7 Ways to Destroy Morale And Job Satisfaction in Consulting Firms
Commando Consulting

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For Boutique Consultancies And Solo Consultants
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Dynamic Innovations Squad
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One significant difference between physical workers and knowledge workers is that while physical workers’ contribution is clearly visible during the contribution process, knowledge workers’ contribution is typically invisible, and the knowledge worker herself is the only person who knows when she’s contributing, that is, when she’s working.

And here lies the problem.

Although Peter Drucker coined the term “knowledge work” and “knowledge worker” in the mid 1950’s, many consulting firm leaders manage their firms as if they were some kind of industrial production plants, and regard their people as industrial labourers.

They regard work as an activity that can be observed and clearly documented. That is, intellectual activities, described by words like judge, discern, reflect, contemplate, decipher, etc. are not regarded as work.

Specifically, the 90 minutes you take to write up a proposal is work, because it is the physical activity of writing. But the previous 90 minutes of contemplating scope options, pondering over fees and reflect over the buyer’s specific requirements are not regarded as work. As far as management is concerned, this 90-minute time chunk is a waste of time.

And this is the problem.

This kind of thinking undermines the morale in any consulting firm. Over the years, I’ve observed some morale-wrecking management practices, and now we’re discussing seven of them. You may recognise some of them in your firm, and maybe you can do something about it.

### 1: Lacking Of Defined Values In Leadership

When a consulting firm’s only value is to make money to enrich the owner(s) and partners’ piggy banks, then we have a problem. Associates know they are mere cogs in a big machine that works hard on pushing them harder to make more money for their masters.

In this scenario, the whole firm is drifting like a rudderless ship, hoping to pick up some clients every now and then.

The modus operandi is short-term survival not long-term prosperity.

This may sound harsh, but if we consider that – in general – the professional service firm, which consulting firms are, is the least effective and least profitable business model, we’re not far from the truth.

And here I’m not talking about values written up on the firm’s website. I mean leadership values that the firm lives by come hell and high water.

But let’s look at some basic issues?

Does your firm have a Perfect Client Profile, and are your people allowed to abandon prospects that don’t fit into that profile? Most firms accept anyone with money.

In your marketing materials, do you have a perfect sales lead profile of the prospects that your
firm wants to generate? Maybe, maybe not.
Do you have specific leadership strategies in place in case of economic turndowns or do you just start laying people off?
Do your managers behave as leaders to your associates or do they merely boss people around and domineer over them?
So, what you have to do is to define clear-cut values that guide you and the other firm leaders.

2: Having Separate Sales And Consulting Teams

A team that only pitches services and another team that only delivers services can work in the industrial environment, but not in consulting.
In consulting, buyers expect to conduct business with experts, not with salespeople. Let’s face it, buyers of consulting services look down on the selling function and salespeople, and regardless of what fancy names we hang around salespeople’s necks, in buyers’ perception, they are salespeople. That is, dreaded street peddlers, bazaar hucksters and carnival barkers.
Their perception of a sales person who is engaged in traditional sales is a loudmouth guy with a megaphone, dressed in a cheap suit and screaming from the top of his lounges, “Sale, sale, sale. Highest quality at the lowest prices.”
Basically, in buyers’ perception, the consulting salesperson is as much of a low life as a used car salesman and a realtor, the two the most distrusted and disrespected species of the sales profession.
Imagine the typical consulting gig.
Salespeople close the sale. Then they vanish, and a brand new set of people, the professionals, descend on the client to do the work.
And the client stands there surprised, “Who the haemorrhaging hell are these people here, and where is the guy/gal I’ve made the deal with?”
Now the client, after having paid the project down payment, has to build trust with the new set of people.
Consulting is a relationships business. So, the best thing you can do is having a systemised and highly automated client acquisition system, so once buyers make a conditional commitment to do business with you, you can let them interact with one of your real consultants.

3: Paying Commissions To Sales Folks, But Salaries And Bonuses To Consultants

With this baby, you certainly slap firm-wide morals right in the face, skyrocketing both talent and client attrition. Think for a moment. Car salespeople and realtors are regarded as some of the most aggressive and pushy people in the known universe.
One reason for that is the notorious sales commission. Now we have preponderance of evidence (I’ve just read one in today’s Wall Street Journal for doctors), that highly talented people don’t work for money but for something more than money.

