Looking at the 5 fatal flaws of management consulting

Organizations spend twenty to thirty billions of dollars a year for management consulting support - and more tens of billions for internal staff consulting. Yet the returns are appallingly low. Success is more the exception than the rule.

The essential flaw in most management consulting is its basic assumption - that providing the right advice, the right training, or the right system is the key to success. The five fatal flaws management consulting are: 1. projects defined in terms of consultant's contributions or prc (and not in terms of specific client results to be achieved), 2. project scope based on subject matter logic (and not on client readiness for change), 3. one-big-solution design (rather than incremental successes), 4. hand-offs back and forth (instead of client/consultant partnership) and 5. labor-intensive use of consultants (instead of leveraged use). High-impact consulting focuses on implementation as much as on solutions. Each high-impact consulting project is designed to expand the skills, the confidence and the enthusiasm of client people to go further. The approach sharply contrasts with conventional consulting because it reverses the 5 frequent fatal flaws of the conventional mode and transmutes each flaw into a risk-reducing, return-enhancing element. Guidelines for implementing high-impact consulting projects are presented.

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Fatal flaw #1: Projects are defined in terms of consultant's contributions or products (and not in terms of specific client results to be achieved)

No matter what goals the clients may have in mind when engaging a consultant, it is rare that the consulting project will be defined in terms of achieving those goals. Rather, the project will be defined in terms of the work the consultants will do and the products the consultants will deliver.

Of course the assumption always is that the consultant's deliverables will eventually reward the client with improved results. But that is only an assumption; it is rarely part of the contract. For example:

An electronics manufacturer, growing very rapidly, is squeezed for cash while inventories and accounts receivable burgeon. Senior management decides it must reduce inventories by significant amounts. A consultant is engaged to help. The consultant's project is defined as, "identifying the specifications for an improved inventory control system, and then designing and installing that system." No commitment is made to helping the client to reduce X categories of inventory by Y% by N date.

A chain of retail stores is enjoying healthy growth, but competitive pressures require significant productivity improvement. Senior officers decide that store managers need to increase sales volume per employee. A consultant is called in to help define the project, "to train store managers to enable them to provide the leadership required to boost store volumes and profitability."

Even though the words "boost store volumes and profitability" are included in the project definition, a careful reading makes it clear that the project's goal is the training of store managers and not the boosting of volumes and profitability.

In defining projects this way, the consultant assumes accountability only for delivering products which the consultant knows he or she is capable of delivering.

A glaring example was the well-known corporation that was very proud of its extensive efforts to become a total quality company. It published the fishbone diagram that outlined its forty-plus programs that aimed at this worthy goal. Examples included corporate rewards problem solving process, leadership by example, and competitive benchmarking network. Some of these programs were led by internal staff consultants and others by a consulting firm, and not a single one of them focused directly on producing a measurable result. The assumption was that eventually, all of this activity would have to yield bottom line improvement.

Many consultants assert that they do indeed focus on producing tangible results for their clients. On examination, however, those results usually turn out to be reports, systems, business intelligence, and strategic recommendations that may be quite sophisticated but may not produce results as the board of directors of the client organization might define them.

Fatal flaw #2: Project scope is based on subjectmatter logic (and not on client readiness for change)

When consultants are asked to recommend changes in some aspects of a client organization, they begin by focusing on the system or process they have been asked to deal with. They ask: How is it working now?

What is working well and what is not working well?

What might a changed or improved system look like?

Such questions result in projects that are designed around the consultant's expert view of the subject to be studied. The assumption is that there is a best way to deal with each type of project, and the
consultants' job is to carry it out that way.

Rarely do consultants, at the beginning of a project, consider questions like these:

What kind of changes might we recommend at the completion of this study?

How likely is it that the client organization will want to carry out those recommendations and be capable of doing so?

