

Delivery

The problems with consultants ...

Why do consultants fail to deliver, and what practical steps can you take to get the most out of them? James Edsberg offers some insights from a recent Lighthouse Global study, conducted with Oxford's Saïd Business School.

Business consultants are the whipping boys of the corporate world and the butt of many jokes. Why does this caricature persist? Is it fair? Are consultants getting better or worse at meeting the expectations of their clients? And what can clients and consultants do to make this relationship more successful?

The results of our study, conducted with executives from FTSE-350 companies, reveal learnings for all types of external consultants in strategy, IT, change management, human resources and public relations. But for research projects in particular, the findings are particularly clear: it is consultants' soft skills that usually let them down, not the quality of their analysis.

In this respect, research consultants have a particularly high potential to delight or disappoint. By its nature, research is a voyage into the unknown. That

Consultants came into my business to solve a problem, but stayed around long enough to become the problem.

DIRECTOR OF CHANGE MANAGEMENT
FTSE-350 COMPANY

is why the need to communicate throughout the project, to focus research objectives on the business decisions they inform, and to build support for the implications, are vital to success.

Not all bad news

Britain's leading companies value their consultants for

four things: expertise; fresh ideas; an independent viewpoint; and providing an industry-wide perspective. In the words of one, consultants "provide what often gets ignored by a business that is focused on day-to-day operational challenges".

And, in general, they seem to be keeping their clients broadly happy. But the majority of executives say that there has been no improvement in consultants' abilities to get consistent and lasting results. "Consultants are strong on analysis but weak when it comes to solving the problem" was a comment that reflected many. "We already know what the problem is most of the time, but we need them to focus on solving it", said another.

So what's the problem?

When asked to share examples of major disappointments with their consultants, companies consistently mentioned poor relationship management rather than lack of technical ability or project management skills. And it is in the areas of communication and implementation that expectations consistently run ahead of what is finally delivered. "They need to be clear about what they understand our needs to be, and why we got them in."

The analysis suggests that, on average, less than half of the recommendations made by consultants get implemented. And when it comes to sharing the blame for that failure, it is clear that clients expect consultants to play a much greater role in working with colleagues to make things happen.

To understand the reasons why these issues arise in research projects, we analysed the three main phases of a typical research project – orientation,



THE PROBLEM WITH CONSULTANTS

Participants in the study generally felt that consultants and researchers were useful for achieving change and for getting an independent view-point, but common disappointments include ...

- The up-front costs often don't materialize into long term benefits.
- They over-promise, under-deliver and start before they are ready.
- They fail to appreciate the motivations of the different stakeholders.
- They get side-tracked and go off on a tangent.
- They over-complicate the analysis.
- They underestimate the strength of the company's culture and their ability to change it.

solution-building and implementation. For each phase, we have identified elements that commonly go wrong, and describe some of the practical suggestions which senior directors make to prevent this from happening.

Orientation and planning

Get the brief right: Most consulting projects kick-off with a written brief from the client – the request for proposal (RFP) – followed by a meeting with the consultant. But the research indicated that a written brief can be the source of false assumptions on both sides and the root of persistent miscommunication throughout a project. Instead, executives would favour reversing the usual order and starting with the

meeting *before* asking the consultant to write up the scope of the project. As well as saving the client's time, this approach is more effective at flushing out whether a consultant has fully understood what is expected.

Gain commitment: Successful implementation depends on buy-in from two key stakeholder groups: senior

Working with external consultants is like watching England in Euro 2004. They promise much, deliver little. They're expensive and emotionally-exhausting, but with flashes of individual excellence.

HEAD OF STRATEGY PLANNING
HIGH-STREET RETAILER

managers, and those directly affected by changes resulting from the analysis. Their support must be secured from the outset. The most common mistakes are not to have a steering group at all, to use it half-heartedly, or to exclude key "champions" or "sceptics" from the project.

The ideal steering group numbers about four people – more than eight can be a problem. The group should include senior managers to champion the project and to "own" the results; business unit heads who will need to implement any changes; and members from other

relevant departments such as marketing and HR. Their involvement in the process raises their incentive and commitment to drive any necessary changes. The steering group's role is to define the objectives of the project. It provides the principal interface with the consultant, who should regularly preview his conclusions and the emerging results of any analysis throughout the project.

As well as a core steering group, commitment is also needed from a wider group of people who may be affected by the research findings. The steering group and the consultant should identify who are *unlikely* to implement recommendations enthusiastically unless they are given the opportunity to influence what happens or be kept informed on developments. Broader buy-in can be encouraged through staff workshops, internal interviews and employee surveys to get the input of a broader range of stakeholders. In themselves, these often help generate some surprising findings for management before and during the project.

Be clear about objectives: Many consulting projects fail because clear business objectives are not established at the start, or because the scope is too broad. The study revealed that some businesses have

People are usually so busy fire-fighting at an operational level that they don't take the strategic view – that's what good consultants provide.

DIRECTOR OF NATIONAL PROCUREMENT
FTSE-350 COMPANY

a habit of commissioning a consultant as an end in itself, rather than as the start of a process that will deliver some benefit to the business. The consultant's objectives should be aligned to those of the business by clarifying exactly what decisions are imminent or likely to flow from the research analysis.

The more precise the research objectives, the easier the implementation. The more these objectives are focused on the business, the more likely that change will result. This requires hard thinking and commitment from the steering group at the outset of a project, but pays off handsomely at the implementation stage.

