

Ensuring Sustainable Value from Consultants*

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Abstract

Decision-makers tend to view consulting projects in a positive light because that validates their decision to use consultants.

That consultants know what they are doing is an undoubted prerequisite for success across all types of projects, not just people-related ones. The more knowledgeable a consultant has proved to be, the more satisfied the client is.

Communication is another area where the gap between satisfied and unsatisfied clients is greatest.

Among consulting projects that have gone well, it is hard to find a single one that has not involved a joint client-consultant team. Moreover, integration is not just a question of people working together or being based in the same physical location.

Keywords: Management Consulting; Consulting; Consulting Satisfaction Levels; Value of Consultants; Client-Consultant Relationship

1. Consulting Satisfaction Levels and Project Hierarchy

The Management Consultancies Association, in collaboration with Management Today, carried out a survey of around 180 managers from a wide range of sectors who had dealt with a broad range of different consulting projects, from small-scale strategic advice to large-scale IT and outsourcing implementations. Of these 86 percent said they were completely or partly satisfied; 14 percent claimed to be not at all satisfied.

However, unusually among surveys on consultants, our survey also asked people to say what role they had played in the consulting project. Were they the person who took the decision to bring consultants in, or were they someone who influenced that decision? Were they the project manager in charge of the project, or someone seconded in from elsewhere in the client organisation to work with the consultants? Perhaps they were not directly involved in the project, but an end-user,

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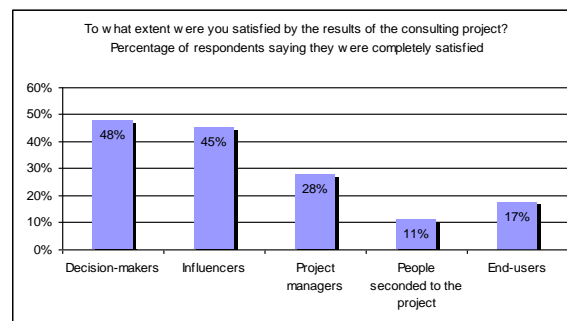
someone whose work might have been affected by the consultants' actions or recommendations.

Looking at satisfaction levels from this point of view suggests that those who decide to use consultants are much more likely – in fact, four times as likely – to be satisfied as people who were seconded from elsewhere in the client organisation to work on a project (Figure 1).

Not surprisingly, perhaps, decision-makers tend to view consulting projects in a positive light because that validates their decision to use consultants; it may also be that they are in a better position to see the overall benefits. Perhaps people seconded into projects from elsewhere in a client organisation and end-users feel put-upon; maybe they resent the consultants' presence. Perhaps this dichotomy is inevitable.

So should we be worried about it? Yes, because it is the level of engagement among people who work with the consultants which determines success.

Figure 1: *Satisfaction Levels Fall as You Go Down the Project Hierarchy*



2. Maximising the Value of Consultants from the Top Down

Every manager has their own view on how you best manage consultants. Most will tell you it is a combination of credibility on the part of the consultants, clarity of objectives, and good communication.

That consultants know what they are doing is an undoubted prerequisite for success across all types of projects, not just people-related ones. The more knowledgeable a consultant has proved to be, the more satisfied the client is. On average, 74 percent of people who were satisfied with the work done by consultants in our survey thought their consultants knew what they were talking about, compared to just 17 percent of dissatisfied respondents (Figure 2). Dissatisfied clients believe they do their consultants' work for them (Figure 3).

Expert consultants are not arrogant ones, but are prepared to listen to what the client has to say: nine out of ten respondents to our questionnaire who were satisfied with the consultants they had used said they had been listened to; no dissatisfied client did. Perhaps not surprisingly, respondents involved in small projects were far more likely to be positive about this than those involved in large-scale ones; people were also more likely to be negative if the consultants had been brought in for political reasons. Completely satisfied clients were also twice as likely to invest in ensuring the consultants were able to hit the ground running.