It is only at the completion of a project when the consultants actually make their recommendations that the clients' motivations and capabilities suddenly become a matter of concern. At that moment dozens of factors may obstruct the implementation of even the most competently performed project. Here is an illustration of what often happens:

A financial services example... A large national financial services company had always sold its products and services through a network of regional offices with an employee sales force. Several senior officers thought that if the company could distribute directly to the consumer (or use part-time commission sales people) the potential for growth and earnings might be enhanced. They invited a consulting firm, well known for its strategy work, to help the company decide for or against elimination of its own selling force.

The work took over eighteen months to complete. The major consulting activity was economic and competitive studies and customer attitude data gathering and analysis.

As many as a dozen consultants at a time worked on it, and it cost the client several millions of dollars.

The five fatal flaws of management consulting...

At the end of the project, volumes of findings and recommendations were prepared and summarized for senior management in several presentations. At these presentations management suddenly understood as never before the enormity of the effort required to transform the company and also the risks that would be involved in doing so. After a few more sessions exploring the strategy the consultants were paid and the project was dropped.

In this case the consultants conducted a thorough, competent study and devised a creative solution. But, since no analysis of what the client might be willing and able to implement was conducted at the beginning of the project, the consultants spent many months and millions of client dollars generating sound, imaginative recommendations that were not implemented. That happens all the time.

Fatal Flaw #3: One-big-solution design (rather than incremental successes)

The financial services case illustrates another fatal flaw: There may well have been some modest steps that management would have been willing to try in order to test some of the ideas and assumptions that underlay the consultant's final recommendations. Such steps, however, were never considered or integrated into the consultant's project.

Why? Because once a need or problem is defined by the client, most consultants are geared to studying it as a totality and remedying it as a totality. The aim is to go as far as possible toward having the overall problem diagnosed and solved or the overall system in place at the end of the project. This stems from the view of the consultant as the heavy hitter providing answers and solutions while remaining somewhat aloof from responsibility for execution.
Even though the client might be willing or capable of tackling only one element of the overall recommendations, the consultant is attuned to developing and delivering the right recommendations in an all-at-once style.

Another adverse effect of the one-big-solution approach is that the time for many projects may be many months or even years. While the project inches forward, however, the world continues to change. Management priorities shift. Management personnel may change. Yet, like a glacier inching down the mountain, the project grinds forward.

Fatal flaw #4: Hand-offs back and forth (instead of client/consultant partnerships)

In the case of the financial services company considering the elimination of its sales force, once the client group had identified the need and had accepted the consultant's proposal, the consultant took over and went to work.

As the consulting team conducted their hundreds of interviews and discussed them informally with each other, they developed some important insights into the buying patterns of the client company's customers. They clarified the nature of the relationships between various kinds of customers and the company's sales people. They devised a number of alternative solutions and explored them among themselves. Eventually they narrowed down to a few possibilities that seemed very exciting to them. But no client people were directly involved in this creative process. Of course the consultants presented some occasional progress reports, but listening to progress reports is not the same as talking to customers and brainstorming about options.

By the end of the project, the consultant team had coalesced around a set of well-conceived concepts. And they had developed real confidence in those concepts. But those recommendations were all very new and very strange to the client.

This illustrates the fourth fatal flaw, the sharp division of responsibilities and the back-and-forth hand-offs between clients and consultants. The financial services company case shows how differences in perspective that exist at the beginning of the project are often enlarged rather than narrowed as the consultants are exposed to a wealth of data that the client is not seeing. The consultants' perspective shifts while the clients go blithely on with their daily routines.

These are all time bombs waiting to go off at the end of the project. The more work the consultant carries out without close client involvement, and the longer the cycle time from start to turn-over to the client, the greater the likelihood of missed connections, of recommendations that call for actions that are too complex or risky for the client to comprehend and carry out.

Fatal flaw #5: Labor intensive use of consultants (instead of leveraged use)

In the financial services company case a team of twelve consultants worked for over eighteen months to develop the comprehensive indigestible recommendations. This labor intensive use of consultants illustrates the fifth flaw of conventional consulting.

