many qualities help to create successful consultants. Authenticity is one that is often overlooked. Some consultancies, in particular the large firms, might now need to make some important changes to help prevent their decline.

These changes fall into two categories: working authentically with your client and managing consultants authentically.

"Interesting, but what has 'being authentic' got to do with it?" we can hear you ask. "Surely," you may be saying to yourself, "being real" could interfere with the power-play that is the essence of good business."

We disagree: the consultancy transaction is different from a normal business deal. As a consultant you are better advised to model yourself on a doctor or a lawyer where professionalism and trust often overrule self-interest rather than, say, on a used car salesman.

Consultants often undermine their own success with their client by driving down the most obvious route towards the deal and misrepresenting not just their experience but also (and more importantly in our view) their feelings and reactions when face to face with the client. Some large firms encourage this "faking". Faking, the opposite of authentic, is easily detected by most clients: it smells rotten and usually leads to the consultant failing in his or her task.

Authenticity, or "being real", is potentially an important differentiator available to experienced consultants by virtue of their experience but denied to them by the corporate structures within which many of them operate. We did not coin the term "authenticity" in relation to consultancy skills (see Peter Block, *Flawless Consulting*, Pfeiffer & Co, 1981). However, we do argue for its particular

Page (left) and Hyams: client trust arises from 'authentic behaviour'

relevance in today's climate. Let us illustrate this with an example. All consultancy

starts with a client. So how might the client be feeling in today's business environment? A high degree of accountability is now commonplace and exists at almost all levels and in all parts of the recession-hit corporation. It operates whether the client is junior or senior, from a line or staff function, below the board or on it. Even the chief executive feels accountable to shareholders, customers and employees. Pay your way, justify your existence, or expect to go.

Winning new business against this background requires either a lot of luck or, more likely, a client who knows and trusts the consultant totally. Trust can arise from previous successful work together.

In a new relationship, trust arises most quickly from a set of behaviours we describe as being authentic. We follow a definition of consultancy as "helping the client to solve problems at their request". The early meetings with a client consist of learning about the problems, building up confidence and trust in one another, and gaining permission to work with the client to solve the problems.

We all know securing business is harder than it used to be. Permission is less easily obtained from a vulnerable, recession-worn client, and more senior people need to give their permission before authority is given to proceed.

If you were the client, how might you react to these approaches?

- The "smart ass, non-authentic" consultant walks into your office, introduces him or her self, claims some incredible experience, tries to give the impression of being a super-being from another planet, pushes out some "new" ideas, makes some wild promises, presumes you are interested in commissioning some work, promises it is easy.
- The "sympathetic, non-authentic" consultant walks into your office, makes eye contact, asks you lots of questions, listens carefully, summarises what you

COVER STORY

have told him or her, goes painstakingly through all the steps they were taught on the basic consultancy skills course they have just attended, pinpoints a problem and asks if you would like a proposal to be written.

Consultants will easily dismiss their lack of success with new clients as down to "the wrong chemistry". This can let them off the hook too easily. In reality they mishandled themselves. The two examples are non-authentic approaches that waste both client and consultant time and are doomed to failure. The dialogue the consultants initiated with the client was not real and was disconnected from the client's world (for other mistaken approaches, see "Typical mistakes" on page 36).

Is there not more to consultancy than avoiding the active and passive faking errors listed under "Typical mistakes"? That depends. You can operate simply by avoiding these errors and adopting a "customer is always right" mentality, but this would confine you to a safer, lower value-added, more routine (and some critics would say mealy-mouthed, hired hack) role.

Sometimes this approach is correct, particularly when delivering pre-defined products such as training, market research and TQM. But bending over backwards may not always meet clients' expectations.

Clients often expect more when they engage a consultant. They want a consultant who tells it like it is to the client.

On occasions this must include going against short-term self-interest and looking away from the obvious path to the highest possible fee. This provides the highest value and is what we mean by authentic. It is how long-term success as a consultant or a consultancy firm is created.

When you believe there are sensitive issues that people will not want to confront, then you say so. You seek out "difficult realities" that the client is avoiding. You take risks and not always say what the client wants to hear. If you say it like it is, you risk being sacked, but if you do not, you are not doing your job.

Of course, you need to think very carefully about how to tackle difficult realities: timing, permission and method of communicating are all important. The client's ego is involved, as people at director-level were probably tackling the problem you have been brought in to solve. So you must respect their feelings and protect their egos without compromising the need to tackle the real issues.