It means, if they feel, they are fairly compensated, they bring down the moon and the stars to achieve their goals, and they don’t need any cajoling and financial blackmailing from their managers.

Dan Pink shows in his book, Drive, quoting some neat studies that the “if you do this, you get that” type compensation creates the lowest performance.

Why?

Because talented people don’t dispense their expertise on the drop of the coin. They are either enthusiastic about what they do because they’ve bought into the case or not enthusiastic at all, and they just show up as org chart fillings to justify their paycheques.

David Maister observed many years ago that in most consulting firms, managers are excellent at demanding outstanding performance, but are pathetically hopeless at helping and supporting their people to achieve that performance.

They are like generals who bring in fancy speakers to motivate the troops, and then send then to battle without proper weapons and ammunition, because the army has re-allocated the weapon budget to office renovation at headquarters.

The reality is that the whole commission payment concept destroys trust.

So, firm leaders have to decide what they want to have? A trusting clientele and a pool of trusted advisors, or one-time clients and a bunch of aggressive and commission-hungry peddlers?

4: Having Gap Between Associates’ And The Firm’s The Values And Goals

It often happens when management preaches something but practises something completely different. People can see the difference very quickly. They realise that it is about stuffing management’s pockets, and lose interest very quickly. This creates confusion, and in the long run it can jeopardise the firm’s future.

Part of people performance is based on enlightened self-interest. People work hard as a means to achieve bigger and brighter futures for themselves. Yes, their employers benefit from the effort, but people do it for themselves.

And when they realise that their hard work doesn’t contribute to the achievement of their personal goals, they get disillusioned and stop their peak contribution. After all, what for?

They lose the meaning of doing good work. They know that their good work makes only their firms, hence their bosses rich, but nothing drops down to them.

So, they keep going to work, but the contribution disappears.

I think firm leaders should sit down with their associates, and regularly review their personal
goals and how the firm can help them to achieve them.
The firm expects associates to help to achieve the firm’s goals, so associates should be able to expect the same from the firm.
And don’t reprimand your people for what they do wrong. Talk to them about that dream home, that dream car, the dream vacation, the Ivy League university they want to send their children, etc.
Help them to clarify their goals and together set out a path to reach it.
Yes, they have to do the work, but they know that you’re there to support them.

5: Creating Unequal Playing Fields

Unlike in other forms of businesses, in consulting firms we talk about relationships among equals, not the typical industrial superior-subordinate relationships between tyrants and minions. These relationships must be based on mutual trust and respect. People can feel when management doesn’t trust them, and they too gradually withdraw their trust from management. And as trust level goes down, the time and cost of achieving goals go up. Often quite significantly.
The unequal playing field is often between the consultants, the highly regarded experts and the business development folks, the “necessary evils” of the firm.
Consultants lament that they could make more money if they didn’t have to share the booty with the business development folks.
They also complain that, considering their education, business development people are grossly overpaid. After all, they don’t even have Ivy League MBAs, so they should be paid as unskilled grunts.
What they fail to realise that it’s the business development folks who keep the firm in business, and the consultants with their fancy MBAs would die of starvation if those “lowly grunts” didn’t bring them some clients.
What I find ironic is that many of those consultants hire themselves out to clients as marketing consultants. Yet, they couldn’t market themselves out of a piss-soaked paper bag. It is really interesting.

6: No Opportunity For Professional Development

Since many consultants have become consultants after earning their MBAs or other degrees through formal schooling, informal skill acquisition is not considered as proper learning.
Look at many consulting firms that have a hard time to acquire new business. The marketing department is riddled with various advanced degrees in marketing. Yet, Clients are not coming.
The other folks have advanced degrees in other disciplines, yet... most projects are completed late and over budget.
But what is the notion?
Something along the lines of, “We’re not doing so well, and so we can’t afford to spend on skill acquisition. Be patient, people”.

The other problem is that the so-called skill-building funds get drained by owners and partners on the purchase of a new Mercedes (or something even more luxurious), a big yacht or an equally big house.