This flaw is a virtually inevitable product of the other four flaws. When the goal of the project is to arrive at the best answer, and that is viewed as requiring comprehensive study, and it is understood that the consultants will be doing the bulk of that work, it is no wonder that most consulting projects involve large groups of consultants. Some cynics ascribe this heavy-handed staffing to the consultants' economic incentive. While that may be part of it, the entire structure of conventional consulting drives inevitably toward a labor intensive mode.
Many consulting firms and consultants recognize that this is not a good way to work. They may even make some attempts to get clients involved. The great majority of consultants, however, seem to be unwilling or unable to escape from perpetually repeating the labor intensive stereotypical choreography of the conventional consulting project.

Not all five flaws are incorporated into every consulting project. Most projects performed by most consulting firms and corporate staff consultants, however, incorporate enough of them enough of the time so that a great many projects fail to produce significant benefits for the client. Moreover, the longer the project, the more organization units that are being affected at once, and the more different programs that are being introduced, the more likely it is that the project will fail. Take the case of this fairly large-scale project carried out by a well-known respected consulting firm with a company in the healthcare insurance field.

The company had serious profit problems, and they needed to significantly reduce expenses and improve operational effectiveness. The head of the consulting firm promised the company's president that a comprehensive re-engineering project could accomplish that goal.

The consultants launched a team with about 40 company people and 25 consultants, most of whom were relatively new MBAs. The team was divided into process redesign teams around six primary processes.

The assessment and redesign activity by these various teams carried forward for about a year. There were periodic detailed procedural progress reports to senior management, but they were not really encouraged to become active in the project.

At the end of the redesign phase, as several participants described it, "huge volumes of documents were put in front of the business heads. It was too much for anyone to absorb." The consultant's plan called for all sorts of radical work process and related changes: Various offices were to be consolidated, moved and redesigned. The company's products and services were to undergo fundamental shifts. Staff reductions were also to occur. And all of this was supposed to be carried out simultaneously by a senior management team with little experience in implementing change.

It had ended up being a typical consulting project - designed with no consideration given to the client's capability to implement change. Nor was the client's capability developed one iota during the year-plus of the consultant's activity. The project was executed in the characteristic labor intense, one-big-solution mode. After a year of work and after untold millions of dollars of direct and indirect expense, not a single test of the workability of any of the redesign recommendations had been carried out.

The company tried to implement a few of the elements of the consultants' recommendations, but the effort soon bogged down, with the net effect that the business was worse off than it had been.

All five fatal flaws honed to a fine edge by a large, well-respected consulting firm which, as you read these words, has hundreds of consultants out repeating this pattern in other client organizations.

Conventional consulting and roulette: Some big wins but too many losses

Most of the books and articles on consulting take for granted the conventional once-around, long cycle time sequence of events. When it works, it can produce fantastic results. When all the moons and stars and planets are in alignment - and the solutions or recommendations generated by the consultant mobilize effective client action there can be some powerful outcomes, outcomes which the client organization could never have achieved on its own.

The evidence suggests, however, that these successes are more the exception than the rule. Dozens of
things that can go wrong are not typically controlled within the framework of the conventional project. It is much more common for some of the stars, planets or moons not to be in alignment.

The five fatal flaws doom much conventional consulting work to low effectiveness and low return. The problem is exaggerated on very large-scale projects where thousands of changes may be required by many hundreds of people in organizations that have limited capacity to manage change. While the organization development and process consulting modes pay more attention to active client involvement than conventional modes, they are both undermined by their lack of direct focus on results and overlooking of client readiness issues.

The conclusion is inescapable: Most management consultants would like to produce positive results for their clients. The conventional consulting model, however, presents an insurmountable obstacle in the form of its naive central concept that identifying the right ideas or delivering the right training programs is tantamount to providing the best help. High-impact consulting offers some alternatives for clients who want more substantial assistance and for consultants who want to provide it.