Figure 2: *Consultants have to be Experts...*

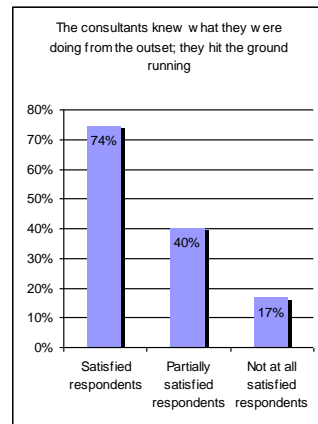
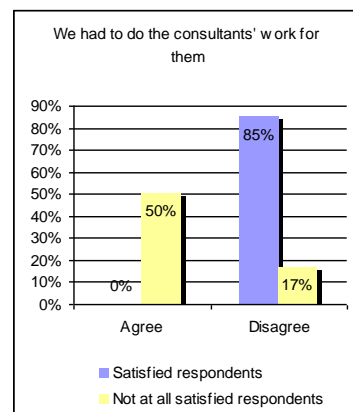


Figure 3: *... And not Free-Loaders*

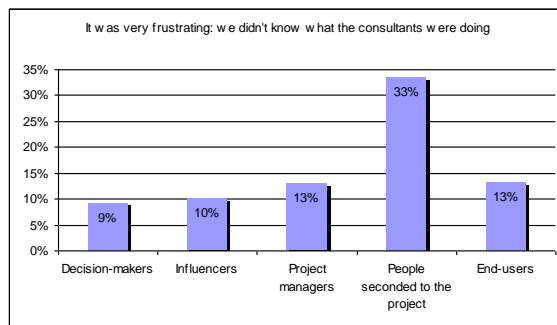


Our survey also indicates that clarity is something the people who commission consulting projects preach, but do not always practice. Decision-makers were twice as likely to be clear about why the consultants had been hired and who was responsible for what. Going back over the proposal a consulting firm had written at the start of a project was ten times more common among unhappy clients than happy ones. Unhappy clients were also half as likely to have developed a business case for the project quantifying the expected benefits.

Levels of frustration about the role of consultants were markedly higher among people seconded into a consulting project than among project managers (Figure 4).

Communication was another area where the gap between satisfied and unsatisfied clients was greatest. Our survey once more reveals the disparity between the views of those responsible for running consulting projects and those at the coal-face. Client staff seconded into a project to work with the consultants were half as likely as decision-makers to believe that communication between themselves and the consultants was open and honest.

Figure 4: *But Frustration does Cascade Down the Organisational Hierarchy*



3. Maximising the Value of Consultants from the Bottom Up

But credibility, a clear sense of purpose, communication, and commitment are all top-down approaches to ensuring consultants add value. Yet it is the lateral relationships between the consultants and members of a client's staff involved in the project which are vital in determining success. This is a factor people loosely term 'collaboration' or 'working in partnership.' 81 percent of people we surveyed believed their work with consultants represented genuine partnership working, compared to just 2 percent of dissatisfied ones.

But what do people mean by collaboration or partnership working in practice?

□ *Eilish Henry is responsible for a project at HM Revenue and Customs which aims to use lean manufacturing techniques to improve the efficiency with which returns are processed. A third of HMRC's 100,000 employees are involved in processing returns of one sort or another: the need to improve customer service and government efficiency targets (equivalent to a 30 percent saving in processing costs by March 2008) has meant the stakes are particularly high. To complicate matters, the department also had a backlog of work from its Inland Revenue days and a culture which had tended to put achieving numerical performance targets above quality and customer service. 'That was a real quandary for us,' says Henry. 'We didn't really think you could do both.' Lean manufacturing techniques appeared to offer a solution, but Henry and her team needed to pilot them, first on self-assessment returns in a comparatively small office in Scotland, and then in larger centres in Cardiff and Portsmouth. The department used McKinsey to help with the initial Scottish pilot and PA Consulting Group to help with the two larger ones. 'We started with a clear view of what we wanted to achieve,' says Henry, 'and, if we'd have the skills internally we'd have used our own people to evaluate it, but we just didn't have any experience in this field.' Within weeks of starting the pilots it became clear that a significant reduction in turnaround times and improvement in quality were possible. In 2006, as the process is rolled out to over 7,000 staff it is expected to deliver between £59 million and £99 million in annual savings.*

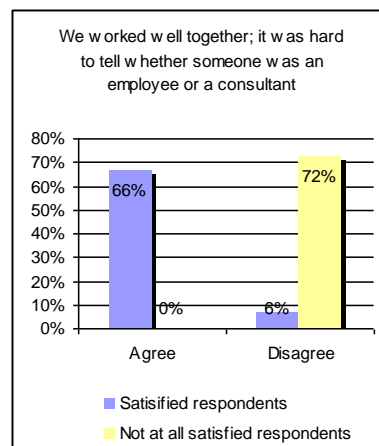
□ *Henry attributes the success to two main factors: a clear set of objectives and effective communication. But the one aspect of this project that stood out was the extent to which HMRC's people became engaged in the process. 'Don't underestimate the challenge to our front-line staff,' she says. 'They've had to instil a very high level of personal accountability and engagement; managers have had to broach difficult issues with their staff – the quality of their work, their attendance record, and some people remain very unhappy about the changes. That's why the tremendous commitment of the consultants to make this a collective endeavour, not something done by them to us, has been so important. They went to enormous lengths to understand our business and their willingness to do so genuinely impressed our otherwise cynical line manager. They didn't try and bamboozle the people they worked with, with the latest methodology or fad. But, above all else, they helped coach our people so that they got something out of the project at a personal level. We invested a lot of time and effort developing their management skills, and there's been a huge payoff to this.'*

