Overcome the fatal flaws of consulting: close the results gap.

Despite the astronomical rise in consulting expenditures in recent years, the batting average for consulting firms, academic consultants, and internal consulting groups is woefully low. If the reader accepts our view that success in consulting must include some measurable bottom-line results for the client, not merely a brilliant report, a powerful new system, or a great insight, then we believe evidence suggests that consulting success is relatively rare. Tracing a direct link between consulting input and measurable client results is more the exception than the rule. This should not come as a surprise, however. Paradoxical as it may seem, the essential ground rules by which consulting is carried out actually load the dice against success.

Consider an actual case. A large health insurance company asked a well-respected consulting firm to help make some urgently needed expense reductions and improve the effectiveness of its operations. The head of the consulting firm promised the client president that a comprehensive reengineering project could accomplish the goal. A crew of 20-plus consultants was assigned to the job, and several company managers were drafted to serve on various process redesign teams.

At the end of the 11-month study phase, the consultants presented the company's senior managers with a set of voluminous documents recommending a number of far-reaching work process and related changes designed to reduce major expenses. Field offices were to be consolidated or redesigned. The company's products and services were to undergo fundamental shifts. Significant cuts in staff were outlined. And all these changes were supposed to be carried out by the company's management team, which had very little experience in accomplishing major changes. They tried diligently to implement some of the consultants' recommendations, but even with continued consulting support, the effort soon bogged
Although some would argue that the consultants gave their clients a clear-cut "solution" that would solve the problems, the project can still be called a total failure. It was carried out by well-intentioned consultants who wanted to help their client, but it demonstrates all the five interlocking "fatal flaws" that doom so many conventional consulting projects.

Fatal Flaw #1: Consulting projects are defined in terms of the products or recommendations the consultants will deliver, not in terms of specific client results that will be achieved.

The health insurance company's goal was to cut expenses, but the consultant contracted only to carry out a study and present a recommended solution. The client still had to figure out how to cross the huge chasm between where it was and where it had to go to achieve the results. And it could not do so.

This problem is common. No matter what bottom-line goals the client may have in mind when engaging a consultant, the definition of the consulting project probably will not include the actual achievement of any of those goals. Rather, it will be defined in terms of the work the consultants will do and the products they will deliver. The assumption, of course, is that the client will be able to translate the consultants' deliverables into the desired results. But that is only an assumption; because it is rarely part of the contract, the consultants are never accountable for those results.

In another example, the corporate Information Systems consulting group of a large office products company agreed to help the company's biggest manufacturing plant deal with the problem of too much inventory. The IS consultants agreed to create a system that would make it possible to tie manufacturing order quantities directly to predicted demand.

Here the client's goal was inventory reduction. The consultants' contribution was to create a system that could presumably help slash inventory if the client could do everything else necessary to make that reduction occur. But frequently clients don't know exactly what that "everything else" is, or how to carry it out.

Both cases illustrate how consultants develop and deliver their professional products, then delegate to client managers the responsibility for doing everything else necessary to achieve the desired results. This "everything else" is what the client must do to close the results gap: the yawning chasm between where the consultant takes the client and where the client must then go to achieve the results. Closing this gap and producing bottom-line results is often beyond a client's capacity.

Fatal Flaw #2: The scope of each consulting project is determined by the subject to be studied or the problem to be solved with little or no regard for the client's readiness for change.

When consultants are asked to help effect improvements, they usually begin, as they did in the health insurance company, by focusing on the system or process in question: How is it working now? How might it be improved? Should it be replaced?

Consultants rarely speculate at the start of a project about the recommendations they might be making at the end of it. It is even rarer for them to try to anticipate whether the client will have the skill and motivation to carry out those recommendations. Instead, consultants tend to remain riveted on their main task of identifying the best solution for the situation. But the "best solution" is useless if a client cannot or will not carry it out successfully. The recommendations for the health insurance company were beyond anything it was capable of implementing. At the office products plant, it gradually became clear that the sales, product management, and manufacturing functions could not collaborate on a joint effort to reduce inventory, no matter how clever the consultant's recommendations.
Fatal Flaw #3: Projects aim for a comprehensive solution rather than incremental successes.