High-impact consulting drives to bottom line results

During the 1930s one of President Franklin Roosevelt's top priorities was to revive the country's ailing agriculture sector. Thousands of county agents were deployed by the Department of Agriculture to provide education and consultation to farmers.

One such agent in western Nebraska encountered a farmer who had not made use of his assistance. After some small talk, the agent said, "Say, Calvin, how about if I come by next week to see if I can be of some help?" "Thanks very much," was Calvin's response, "but you needn't bother to visit. I ain't farmin' half as good as I already know how to farm."

Calvin's self-awareness was exceptional, but his situation is similar to that of many senior managers. Most already know much more about what their organizations should be doing differently than they are capable of making happen to their own satisfaction. For every management group I have encountered who were in the dark about what strategic direction to pursue, I have met twenty or thirty who knew plenty about what they wanted to do, but were frustrated by not being able to do it fast enough or well enough.

The ability to make things happen, to effect change, is thus the most critical dimension of organization success - A new management tool or a strategic vision can be created in a relatively short time by a few bright people. To significantly enhance the performance and change capacity of an organization, however, requires very hard work by many people over a number of years. As Professor Arthur Turner of the Harvard Business School put it (in a more sophisticated expression of Calvin's insightful remark), "It is often easier, but less useful, to transmit to a client a valid diagnosis of what is wrong and what should be done about it, than to interact with members of the client organization in such a way that the things which 'should' happen actually come to pass."

High-impact consulting, for that very reason, focuses on implementation as much as on solutions... And it is designed explicitly to produce all three elements that must occur if a consulting project is to be considered a success:

1. The consultants must contribute some expert innovations.

2. There must be some measurable bottom-line outcomes for the client.

3. The client must develop the capacity to sustain the gains.
Beyond these three, each high-impact consulting project is designed to expand the skills, the confidence and the enthusiasm of client people to go further.

The approach sharply contrasts with conventional consulting because it reverses the five frequently fatal flaws of the conventional mode and transmutes each flaw into a risk-reducing, return-enhancing element:

1. Instead of defining projects in terms of the solutions, reports, techniques, technologies or products that the consultant is going to deliver. Projects are defined in terms of specific performance goals that will be attained.

2. Instead of scoping projects on the logic of the subject matter being addressed. Project scope is based on an assessment of what the client is likely to be able actually to do.

3. Instead of a one-big-solution modality requiring long cycle times and huge up-front investments. Projects are divided into rapid cycle steps for rapid results.

4. Instead of hand-offs of responsibility back and forth between clients and consultants. Both parties work and learn together, in full partnership mode, through every stage of the work.

5. Instead of the labor-intensive employment of teams of consultants. Consulting inputs are highly leveraged.

By reversing each of the five frequently fatal flaws of conventional consulting, high-impact consulting creates a low-risk, rapid return developmental process. Each project is designed not only to produce some tangible results but also to expand the capability of both client and consultant to tackle increasingly ambitious projects with increasing competence. It is designed to help the managerial Calvins of the world to farm as well as they know how to farm.

An example of high-impact consulting in action - An aluminum rolling and processing mill in New England had invested large sums over a five year period in technical consulting and in installing the recommended rolling mill control equipment. The productivity gains, however, were only a few percentage points a year.

My colleague, Keith Michaelson, together with an internal consultant, collaborated to support the following project:

A small group of mill operators and supervisors was invited to assist senior management in capturing the benefits of its investment by increasing rolling mill throughput.

The two styles of consulting compared...

In a series of brainstorming work sessions, the consultants tuned-in to the participants' resistance to improvement as well as to their ideas for achieving it. They encouraged senior management to respond to a number of hidden agenda items that surfaced.