HMRC's experience highlights three factors which have an impact on the bottom-up success of a consulting project, all of which are reinforced by our survey:

- having an integrated team of consultants and clients working side by side
- ensuring that the consultants take a flexible approach and remain responsive to the inevitably changing demands of their clients
- ensuring that people involved from the client staff gain at a personal level.

Among consulting projects that have gone well, it is hard to find a single one that has not involved a joint client-consultant team. Moreover, integration is not just a question of people working together or being based in the same physical location. It is a point, too, that comes out of our survey: 66 percent of satisfied clients thought team work had been so effective that it was hard to tell whether someone was an employee or a consultant; 72 percent of dissatisfied clients disagreed (Figure 5).

Figure 5: The Importance of Team Work



□ *'We assigned the team from Trinity Horne [a specialist consulting firm] to offices in our building, treating them as an extension of our management team,' says Garry Johnstone at BT. 'They critiqued our people, and vice versa: rather than complaining about people behind their back, we talk about issues openly. But, equally, we'd accord the same respect to the people from Trinity Horne as to our colleagues. And they deserved it: they worked in what is the engine room of our operation.'* *'What made a difference here was the process we had for working together,' says Martin Haynes at Trinity Horne. 'The key thing was not paring things back to basics and, because most of us have earned our stripes outside the consulting industry, we had a degree of credibility with the people on the ground.'*

□ *But it was not just the experience of Trinity Horne's people that mattered, but the fact they were willing to think on their feet. 'One of the things that matters in situations like these is having practical ideas, not coming in with a set of pre-defined solution,' says David Turner at Trinity Horne.*

That point is reiterated by almost every client you speak to. Similarly, a massive 85 percent of satisfied clients thought their consultants had been pragmatic and responsive to change, although once again the proportion of people who thought this went down, the further down the project hierarchy you go. 61 percent of decision-makers believed the consultants had been flexible, but only half as many end-users did.

Indeed, it is quite clear that, when clients talk about wanting consultants to be innovative, it is this ability to come up with a solution which precisely fits a unique set of circumstances which counts most, not wheeling in the next big idea.

□ *Bob Dench has often used consultants from Troika, a consulting firms specialising in the financial services sector, in his career in investment banking: 'One of the reasons I keep going back to them is they know a huge amount about financial services and are willing to challenge their own – and our – assumptions. In the conventional consulting model, a partner sells the work but only turns up for occasional meetings, leaving the more junior consultants to do most of the work. However hard they work, they're working to a pattern, so you don't get any deep moments. When we work with Troika, we get surprises in the best sense: they tell us things we genuinely hadn't thought of: that's stardust'.*

Joint working and not imposing a rigid methodology are both important to people who work side by side with consultants, but the single most important factor in making the relationship work at this very personal level is the extent to which the people involved from the client side gain something from the experience. After all,

why should they put up with the disruption of having consultants in if they don't benefit?

70 percent of respondents to our survey who were satisfied with the work the consultants had done had also gained personally from the experience, compared with just 6 percent of those who were dissatisfied (Figure 6). This remains true, irrespective of the size of the project, the role of the person responding and the length of time the consultants were around.

That no one gets out of bed on a Monday morning to improve their employer's share-price is a truism of modern management, so why should we expect the people involved in consulting projects to think any differently? What is in it for them?

In the first place, they should be acquiring new skills. Learning from consultants takes willingness on both sides.

Consulting projects can – and should – also open up new career opportunities for those involved.

□ *'The work we did energised our business at all levels,' says Colin Brown at Westinghouse Rail Systems who hired PA Consulting Group to help reduce its contract costs without compromising quality. 'We found people, some of whom had downshifted, others had got stuck in dusty corners of our business, but all of them were bright enough to see the potential for doing interesting work – and involved them in the programme. For these people, the project has been a springboard to new, better careers'.*

Consulting projects that go wrong tend to focus on the top-down factors at the expense of these bottom-up ones. Yet it is the bottom-up factors which are likely to be the true determinants of success – and it is to these that consulting firms need to pay attention in the future.

Figure 6: The Importance of Being Selfish