There were undoubtedly many ways the health insurance company might have gotten started on some steps to reduce costs. But the consultants - with the support of their clients - were aiming to design the full-scale solution. In the office products inventory case, management might have been able to gain control over one category of inventory or one product line as a first experiment. Such a step, however, was not even considered. With their focus on delivering a great solution or system, and with little or no heed for the client's readiness to implement, most consultants go as far as possible toward complete diagnoses and total solutions. With such a perspective, projects frequently take longer than they need to and deliver more than the client can digest.

Fatal Flaw #4: There is usually a sharp division of responsibility between client and consultant rather than a partnership between them.

In the case of the health insurance company, even though client managers participated on the study teams, the consultants ran the study and put together the final recommendations. In the office products inventory example, the consultants developed and installed the system while the operating managers went about their business.

These cases illustrate the typical division of responsibilities. The consultants do the study. The clients receive the recommendations. There is very little collaboration that permits both groups to contribute their unique insights and learn from each other.

Fatal Flaw #5: Projects make labor-intensive use of consultants, instead of leveraged use.

This flaw is the product of the other four flaws. When the goal of the project is to arrive at the best solution (or create the best new system), and participants agree that this goal will require a comprehensive study and that the consultants will do the bulk of the work, then it follows that the project will require many consultants working many hours.

Some cynics point out that consultants have an economic incentive to staff projects heavily. Although this approach may be part of the problem, the entire structure of conventional consulting leads inevitably to a labor-intensive mode of operation.

Conventional Consulting Stops on the Wrong Side of the Gap

Most practitioners, like the books and articles on consulting, take for granted the conventional, big picture, one-time-around, labor-intensive consulting model. And when such an effort works, it can produce marvelous results. When the moon and stars and planets are all in alignment and the client is ready, willing, and able to carry out the consultant's recommendations, powerful outcomes can result. Such successes, however, are more the exception than the rule.

Why is this? As we have seen, in the conventional consulting paradigm the consultant provides several vital elements of what a client needs to make measurable gains. The client, however, is expected to do whatever else is required to achieve the goal. The trouble is, "whatever else" includes the dozens, hundreds, or thousands of changes that must occur for the consultant's recommendations to mesh with the ongoing processes of the organization and yield tangible results. Most of the time, neither clients nor consultants are able to script these changes and carry them out.

Thus, with the consultant providing only some of the elements required to produce results, it is always a gamble as to whether the client will successfully provide the rest. There are dozens of ways for the moon and stars and planets not to align, and for the results gap to remain open.
Organization Development and Process Consulting Are No Exceptions

OD and process consulting practitioners take pains to emphasize their differences with the more traditional advice-giving consultants. Yet, much like the conventional consultants, OD and process consultants provide their own versions of specialized input. Those suggestions do take clients part of the way toward improved results. But, again, they leave them facing a results gap.

Helping people in an organization to work better together is not the same thing as helping them produce measurable bottom-line results. It is simply another way to deliver consultant products. The employees who are now working better together are still left with the task of organizing what they must do to produce results. OD and process consultants rarely see their tasks as collaborating with clients to effect those better results. Thus, they drop off the clients on the near side of the gap, just like their more conventional counterparts.

HIGH-IMPACT CONSULTING DRIVES TOWARD BOTTOM-LINE RESULTS

The way to shift consulting from a high-stakes gamble to a sure thing is for the consultant and client to fashion the project so that when it is completed there is no results gap left for the client to have to close. A contract must be designed so that client and consultant are required to go the entire distance and produce some measurable results before they consider a project completed. High-impact consulting, therefore, focuses as much on achieving results as on discovering the solutions. Instead of defining projects only in terms of the systems, reports, or products the consultant will deliver, projects are also defined in terms of specific performance goals that will be attained (high-impact factor #1).

No matter what its focus, every high-impact consulting project aims at producing some tangible bottom-line results. If the project is concerned with quality, its goals must include some actual quality improvements. If the project is focused on lowering costs, its goals must include some actual cost reductions. Even if it is focused on a new strategic thrust, it must be designed to test that thrust and produce some measurable gains. This inclusion of measurable results as an essential goal of every consulting project changes the ground rules fundamentally. Consultants cannot simply carry out the work they are most skilled at or most comfortable doing, then delegate everything else to the client to finish. Instead, consultant and client must work together to ensure that all the elements necessary to yield a measurable result do in fact come together.