It seems to work to strike a balance between optimism and pessimism and encouragement and criticism in address-

ing the client's progress to solving the problem before you were called in. You will not always succeed; so beware the temptation to try to measure your success immediately. We call this totally authentic approach "advanced level process consultancy".

To develop advanced level process consulting skills takes time and requires guidance. The risks on the way include missed opportunities, overstepping client permission and criticism for being naive in the power game.

But the advantages outweigh the risks. Think about it: what would you prefer clients to say about your service: one, "the consultants are slippery, fakes and liars"; two, "the consultants deliver the product we purchase on time"; or three, "the consultants provide us with a real, honest challenge that we do not always find comfortable or agree with, but they add tremendous value?"

Either of the last two responses may be acceptable to you, but if the last two become confused, the danger of consultant failure is high. If an inexperienced consultant who has not yet served an apprenticeship goes unaided into the third position, this may give both client and supervising consultant some problems.

If experienced consultants are misled into believing their principal role is product delivery, this can also be dangerous and can leave the client feeling short-changed. This shows up at the first meeting with the client who complains afterwards: "The consultants insisted on giving their standard presentation. They did not involve me, ask me any questions or find anything out."

A number of the large firms have been rushing down a product delivery route, de-skilling the consultancy process to enable delivery by younger, cheaper, less-experienced consultants. The client's verdict seems to be: "We would rather pay extra for the organ-grinder's experience than receive a standardised product delivered by monkeys."

In other words, *do* develop specialisms, equip your experienced consultants with advanced level process skills. *Do not* rely on a standardised set of products—products may be necessary but will not be sufficient.

If you are in demand busy earning fees, you know you are needed. Unless you are hungry for promotion, it is safe to move further away from corporate instructions. You have other alternatives. If in PA, you could move on to Coopers & Lybrand, Price Waterhouse, P-E, a host of other firms or self-employment. If you are not in demand, you might conform, follow the corporate direction and move

inside towards managing consultants. Whether this is true or not, this is how it can appear to consultants.

The partnership structure of the accounting practices leaves (non-partner) consultants acutely aware of hierarchy, the partner/non-partner divide and their own relative powerlessness. In large firms, such as PA, power is more dispersed, but the challenge for the consultant is just as great. Rarely do you find in one consultant the ability to be effective both in consulting with client and in managing the firm's internal political system. Consultants tend to move further "in" (managing consultants) or "out" (consulting with clients) rather than being happy doing both.

With regard to managing a team of consultants, it has often been said that this is like "herding cats"—in other words, an impossible task. They all go their own way regardless of the direction they're shown. This may be true, but how surprising is this and how should the firm respond?

First of all, we aren't surprised that consultants resist an imposed corporate direction. They spend most of their working hours face to face with clients: interacting, questioning, challenging, persuading, being real.

The diligent consultant carefully protects and defends the time and resources he or she needs to consult effectively with the client. When they receive corporate instructions delivered old style, top down, one-way, telling, requiring or demanding, the contradiction and the discomfort are obvious. Their confidence in their employer declines in proportion to the number of impersonal corporate influence attempts!

The unspoken message from the successful, in demand consultant seems to be: "Treat me with such contempt and I will behave as a free agent unconcerned with the priorities of the corporation." The firm or consultant manager rationalises this as "consultants are hard to manage".

As consultants we feel that we, first and foremost, are people and, second, that we can earn some staggering levels of fee income. To the firm, these perceptions are reversed: first you earn revenue and, second, if you are lucky, it will treat you as a person. Scenario 1 illustrates the corporatist approach in contrast with the more consultant-centred example in Scenario 2.

Scenario 1: A consultant returns from a client meeting to the office for a team meeting. The team-leader harangues the consultant for not returning timesheets, not completing invoicing procedures or project documentation correctly

and falling short of sales and utilisation targets.

Scenario 2: A consultant's manager notices a respected guru is speaking at a conference in Florida. She leaves details on the consultant's desk with a note suggesting he takes family for holiday and uses conference as a simultaneous opportunity to use up his annual personal development allocation.

Larger firms, despite investing time in careful selection of consultants, tolerate and encourage a high level of turnover of staff. They see the consultant as a variable cost.

The notion of investment in skills is not as central as one might expect. At the annual appraisal, the notion of respect for consultants as individuals is lip-service. Share-option schemes, performance-related pay, profit shares, mission statements and revamped communications are a veneer that, for experienced consultants, cannot mask this underlying reality: consultants are revenue producing machines. Traditional human resource management methods simply do not work on consultants.