And the same owners and partners then go to the associates and tell them that due to the poor economy, they have to tighten their belts and accept that there is no pay increase and money for skill acquisition.

Then the owners and partners pack up, hire a prestigious consulting firm and disappear into the sunset for the next obscenely expensive “strategy retreat” to waste the remaining money.

7: Offering Inadequate Recognition

The irony is that most consulting firms pontificate about teamwork and long-term vision, but recognize and reward individuals for their short-term contribution.

So, what happens?
Associates quickly learn that this is an “eat-what-you-kill” type cut-throat environment, and start acting accordingly.

They know they can’t expect anything good from their firms, so whatever they want, they have to hunt it down for themselves and use it for their own purposes.

In his book, First, Break All The Rules: What The World’s Greatest Managers Do Differently, authors Marcus Buckingham and Curt Coffman discuss 12 questions that circulates in employees’ heads both before and after being hired. The 12 questions are...

1. Do I know what’s expected of me at work?
2. Do I have the materials and the equipment to do my work right?
3. At work do I have the opportunity to do what I do best every day?
4. In the last seven day have I received praise and recognition for good work?
5. Does my supervisor or manager care about me as a person?
6. Is there someone at work who encourages my development?
7. Does my opinion count at work?
8. Does the mission of my company make me feel that my work is important?
9. Are my co-workers committed to doing quality work?
10. Do I have a best friend at work?
11. Have I talked to someone about my progress in the last six months?
12. Did I have the opportunity to learn and grow during the last year?

The first stage of recognition should be to clarify the answers to these questions inside every associate’s head. Without that, any kind of recognition can appear as a mere gimmick.
The Consequences

And if they ignore these points, IT business leaders can easily create the kind of organisational cultures that not only destroy the morale of existent people, but also magnetically attract conscientious culture destroyers, the typical Dr. House who is an excellent doctor with an atrocious personality.

I know the TV series was highly popular, and many people regard House as a top professional, but having worked in healthcare for a good few years as a biomedical engineer, I saw with my own eyes that the Dr. House-like doctors are all unemployed no matter how good they are as doctors.

Yes, HR people may say that if one new person doesn’t work out, then they can hire the next one. They know that attrition is rather expensive, but they also know that they play with other people’s moneys, so who cares? HR in general has a habit of hiring butts in chairs with impressive credentials. Ability to do the work is hardly ever an issue.

And Big Brother makes it worse. I’ve just read that that the Equal Employment Opportunity Commission (EEOC) in the US wants to pressurise businesses to hire more ex-convicts. Actually, the EEOC wants to abolish background criminal checks on new hires. The deal is that if you refuse to hire a convicted paedophile for an elementary school teacher or scout leader position, then you’ve committed a crime and you can be put in prison for unfair discrimination.

Case in point: According to CNN Money¹, EEOC is suing BMW in South Carolina because the company’s criminal check policy has a disproportionate impact on African-Americans.

So, the fuss is that BMW refuse to hire ex-convicts. Well, it seems like a pretty practical decision.

I’m not saying ex-cons are good or bad, but BMW decided not to take a risk. And in a free market economy, no one should be able to pressurise BMW to hire a specific group of people.

So, it only makes sense to keep employee attrition as low as possible. You also have less chance to be sued.

Here are some problems of high attrition and replacing lots people with problematic employees, as Dr. John Sullivan calls them, Homer Simpson type warm bodies.

Lost productivity: New associates, even if they are really good, perform well under established associates. It takes some time for them to be fully integrated in the firm and to “pick up” the firm’s operating pace. Existing associates can outperform new associates by as much as 600%.

Substandard client service: Clients are not stupid. They know when they are “up against” incompetent nincompoops trying to sort out their problems. If you’ve ever tried to get a problematic Dell computer fixed, then you know what I mean. Many of the customer service people not only seem to be intellectually challenged but also have serious language problems. Most customer calls require supervisory intervention, requiring Dell to have armies of

supervisors to do what minimum-wage service reps in Zululand or in some other obscure countries can’t do.

**Decreased revenue:** This is really big if the new person is in a direct revenue-producing position. And since consulting is not a “headcount-driven” business\(^2\), everyone is in a revenue-generating function.