Once this mutual commitment to specific measurable gains is forged, it leads inevitably to the next shift. Instead of being determined only by the subject matter being addressed, project scope is based on an assessment of what the client can likely actually do (high-impact factor #2). On a high-impact consulting project, the careful assessment of client readiness becomes an important design element of every assignment.

Next, if client and consultant are committed to producing a tangible result, then the one-big-solution mode, with long cycle times and huge up-front investments, becomes much too risky. Instead, projects are divided into rapid-cycle steps to yield rapid results (high-impact factor #3). The risks of shortfalls are obviously reduced when the project aims at quickly achieving a subgoal instead of trying to deal all at once with the overall goal. Thus, clients and consultants will tend to select rapid-cycle first steps that will deliver some improvements swiftly and set the stage for subsequent steps.

Finally, to ensure measurable results, consultants can no longer be content to do a study or create a system and then hand it off to the client. That's too risky. Instead, both parties work and learn together, in full partnership mode, through every stage of the work (high-impact factor #4).

Thus does high-impact consulting transmute the fatal flaws of conventional consulting into success factors. Each project not only produces tangible outcomes, but also expands the capability of both client
and consultant to tackle more ambitious projects with increasing competence and certainty.

The overall consequence of these shifts is that sending in huge teams of consultants to do a job no longer makes sense. Instead, relatively modest amounts of consulting input yields maximum output. Consulting efforts are highly leveraged (high-impact factor #5).

Consider an example of high-impact consulting in action. A New England aluminum processing plant had invested large sums in consulting help over a five-year period to automate its rolling mills and increase their productivity. The resulting gains, however, were only a few percentage points a year. An outside consultant collaborated with an internal consultant at the company in a "high-impact project" to increase output. A group of mill operators and supervisors were invited to help the company recoup greater benefits from its systems and hardware investment by further increasing the rolling mill's throughput.

In several brainstorming sessions, the consultants listened carefully and elicited the reasons for the participants' resistance to improvement. Discovering that the people feared increased output would lead to layoffs, the consultants encouraged senior management to respond to that and other "hidden agenda" items that had surfaced. Once senior management had met with the team and dealt with their fears, the consultants elicited the team's ideas for productivity gains and asked them to agree on a target. The team agreed to shoot for a 15 percent output gain in six weeks.

It was made very clear - by word and by deed - that the consultants were there to provide methodological help as needed but were not "in charge" of the project. The company team ran the project. All its members were encouraged to contribute their ideas and take the initiative in experimenting with changes.

In designing the project, client readiness issues were identified. A rapid-cycle project was designed with specific goals the group thought could be achieved. The work was shared, with much of it being done by the clients. By the end of the six weeks, productivity had actually increased by 17 percent - five or six times the amount gained over the previous several years. This level was not only sustained in subsequent years but actually improved to even higher levels without further capital investment.

Expanding the Process

At around this same time, management was about to take action to improve the company's on-time shipment record, which was stuck at around 80 percent. Executives were about to engage a consultant to install an order-tracking system at a cost of about $2 million.

The company's experience in the rolling mill productivity project suggested that a purely technical solution might not solve the problem of late shipments. So management postponed the system study and asked the consultant who worked on the rolling mill project to collaborate with several internal consultants, helping the company shoot for some rapid gains in on-time shipments. He agreed to carry out the project.

Because there was no agreement on what they might try to do, in a brainstorming session the consultant suggested an experiment: The mill personnel would aim toward shipping 100 percent of orders on time during one week by "doing everything right." After some debate, the mill managers agreed to try it. One month of preparation would be scheduled before the trial week. The managers were not asked to commit to maintaining any particular level of service afterward. Employees in every department were asked to help prepare for the experiment, and all ideas were welcomed. A festive spirit was encouraged through the use of "campaign hats," martial music in the plant, and extensive communications about the experiment.
During the one-week pilot, every single order was shipped on time. The same thing happened the following week: 100 percent on-time delivery. Thereafter, on-time delivery performance was maintained at over 95 percent. Moreover, the experiment made clear that if management had merely installed the $2 million order tracking system without the operational experience, the effort would have been a total failure.

