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Strategic Direction

Resultsmanship: righting the wrongs of unscrupulous consultancy salesmanship

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Resultsmanship

Righting the wrongs of unscrupulous consultancy salesmanship

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A backlash against the questionable ethics of some within the management consultancy profession was inevitable. It may have taken some time to happen, but the normally reticent boardroom executives have had enough of being taken for a ride and are fighting back.

For a long time, the Boardroom's customary practice of keeping quiet when consultants fail to live up to their promises for fear of the bad publicity has served the consultancy profession well. In recent times, however, clients have wised up to the inequities of the historic model. There was a time when the consultancy profession was held in high esteem but the greed and the malfeasances of the few has tarnished the standing of the whole profession. And more recently, David Glass, a credible insider from the consultancy profession turned whistleblower[1] has chronicled a catalogue of widespread greed and client deception. Aggrieved clients, old and new, see echoes of their own experiences in his revelations. Today, the boot is firmly on the clients' foot and the culprit consultancy firms are in fear of yet more revelations.

The tide is turning

The depth of contempt for the once venerable profession can be gauged by the journalists' tone in describing business leaders' views. The news that Scottish & Newcastle had joined the ranks of newly-emboldened companies that are suing management consultancies for their failure to deliver on their promises, for example, was greeted with cheers.

The *Evening Standard*[2] broke the news of the Scottish & Newcastle's lawsuit against PWC with the headline ''Consultancy set-to that will have them cheering in the boardrooms''. The *Standard* went on to warn its readers that:

> Management consultancy is one of those strange professions where all the bad jokes – like borrowing your watch to tell you the time – turn out to be true . . .

It commented that:

> The instinct in most corporate boardrooms will be to sympathise with the brewer. There can be few company directors who have not felt shortchanged. ''Is that it?'' Is the most common reaction – though no one dares say as much in a typical company meeting for fear of then having to admit that the money spent on the consultants has been wasted.

The Sunday Times[3] in a detailed exposé of the colossal waste and misuses of public funds on management constancy-led projects wrote:

> The government has blown £70 billion hiring management consultants to do the work of ministers and civil servants badly.
>
> Thanks to a succession of consultant-led disasters the Child Support Agency, Swanwick air-traffic control, almost everything to do with the NHS but particularly the £12 billion computer, HM Revenue & Customs, the tax credit system, Ministry of Defence equipment shortages, the almost universal, popular view of management consultants is that they are (a) incompetent, (b) greedy, and (c) ruthlessly willing to exploit the government's managerial incompetence.

Over the past two decades, engaging management consultants has become a bit of an expensive lottery. The gap between what is promised by the slick sales pitch at the outset of the relationship and clients' actual experience has widened.

The contractual small print commonly encountered in a typical consultancy project could be interpreted as the rules of a rigged game. In this game, the consultancy firms always win. The motherhood and apple pie; aims, principles, values and impressive claims are not obligations. The small print governing the quality and reliability of what is to be actually delivered absolves the consultancy firms from having to live up to the reassurances and promises made to get companies to sign up.

The harsh truth is that a great many business leaders seem to forget that conventional management consultancy firms operate an experts-for-hire, by-the-hour business model in which payment is due for time spent on their behalf regardless of their performance.

Over the years, the business community has heard many explanations for this lucrative business model but not one of them offers a truly convincing justification.

Some simply say that they do it because they can. Others say clients are happy with this arrangement. A senior partner from one of the big firms put this spin on it: ''Assignment failures'', he explained, ''are like when a surgeon loses a patient on an operating table despite his best efforts. The surgeon is a professional who is paid whether the patient lives or dies. We are professionals just like them. When they accept payment for results, so will we''.

The malaise in the consultancy profession started to take hold in the latter part of the twentieth century as a malignant short-term performance-obsessed corporate culture pushed out the more measured, professional and highly ethical business practices.

High staff utilisation means high profits. The more consultants a company could have on assignments the better. And because time in this business model means money, the more they could procrastinate without clients wising up the better. In this environment, the fast track route up for consultants seeking the senior positions was no longer based on competence, effectiveness and professional ethics. But rather the individual's ability to ''sell up'' more and more work to keep the utilisation figures high. There is thus no praise for telling clients any truths if that meant shortening the assignment.