Once management had met with the team and dealt with a number of their questions, the group agreed to shoot for a 15% gain in six weeks. The team ran the project. It was made very clear by word and deed that the consultants were there to provide methodological help as needed. But they were not in charge of the project. All members of the team were encouraged to contribute their ideas. By the end of the six...
weeks productivity had actually increased by 17% - five or six times the amount gained over the previous several years. Further, this level was not only sustained over the subsequent years but actually increased to higher levels, again without further capital investment.

The next step - At around this same time the company's management had decided to take action on improving their on-time shipment record which was down around 80%. They were about to engage a consultant to install an order tracking system at a cost of about $2 million.

The successful experience on the rolling mill productivity project suggested that a purely technical solution might not solve the late shipments problem. So the mill postponed the systems study and asked Michaelson to help them shoot for some rapid results on the on-time shipments problem.

In collaboration with several internal consultants Michaelson proposed (and then helped carry out) the following pilot project. A one-week trial period was selected, about one month from the start-up date. The mill managers agreed to see if they could, with some consulting assistance, ship 100% of the orders out on time during that week by doing everything right. They did not commit to maintaining that level of service beyond the experiment. People in every department of the company were asked to help prepare for the experiment, and everyone's ideas were welcomed.

During the one-week experimental period (and the following week, too) every single order was shipped on time. And following this pilot effort, a mere six weeks after start-up, delivery performance never fell below 95%. Some modest information system improvements were needed to sustain the performance, but nothing like the two million dollar system.

These rolling mill projects provide a new view of the consulting process that eliminates most of the risks in conventional consulting and adds dimensions that can multiply many fold the benefits that management consulting provides. This is high-impact consulting.

Blending content consulting with process consulting - Many writers on the subject divide the consulting world into two sectors: Most consultants are content consultants who function as experts in substantive issues such as information technology, logistics, manufacturing processes, strategy, finance, and so on. Process consultants offer help in how things should happen in organizations, but they don't devote much energy to content issues or results achievement.

It seems obvious that effective consulting, as we have defined it, requires the blending of content consulting with process consulting with a strong dose of achievable results. Arthur Turner advocated this shift in a 1983 paper, "Expert or facilitator." In it he describes the consulting process as a "collaboration between consultant and client in discovering and mobilizing readiness for action to improve performance - and its desired outcome is more effective task accomplishment and relevant learning within the client organization." In the paper Turner quotes Carl Sloane, former head of Temple Barker & Sloane and then a professor at the Harvard Business School, who wrote: "I have never seen an issue of any significance that is entirely substance or entirely process."

High-impact consulting offers a framework for blending substance and process in a very results-focused mode.

Change is long overdue

Hundreds of success examples reveal that there are many ways to eliminate the usual risks of management consulting and to multiply its pay-offs. It is amazing that client managers have permitted the profession to stick with the dismal conventional paradigm so tenaciously.
Why must mountains of information, data, insights, ideas and innovations be amassed during a project, assembled in final reports, and then dumped onto the desks of client managers in doses beyond their capacity to absorb and use it? Why indeed! Projects can be designed to yield recommendations that the client can respond to.

Why should client managers have to assume full responsibility for translating the consultant's inputs into bottom-line results? Why indeed. The achievement of some measurable results in client terms can be made the central focus of every consulting project.

Highly leveraged consulting is not only a more valuable way to work, it is a more pleasant way to work. Clients and consultants enjoy working together to produce results.

And the results - Big up-front investments and long cycle times before value can be assessed; high risk and frequently low returns or unmeasurable returns; may be little or no client learning.

Low risk; high returns; consultant time highly leveraged; short cycle time so there is little investment before seeing pay-off. Client capabilities expand with each cycle.

In this first of two articles Robert Schaffer highlights why:

Failures in management consulting are a direct outcome of the way consulting is practiced.

Client managers unintentionally collude with their consultants to perpetuate the most ineffective practices by avoiding commitment and measurement.

To ensure successful outcomes, a radically different approach to using expert help is needed.

In the second article Schaffer will describe in some detail how both clients and consultants can move into resultsfocused, high-impact consulting.


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