Thus, by reversing every one of the five frequently fatal flaws of conventional consulting, high-impact consulting creates a low-risk, rapid-return developmental process. Each project produces tangible results and expands the capability of both client and consultant to tackle more ambitious projects with growing competence.

Beginning with Results: Key to Success

Making the shift to a focus on results is not difficult. But it can be quite a psychological wrench for most consultants and many of their clients. Consultants may often resist the idea of launching a rapid-cycle, results-focused project when starting on a new situation. They claim that moving at once toward results may in fact be taking the client company in the wrong direction. But in hundreds of situations, my own colleagues and others who practice in a high-impact mode have seen over and over again that when goals are thoughtfully selected, the rapid-cycle successes contribute positively in virtually 100 percent of the cases. Consultants object that rapid-cycle results projects merely "pick the low-hanging fruit" and thus have no place in a large-scale strategic project. But experience has demonstrated that these incremental steps can help provide structure for even the most ambitious strategy projects. Here are some examples of how a results focus was built into a number of projects.

New product development. A Motorola division wanted to reduce the 14- or 15-month cycle time required for developing new products. Consulting projects to improve long-cycle events like this one almost always tend to be abstract studies oriented toward processes. When this project was launched, however, the consultants discovered two important new products the division had promised to bring to the marketplace many months before, but had not yet released. One consultant helped a small team design a results-focused project to bring those two products successfully to market within 90 days, the newly promised date. He helped the client team test new approaches that included parallel rather than sequential steps and more disciplined management of all the project elements. When the team achieved those results, the methods were then tried successfully on several other products and gradually institutionalized as part of the new product development process.

At SmithKline Beecham, the desire to accelerate new product development placed a tremendous strain on its Clinical Data Management unit. This unit processed thousands of "case report forms" (CRFs), the data from clinical trials at sites around the world. Even though some of their work had been contracted out, the group was facing a backlog of 80,000 CRFs plus an accelerating flow of new ones. A consulting project was designed to reduce the backlog of CRFs to 10,000 within four months without additional expense. A consultant worked with 50 of the group's people to collect their ideas on how to achieve what seemed like an almost impossible goal. They devised five major new ways to process the CRFs, and each was advanced by a "champion" and several team members. Each team agreed on specific short-term deadlines. At the end of slightly more than three months, the number of CRFs had been reduced to fewer than 10,000.

Reducing hospital worker injuries. Like every other state, Connecticut was plagued by rising worker compensation costs resulting from injuries in all facilities. In the Department of Mental Health, the most serious safety hazards were hospital patients themselves. Handling and lifting them caused one category of problems. In another, a small minority of violent patients inflicted many injuries. Employees were hurt. Morale suffered. Work was disrupted. And the costs of workers' compensation and medical care were rising.
A number of consulting assignments had been carried out: studies, research projects, safety training, communications to employees about the cost of accidents, and so on. Some of these programs were advanced by state-employed staff consultants, others by outside consultants. But none had any impact on reducing the injury rate.

Then at Fairfield Hills, a small hospital, a results-focused consultant helped a head nurse set a goal for reducing the number of injuries. They agreed to aim for a reduction of 10 percent in the incidents of patient violence, a small number that reflected the head nurse's lack of confidence that they could really influence injury frequency. A team was assembled and given the task of achieving the goal within three months on two pilot wards. A number of patient management changes were tested by the team, all focused on achieving the measurable results.

During the experimental period, two staff injuries occurred, compared to eight the previous year. Eleven work days were lost, compared to 144 the previous year. In addition to these results, hospital management and the participants in the experiment began to be confident that they might be able to manage an effective safety improvement process. The head nurse extended the process to all her six wards and, year over year, the accident rate actually dropped by 85 percent.

Even beyond the dramatic results achieved at Fairfield Hills, the experiment proved to be the spark that ignited a statewide effort. Over the next several years, the process was expanded throughout the state. And while compensation costs increased in most other places, this high-impact process produced cumulative savings of $10 million to $15 million a year - a huge multiple of the amount invested in consulting.