What is the consequence? Consultants either play the game for a time, turn cynical and then leave; or they conform, suppress their individuality, downgrade their self-respect and, in turn, lose their respect for the client.

Consultants are forced to hide their reality from the client: they become guarded, careful, and bury their feelings. If they are real and honest with the client, reputations can be damaged.

The style of the consultancy transaction tends to mirror how consultants are managed by their employer. Rather than a consultative transaction built on permission, respect and being real, it becomes driven, autocratic and narrow. Solutions get imposed on the client. An inappropriate and inconsistent corporate style can therefore be very damaging.

What is the alternative? The reality in a crowded competitive market with low barriers to entry is that clients and the best consultants move in due course towards the most effective use of consultancy where the most value is created. Those who do not do this go out of business.

All options are open to any consultancy practitioner. But only a few options are inherently strong and sustainable in the longer term.

How can you immediately inject a dose of honest reality into every client-consultant relationship? How can authenticity be made concrete and tangible?

The answer is by empowering experienced consultants to decline work. Make a clear and simple directive understood:

Typical mistakes

- Active faking;
- claiming expertise beyond your own;
- misleading client about true experience;
- making wild promises that are undeliverable;
- allowing self-interest to dominate judgement and compromise best advice;
- saying yes when you mean no;
- talking when you should be listening or questioning;
- trespassing on the client's territory without permission;
- taking the discussion beyond the limits set by the client;
- passive faking;
- going through the motions;
- missing the true issues;
- hiding your opinion when you need to be bold;
- listening when you should be talking;
- allowing the client to extend the dialogue beyond your true expertise;
- not saying no;
- letting the client ramble; and
- not providing agenda, structure and limits to the dialogue.

we (the firm) will decline or refer work requested by a client if we are not convinced we can add value. As a reassurance, this declaration can be passed on to clients.

This may prove to be the foundation for the best, most successful advanced level process consultancy work for creating the greatest added value. It does not maximise short-term fee income, but it is an advertiseable proposition that could generate benefits in the not-too-distant future and put a firm on the right track towards sustainable success.

It is hardest for the larger firms with the heaviest overheads to make this bold move. But it is the essence of good, honest consulting.

As soon as a large firm is bold enough to make this claim, any consultant or firm in the industry who does not live up to it will be branded a cowboy. New standards of excellent practice could, therefore, be quickly established.

In the authenticated style of management, the empowered consultant living under the new promise will need to be managed in a new way. Management styles will polarise away from all things to all men into two distinct styles that recognise the two types of consultant: product deliverers and advanced level process consultants.

Product deliverers will be developed and managed using a uniform and disciplined style taking, perhaps, Andersen as their example. Recruited younger, and operating well-defined corporate systems, each person is a semi-interchangeable representative of the corporate brand. These people will adapt and conform to a tighter, well structured, more aggressive management style.

Many of the problems of managing consultants simply will not apply. Individuality is buried. Everyone gains pride and kudos from the corporate success.

Advanced level process consultants will not need to be managed. Instead, they will be "allowed access to the resources of a network" to support the excellence of their consulting with clients.

The style of interaction is adult to adult and consultants will "contract" job by job, with an overall agreement about fee rate and volumes of work. Any fixed salary element will represent less than half of total earnings—earnings being variable and revenue related.

Managers will themselves be working consultants who look after quite small groups of one to five consultants. The managers will interact with other consultants in their group using their own advanced process consulting skills in a personal consultative style of management. No big stick is necessary within a very clear performance expectation and code of conduct.

The individual carries a very high level of responsibility and does not need to be protected from market realities. Indeed, the market-place operates within the firm and consultants most in demand command the highest fee rates.

A generous commission is payable for consultants who refer jobs to more suitably qualified colleagues to encourage the declining of unsuitable projects. Product deliverers with ambitions to become advanced process consultants are apprenticed to willing mentors for a period of one to two years.

Without question, authentic consultants will win more business. But they will have to say no to unsuitable projects to build a good reputation.

Consultancies, however, won't be able to do this on their own. They will realise authenticity only by giving their consultants the power to turn down unsuitable work. Authenticity might not pay in the short term, but it will certainly reap the rewards in the years to come.

Tony Page is managing director of Page Consulting and Ron Hyams is an associate consultant at the firm