**Dragged out time-to-market:** Cheap employees are both mentally and physically slow in their work. They are slow to achieve anything, and everything they do must be tightly supervised and constantly checked.

**Mistakes:** Low-end associates send out sloppy work to clients, and wait for them to discover those mistakes. It can be a typo-riddled report or something even more serious. Very often, high-end associates have to chip in to correct their work, which wastes high-end people’s time and slow down their own work, often missing project deadlines.

**Lost competitive advantage:** When you hire low-end people, you send your competitors into a celebratory dancing frenzy. They celebrate that fact that you’ll soon be out of business, and they can take over your clients. This can make them bolder in their approach of pushing you out of business.

**Damaged innovation capability:** Low-end people work for money. As marketing expert, Dan Kennedy nicely sums up their mantra about work, “Off to work I go to pay the bills I owe.” I know money is not a major motivating factor, but I’ve also observed that lack of money is the greatest demotivator.

Some people say, innovation is not a big deal. Well, maybe. But in today’s business climate where innovative start-ups pop up every day, problem-solving and restoring the status quo are just not enough. Mind you, employing Homer Simpson-calibre people, even problem solving is impossible.

When you hire low-end people from the unemployment gutters, you should be happy that they come to work, more or less on time and sober. But if they show up late, drunk and stoned out of their skulls every now and then, you can’t even get upset. That’s the baggage every employer has to anticipate with minimum-wage people.

We’ve discussed only seven, but I’m pretty certain there are some more and even more sinister consequences for hiring the proverbial Homer Simpson.

I know it may be tempting because of the low cost, but the great advantage of top-notch associates is that you can expect borderline miracles of them. They earn their keeps a few times over.

And that may be worth something.

What do you think?

\(^2\) A form of business in which you need significant number of employees to maintain production. For instance, retail or manufacturing.
About The Author

Since 1998, using battle-tested military principles and strategies, Organisational Provocateur, Tom "Bald Dog" Varjan has been working with boutique consultancies and solo consultants, both locally and globally, to improve personal and firm-wide performance, by helping them to sell their expertise for what it’s truly worth.

For a selection of consulting resources, including his practice management black paper, “The Dark Side Of Firm Management: Ten Deadly Management (Mal)Practices That Often Bring Consulting Firms to Incalculable Suffering or Even Agonising Death”, you can visit Tom’s website at http://www.di-squad.com.

Additional Knowledge Products to Build Your Consulting Firm

Here are some knowledge products on a broad range of areas as they apply to running a boutique consulting firms or solo consultancies. These products are sort of workbooks. They explain what is what, then walk you through the "how to..." part of the process. As you read the books, you do the exercises, and by the time you finish reading, all the relevant bits and bobs are in front of you on paper applied to your own unique situation.

I hope you find them valuable.

**Consulting Retainer Engagement Toolkit**: A comprehensive home study programme on the ins and outs of setting up consulting retainer engagements in which your clients receive great value and you are compensated for the value you bring to your clients' tables by making your brainpower available to your clients. For details see Consulting Retainer Engagement Toolkit.

**It's All About Your Value: Consultants' Guide to Setting, Raising and Safeguarding Fees**: How to price consulting engagements based on buyers' perception of the value the consultant brings to the table regardless of time, materials and other retarded but commonly used factors. This booklet covers a step-by-step process of establishing the value of your contribution and how to get paid for that value. For details see It's All About Your Value.

**Mastering the Consulting Proposal Process**: For many consultants proposal writing is a "hope-and-pray" game. They sit down with prospects, chat for a while and then volunteer to "submit a proposal" without knowing the full specifications of the intended project. But some, usually false, buyers are just collecting free information for in-house implementation. A proposal, just
like a marriage certificate, is a short document, but it is silly to offer it unless the other party has already made a commitment to go ahead. This e-book walks you through the maze of developing your proposal and presenting it to buyers. Mastering the Proposal Process

**Dynamic Duo Mentor Programme:** If you're a solo consultant, my Dynamic Duo Mentor Programme may be a solution for you to have access to a second opinion on both strategic and tactical issues you’re about to put into action. For details see Dynamic Duo Mentor Programme.