Manufacturing cost reduction. General Electric Lighting was not satisfied with the costs being incurred by breakage of fragile lamps. Traditionally, manufacturing, warehouse, and customer service each worked on reducing breakage in its own bailiwick. As part of GE's Workout process, however, an interfunctional team was given the job of cutting breakage costs. With the help of a consultant, they decided that instead of doing an exhaustive study of breakage across hundreds of products and a dozen or more handling points, they would select one product and try to achieve some measurable reduction in breakage of that product within 60 days.

They selected six-foot fluorescent tubes, a high-volume product with relatively high rates of breakage. Over several days, a small subgroup traced the product from beginning to delivery and reported back to the full team. As a result, the team suggested the use of better (though slightly more costly) pallets and the use of some space fillers in the trucks used to ship the product. Well before the two months had passed, the project's savings were running at a rate of several million dollars a year. The expenses incurred were minor. Very few consulting days had been needed, and the dividends were rolling in as the other product lines were attacked.

Large-scale systems installations. Managers responsible for creating or modifying large-scale systems, and the consultants who support them, often aver that it is too difficult to design the process to achieve measurable results. Only after the system is designed, they say, can specific goals be set. But the following case illustrates that this assertion should be questioned more often.

To lower inventory costs in the four commissaries that supply food to its passenger trains, the On-Board Services function of VIA Rail of Canada decided to build an inventory control system. A consulting team of corporate systems people undertook the assignment. After about three or four months, the director of On-Board Services inquired about progress and learned that the project was getting along very well. The system would probably be ready for initial testing in about another year. Impatient to produce some tangible improvement in the current year, however, the director challenged one of his commissaries to reduce inventory costs by $30,000 within a few months.
With the help of a consultant who was working with the unit, the head of the commissary put together a small team to accomplish this goal. Focusing on one type of inventory, perishables, the team identified some possible experimental steps and then put them to the test. The system consultants developing the new system helped the team design some forms to track and report data on perishables.

In just over five weeks, the team reduced the costs associated with perishable inventories by more than 75 percent. With this success behind them, they went on to tackle other classes of inventory. Meanwhile, the director of On-Board Services extended the effort to the other three commissaries. Within six months, the actual annual inventory costs had been slashed by more than a quarter of a million dollars - many months before the new overall system was even to be tested. Moreover, the system consultants used these methods to strengthen the design of the overall system. Their successful experience on the projects enabled the client commissary management to contribute more wisely to the implementation of the overall system.

When system consultants, such as those in the VIA Rail case, are invited to help create a system to manage inventories, the high-impact framework encourages them to ask not only "What kind of system do we want to construct here?" but also "How can we help management reduce some inventory quickly?" When they share with their clients such a commitment to a bottom-line result, they almost automatically shift into the role of colleagues and allies. With tangible progress, they can use their successes as learning experiences to guide them in designing the overall system.

These examples show how a results focus can be introduced into almost any type of consulting project if project managers are determined to do so. Setting a results target does not obviate the need for research, conceptual and strategic thinking, and other consulting activities. It simply keeps everyone focused on some measurable end products.

Clients and Consultants: Stuck on a Collusion Course

If conventional approaches fail to yield measurable bottom-line results so often and high-impact modes are so effective, why then do so many consultants persevere in the conventional mode? And why do so many client organizations continue to pour money and energy into conventional consulting help? The answer may be the many psychological benefits inherent in the conventional consulting mode for both client and consultant. First, let's examine some reasons why consultants resist a focus on results.

* Fear of possible failure. When consultants agree to do a study, install a system, or provide a training program, they take little risk. They have done the task before and know they can do it again. But commitment to a measurable result is risky. How can they be sure they will succeed?

* Fear of losing control. Similarly, when a project is defined in terms of the tasks the consultants will perform and the products they will deliver, as are most conventional projects, the consultants are describing something they know they can do well. Producing a bottom-line result, however, makes their success dependent on the client's behavior as well as their own. Now control is out of their hands.

* Fear of acting out of ignorance. Consultants are often convinced that they cannot set any specific goals until they do all their research. After all, they maintain, "How do you know what the right thing to do is until you do the study?"

