

'The definitive hands-on guide to building a consulting practice that thrives by putting your client first – from one of the acknowledged masters in the field.'

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THE MANAGEMENT CONSULTANT

MASTERING THE ART OF CONSULTANCY

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the client's change process. This leads on to an opportunity, which the consultant wins, to perform an operational review in the second engagement. The second engagement corresponds to the *operate – existing* stage of the client's change process. This identifies situations in which the business does not meet the strategic requirements. Hence a change is required. Again, the consultant sells on and this change is *planned* and *implemented* with the consultant's help in the third engagement. Finally, there is a post-implementation review to learn lessons for the next change, corresponding to the *operate – improved* stage of the client's change process.

From an initially successful engagement, a consultant has sold-on three further engagements, each of which is valuable to the client. The selling-on does not have to stop. For instance, during the fourth engagement, the consultancy might also offer to outsource some of the client organisation's operations.

Because the change process is an ongoing cycle, a consultant can enter this process at any point. Consider the situation in which you may be invited to help a client with some change planning. The completion of a change plan obviously leads on to an opportunity for an implementation engagement. But suppose that when you come to undertake the planning you discover that there is insufficient information to develop the plan, or you think the basic change strategy will not work. If you can convince the client of this, there is an opportunity to step backwards through the process and look at operational performance or the strategic thinking that led to deciding on the change. It is not unusual to sell-on by showing a client that what needs to be done is not the engagement they have asked for, but to rework one of the preceding steps in the change process.

The client's operational process

I have presented the engagement process and its relationship to the client's change process. This is helpful, but is not sufficient to understand fully a client and position an engagement in the best way. A client may be involved in significant amounts of change, and senior managers may spend a high proportion of their time involved in change, but it is always worth remembering that clients do not exist to change. They exist to run an organisation, which is achieved through the daily operations of a business.

This includes activities such as selecting and buying resources, finding customers, developing and making products and services, selling products

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and services, providing support to customers, managing staff and finance and so on. The enterprise may be sustained or improved by change, but will not survive on change alone. It is easy for consultants to lose sight of this, given their regular involvement in change.

The operational process is unique to an organisation, and there is no single, universal representation of all clients' operational processes. This reinforces the need for client-centric rather than generic approaches. What is important, in every situation, is to gain some understanding of the client's specific operational process.

A good place to start is to consider the perspective of the people responsible for operating the business. To an operational manager a piece of consulting is not an important activity in its own right. Implementing change by applying a consultant's recommendations is not an important result by itself. The only result that matters to an operational manager is achieving necessary levels of operational performance and, ideally, improving on these. Consulting is only relevant to the extent to which it helps in achieving or improving operational performance – or, with a radical strategic change, in determining that the whole direction and nature of the operations must be modified.

Consulting typically identifies and implements change for clients. The change leads to performance improvements and hence the future operational results of the organisation are achieved. Operations are done today and are about today. Consulting is done today, but is about tomorrow. In most

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organisations, the majority of staff and resources are allocated towards the current operations of the business, not towards thinking about tomorrow or how improvements can be made.

Even though the consultant's work is focused on tomorrow, the work of the consultant has an impact on today's operational process. Consulting engagements have impacts on the operations of a business in a number of ways, including:

- ***The way staff time and other resources are used:*** few consulting engagements can be performed by consultants alone. Time is needed from the clients, who are usually busy managers. Client staff may need to be allocated full-time to work with consultants for the length of the engagement – staff who otherwise would make contributions to the

daily operations of the business. Operational managers can appear to have incompatible emotions – both welcoming consultants for the value they bring while simultaneously cursing them for the time and resources they absorb.

- ***The way consultants in the business affect the organisation:*** Consultants are usually strangers in a business, and all groups can be disrupted when new people join. For example, consultants are often associated with negative events in the minds of staff. The simple existence of consultants in a business can start detrimental rumours and affect staff mood.
- ***The risk of collateral damage and unintended outcomes:*** Whenever anything new comes into a business, or anything is changed, there is a risk of some unintended outcomes – these may be positive or negative. The actions of consultants can unintentionally disrupt operations.

When it comes to change implementation, this cannot be done without an appreciation of the operations of the business. Organisations that have existed for many years are usually robust, but the work of the consultant has an effect not only within the scope of the engagement, and not only upon the wider change agenda, but potentially on the broader day-to-day operations of a business.

Organisations, especially those that are large or have existed for some time, are complex entities. They are not made up from a set of stand-alone components. They exist as organisations because the different components interact and are interwoven. One process affects another; one system interfaces with other systems. The way one person works affects the way other people work and feel. Wherever a change is recommended or implemented by a consultant in one part of a business, it will usually have an effect elsewhere in a business.

A consultant should always consider the operations of a business, simply because without them the value of the consulting is limited. It is context free. It is like asking an architect for a design to improve your house without them understanding how big your family is or how you plan to use the house.

Needing to consider the operational process of a business may seem to make the consultant's life harder, but it is essential for client-centric consulting. However, there is another positive business reason to undertake such an approach: understanding the client's operational process provides the opportunity for additional consulting sales.

Maximising consulting opportunities

A consulting engagement only touches on one part of a client's business. This may mean it is possible to **up-sell** – that is, to increase fees by extending the scope of the existing engagement to parts of the business not currently within scope. For instance, if you are a consultant who specialises in launching new products and you are working in one division of a business, there may be an opportunity to help another division launch new products.

There may also be many opportunities to **cross-sell**. Cross-selling is selling other service lines to the same client. For example, you may be helping an organisation improve the way it manages staff performance management, and as part of this you identify a general weakness in budget planning and budget management. There is, therefore, a potential opportunity to sell some additional financial services.