A good discipline is to identify the business decisions that must be made, and to work backwards from these to define the information gaps. That said, in research there is also a place for "fishing trips" to discover uncharted issues or markets. This is particularly the case with new service and product

development – but it must be appreciated that the outcome is likely to require further work before clear actions can follow.

Solution-building and research

Of the three distinct phases, consultants score highest

THE REAL REASONS

that people hire consultants are usually:

- To get an independent viewpoint.
- To solve a business problem that the business doesn't have the skill-set or the resources to fix.

The reasons are rarely:

- To confirm a hunch.
- To prove to colleagues that "I'm right".
- To resolve disputes between colleagues.

in building solutions – for research projects, this means conducting analysis to a high standard. Where things do go wrong, it is through lack of communication.

Choose your weapons: Like all other professionals, consultants have their favourite analytical techniques, but these may not always be the best for the job.

Each technique has its pros and cons. Once the business objectives are clear, it is usually easier to select the best one. Some research consultancies specialize in modelling tools; some in desk research; some in qualitative analysis; and yet others in quantitative techniques. Usually, no single approach will answer all of a company's questions or needs. Executives say that they resent being offered a consultant's proprietary solution or methodology when a bespoke approach is what is needed.

Avoid under-communicating: It is important to talk to the consultants regularly about the progress of the project, changing the format if necessary, and to keep all internal stakeholders fully and usefully informed – and involved.

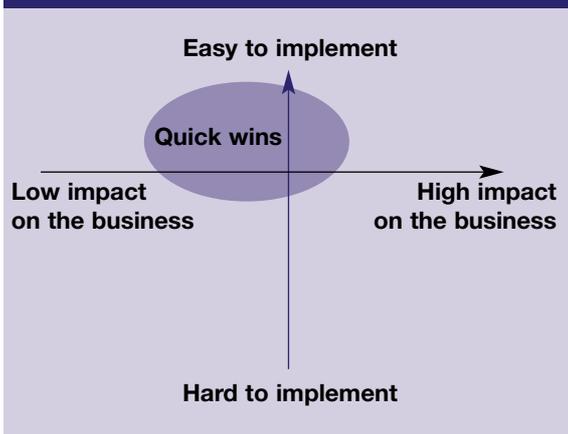
Despite the frequent complaint that consultants need a lot of management, there is a temptation for clients to brief them and then sit back to wait for the result. Not interfering is fine in principle, but the research shows that communicating little and often works best, especially for new product development, advertising development and market-entry strategies.

Research analyses the unknown. So when the unexpected turns up, it's good to know it early, so that the objectives can be reviewed and adjusted. If clear conclusions are already emerging, it may be possible to reduce the scope and to save time and money.

The best thing a consultant can do is to keep the project moving and keep management engaged in its outcome.

HR DIRECTOR FTSE-350 COMPANY

FIGURE 1: PRIORITIZE ACTIONS



Implementation and action

When asked how blame for poor implementation should be shared between consultants and clients, it is clear that our executives expect consultants to play a large role in making change happen. A significant proportion said that half the blame for poor implementation rests with consultants rather than their own staff. The most common gripes are that consultants' recommendations don't provide a clear path for implementation, and in research projects clients feel that they have been left with the data but not its business nor financial implications.

Prioritize action: Clients want to know which recommendations should be pursued, why and in which order. Research projects in particular often highlight so many issues that should or could be actioned that executives complain that their organizations can "go into paralysis", not knowing where to start. A simple attempt to categorize actions, as in Figure 1, will separate the quick wins which can be implemented with little effort from the major initiatives that will change the organization fundamentally but which will require time and planning.

Integrate the findings: Delivery of the business analysis is only the beginning. The challenge is to integrate the findings into an organization's thinking and to change the prevailing priorities and behaviours.

Workshops receive a thumbs-up from executives, who recognize that they are a good way to decide the priorities and plan next steps. But their principal use is more subtle:

to encourage people to become engaged with an issue. Even if senior management accepts the analysis, well-run workshops achieve buy-in better than an order handed down to staff. A good workshop will have clearly-defined issues to focus on, with a clear deliverable at the end – such as an action plan with tasks, responsibilities and timings. Managers value an experienced consultant who can moderate and plan the workshop. An independent figure will be able to manage the group better and establish the most important ground rule – that all contributions are equally-valued. A workshop dominated by the views of one participant is less likely to get the group to own and drive the changes needed.

Don't skimp on the soft stuff

When asked what distinguishes a successful consulting project, many people would offer the accurate diagnosis of a problem or the quality of the advice

JUST ONE PIECE OF ADVICE

that FTSE-350 executives would give to a colleague managing a consultant:

- Invest the time for a lengthy discussion about objectives.
- Involve the full team – when in doubt, **don't** leave'em out. And take account of all opinions internally from Day 1.
- Agree a robust project management framework built around on-going review.
- Build an open relationship with the consultant and share any concerns early.
- Ask what the consultant expects from you.

given; some might go as far as to cite an impact on the top or bottom line. But Lighthouse Global's study suggests that consultants' largest clients greatly value something much more subtle – insight into the culture of their businesses and the character of their staff; high quality communication during the project; and the skills to work with the business to share responsibility for implementation.

The consultant that delivers these skills will leave the sometimes tarnished image of the profession well behind. □