* Avoiding blame for failure. In the conventional mode, if a project fails to yield results for the client, the consultant can always explain that the project was a success but the clients failed to do their part. This escape hatch disappears once a consultant agrees to share accountability for results.

* The temptation of higher fees. Conventional labor-intensive consulting projects can be financially...
rewarding to consultants. Installing major systems, conducting strategic planning studies, installing "total quality programs," or helping to create statements of "mission," "vision," "values," and the like can all be financially rewarding, especially to external consultants.

Together, these powerful forces trap consultants in the conventional mode. And they receive plenty of reinforcement from their clients. Now why do clients avoid the results mode?

* Fear of possible failure. A senior manager who hires a conventional consultant is taking a very modest risk. The contract calls for some sort of deliverables from the consultant. If the project results are pleasing, the client can claim the credit. If the project fails to satisfy the client's needs, the consultant's work can be blamed. Once the client agrees to collaborate with the consultant to achieve a specific result, however, that client is publicly committed to achieving that result. Such a commitment introduces risks.

* Need to feel reassured. For impatient managers who see themselves paddling upstream against a heavy current, there is something reassuring about competent, confident consultants moving in to "solve the problem." As these people go about their tasks, they cite previous successes and explain how their work will enable management to accomplish its goals. All of this can provide some psychological comfort. There is a sense of purpose, of directed action, of high-level professionalism. Unrealistic as this fantasy may be, client managers may resist breaking the spell by jumping into the project to produce results with the consultant.

* Avoiding time pressures. When conventional consultants agree to tackle a problem, most managers typically breathe a sigh of relief. They don't have to worry about the problem, at least for the moment, and can turn to the many other challenges they face. If a consultant insists that success depends on a manager's active involvement in the consulting project, as required by high-impact consulting, it may well feel like an unnecessary additional burden.

* Stuck in the mode. Most senior managers who supervise internal consultants or engage consulting firms are so used to the conventional paradigm they don't even question it. They don't expect consultants to do more than study the situation, prepare reports, and install systems. They may never have seen consultants work in a results-achieving mode with clients and thus have no mental model of how it ought to work.

Clearly, then, many pressures keep clients and consultants locked in an unwitting collusion to perpetuate the ineffective modes of conventional consulting. Clients are always left in the lurch, stuck with the task of closing the results gap after the consultants disappear.

Many consultants have adopted some aspects of the high-impact mode, and many more will do so voluntarily. Nevertheless, together they will constitute only a small fraction of the total number of internal and external consultants. A major shift will occur only as clients require it.

It is time for managers to liberate themselves. Only when consultants agree to help their clients produce some measurable gains have they really cast their lot with the clients. That is the moment when they abandon the consultant's rationalization, "We gave them a good system, but they just weren't able to get the results."

When consultants actually share the commitment to achieve measurable results, lower costs, and better quality, they will exert more effort in finding ways to use the skills and talents that already exist in the organization. They will focus on helping clients develop additional skills and talent, and they will concentrate on finding the shortest path to results.
Thomas Kivlehan, until recently the vice president of reengineering for publishers Simon & Schuster, reported that several "Big Six" consulting firms agreed to bid on a project for him in which the consulting fees would be keyed to measurable results. When asked whether that provision caused the firms to shift their approach, Kivlehan responded,

There was a big difference. They were much more insistent about demanding participation by key individuals from our company. And all of a sudden they were spelling out requirements that we had to meet in conducting the project. They wanted assurance they could meet with the executive committee to resolve issues. They wanted a certain amount of executive committee involvement in the project and support for it. Consultants basically don't pay any attention to these issues when they're doing one of their regular jobs.

The distinction could not be more sharply framed. Focusing consulting projects on specific measurable outcomes produces healthy shifts in the behavior of both parties. In collaborating to produce real bottom-line results, both share a sense of accomplishment vastly different from their reactions to having a new system installed or a work process redesigned. Client and consultants have both learned about what the other party can contribute to the outcome, plus how to pool their knowledge to achieve the desired results. And momentum has been created that can open the way to more ambitious steps.

References


Thomas Kivlehan, personal interview with the author.


Overcome the fatal flaws of consulting: close the results gap.