The point is that in both cross-selling and up-selling, the additional sales do not directly result from your current engagement. Your current engagement gives you information about the way the business operates and relationships that enable you to identify the opportunity and increase the likelihood of a successful sale.

Figure 5.6 shows graphically the on-sell, up-sell and cross-sell concepts.

“think in the
broadest way about
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You may think at this stage that this differentiation between on-sell, cross-sell and up-sell is not that important as they are all just pedantic variations on the theme of making additional sales. They are all additional sales, but there is a good reason for stressing the difference between the three types. By

seeing the difference, it encourages you to think in the broadest way about possible opportunities with your client.

If the on-sell is obvious, is there any possible cross-sell or up-sell? Alternatively, the cross-sell may be straightforward, but is there any potential on-sell or up-sell? Finally, the up-sell may be there to take, but is there any opportunity for on-sell or cross-sell? Successful consulting businesses increase their potential revenue streams by thinking across these sales approaches. It is not simply revenue maximisation: if you are an independent consultant who can only actually complete a limited amount of work, the more opportunities you identify, the more you can choose the work you want to do and that which you can add most value to.

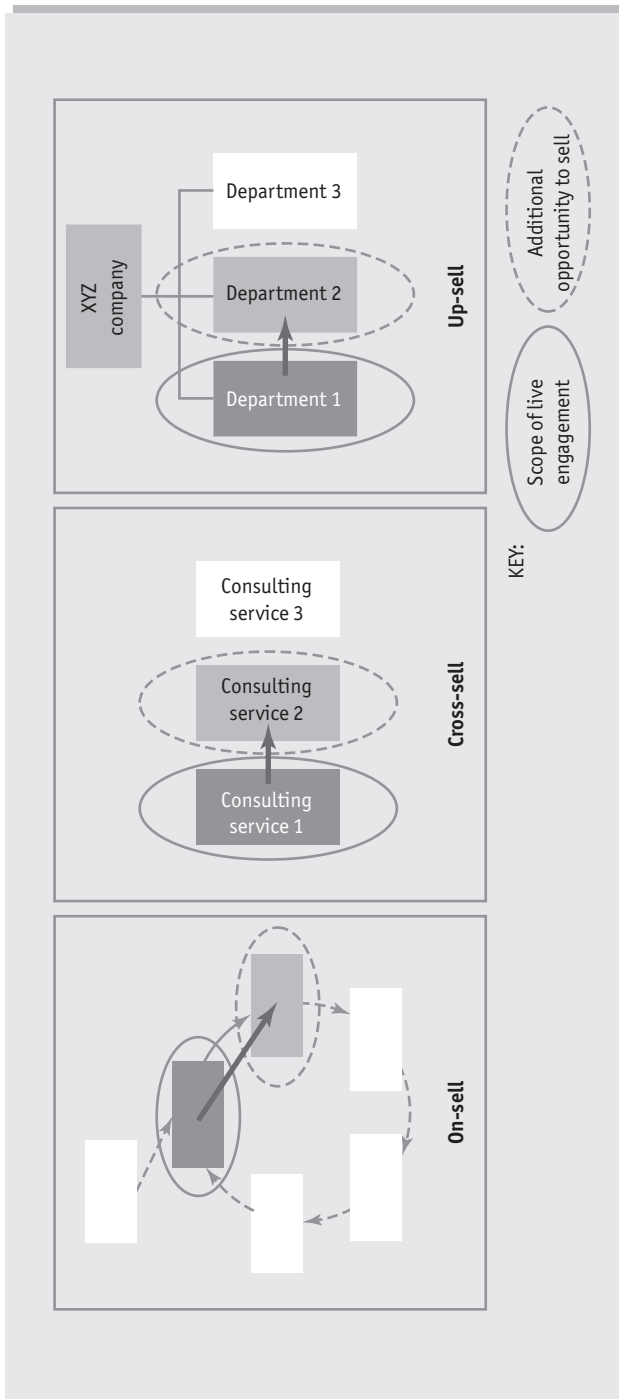


Figure 5.6 Additional sales from live engagement

An easy way to think about on-sell, cross-sell and up-sell is to ask yourself on every engagement the following three questions:

- 1 What is the sequence of activities following on from the current engagement that will maximise value for the client? (On-sell)
- 2 Is the work of this engagement applicable to any other departments/functions/divisions of this organisation? (Up-sell)
- 3 Does the client I am currently working for have any other unfulfilled needs that different consulting services may satisfy? (Cross-sell)

Large consulting businesses may have a more significant involvement in the operational process in a client business through the related services of interim management and in outsourcing. These are valuable and specialist services which are critical to the operations of many businesses and there can be a symbiotic relationship between them and consulting, but they are outside the scope of this book.

Considering all the points in these sections, does this mean that the consultant has to be an expert in every aspect of the operational process? No. That is not required and would not be practical. However, a consultant should seek to understand enough about an organisation's operational process to be able to position an engagement relative to this process. This is both in the client's interest, as the consulting will be more relevant, and in the consultant's interest as it can lead to more sales. This is one main reason why experience of an organisation can make the contribution of a consultant more valuable. There are pros and cons of internal versus external consultants. One significant advantage of internal consultants should be their understanding of the operational process, and their ability to shape an engagement appropriately so it has the maximum positive and minimal negative impact on the business.

The impact of the consultant upon the organisation and the sustainability of any resulting change are discussed in more detail in Chapter 9. Up-sell, cross-sell as well as on-sell are revisited in Chapter 6.

Summary

If you have read this book in chapter order, you have completed the first part – made up of the initial five chapters. You should have a clear understanding of the world of the consultant and be comfortable with the