For example, if a client was wrongly of the opinion that changing their computerised management systems would remedy a business problem, a professional consultant would tell the client it would be a waste of their money . . . but back in the office that consultant is unlikely to make it up the fast track career ladder and would not be considered a high-flier.

Smart and demanding clients though know the difference between effective consultants and the merely ambitious. They also know that good consultants make up the majority in most firms and have made long-term business relationships with them. These consultants in turn rely on the smart clients for their survival. There has to be a core group of effective consultants to deliver the successes. That is why, despite often colossal expenditure on advertising, the best that these types of consultancy firms can hope for is brand awareness – but precious little brand loyalty. Smart clients' loyalties lie with individuals regardless of which company they work for.

Changing the change-merchants

Management consultancies operate in a demand and supply ecosystem. CEOs and Boardroom directors can and should now leverage their considerable purchasing powers and this window of opportunity to force a change. ''Go re-engineer yourself'' should be the blunt message. What the management consultancy sector needs is a demand-side shock.

The effective consultants within every firm would welcome the opportunity to be back on the ascendance to heal their corporate cultures from the ravages of unscrupulous selling.

Clients can ask more questions about consultancy corporate culture and their ethics. It is not enough to have glossy brochure with self-proclaimed virtues. Effective consultants are results-oriented and value their professional integrity. Research undertaken by the management consultancy, Resultancy® found that these professional consultants share certain common characteristics. And they follow a set of guiding principles and values to maintain their professional integrity and independence

Resultancy has termed these values Resultsmanship[4]. Resultsmanship is the antidote to irresponsible salesmanship and is the intuitive behaviour of integrity-driven management consultants, many of whom, alas, have had to play second fiddle to the brazen breed of professional fees-chasers who often hold sway.

At its core, Resultsmanship is about aligning clients' interests with those of management consultants. It achieves this through a simple re-framing of what constitutes value-add in any given assignment. By shifting the value delivery focus from paying for quality input to that of paying for quality outcomes, all the boastful selling and abuse of trust malpractices cease to be income generating.

Resultsmanship institutionalises accountability for consultancy assignments' outcomes. It achieves this by training management consultants in the art of consultancy effectiveness. And effectiveness is a quantitative measure of delivering or exceeding clients' expectations as measured by clients only.

It may sound like the value statements you read on consultancy brochures – words like ''we aim to exceed/surpass client's expectations'' – but similar things are not the same things. People who aim to do things more often than not miss their target. Consultants are either effective or they are not. If they are effective they deliver on their promises and get paid accordingly. If they are not, they do not get paid.

Resultsmanship principles make consultants focus on and comprehend the unique characteristics of each client, and build solutions around their strengths. This means they do not sell clients consultancy processes, methodologies or products. Instead they bring the precise skills required to transition companies from where they are now to where they need to get to, and they are rewarded on the basis of what they achieve. Effective consultants start with the assumption that the answers to every corporate challenge already exist. They simply need to help uncover them. This approach enlivens corporate cultures instead of demoralising them.

Because effectiveness necessitates a relentless focus on achieving the desired outcomes as soon as possible, the incentive to procrastinate because it increases their chargeable hours is removed. Paying consultants only for delivering whole strategic outcomes will help put an end to assignment outcome lottery. Warren Buffett's success in part is due to his preference for employing executives who ''walk in their shareholders' shoes''. Effective management consultants in turn should learn to walk in their clients' shareholders shoes.

Notes

1. David Glass (alias David Craig) www.consulting-moneymachine.com/
2. *Evening Standard* City pages, ''Consultancy set-to that will have them cheering in the boardrooms,'' by Anthony Hilton, 6 February, 2007.
3. *The Sunday Times Magazine*, ''Blair's barmy army'', by Bryan Appleyard, 26 November 2006, p. 48.
4. ''Re-engineering Management Consultancy'', White Paper, by Resultancy®, www.resultancy.com

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