17 Distinction Points Between Real Consulting Firms And Contract Labour Firms

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For Boutique Consultancies And Solo Consultants
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Dynamic Innovations Squad
http://www.di-squad.com
Hearing that some people kill for a living makes the general population think and cringe, but for some others it gives heavenly pleasures.

For instance, meet Egypt’s chief executioner, chief warrant officer Hajj Abd Al-Nabi, who, on a recent video, posted by The Middle East Media Research Institute (MEMRI), literally revels in the pleasures of executing people, and he repeatedly emphasises how much he loves and enjoys his job.

Well, after having hanged over 800 people, he certainly knows what he likes and what he doesn’t. He seems to love hanging criminals with a passion. But he may not love chopping vegetables for dinner.

But considering that he executes criminals, his passion is forgivable.

But what’s interesting is how he arrived at his profession.

As a child, he enjoyed catching cats and dogs, slowly strangling them and throwing them into the river.

He regards his “habit” as a gift from God and he’s glad he can practise it for a living.

The interesting point is that many consulting firms over their years of operation often degenerate into contract labour firms and volunteer to be slowly hanged on the gallows of commerce by allowing buyers to treat them with disrespect and even with a certain level of abuse.

When they hire business development people or consultants, consulting firms never call them salespeople. But they emphasise that these people must be able to take unlimited amount of rejection and abuse, because they are the price of being in business.

And the world is full of sadistic purchasing agents who may have physically tortured animals as children, and now they can emotionally torture consultants.

But the interesting thing is that it is consulting firms that degrade themselves and give in to this kind of abusive relationship.

Their poor marketing positioning doesn’t allow them to dump shitty clients, so they keep taking more and more punches just to earn some money and stay in business.

And this is why it’s important to look at the difference between real consulting firms and contract labour firms.

While contract labour firms may get treated with high level of disrespect, real consulting firms are always treated with trust and respect.

When buyers buy consulting services, they take on...

**Six Types Of Risk In Consulting Services**

1. **Performance risk**: What if the purchase of the consulting service fails to solve our problem?
2. **Monetary risk**: What if the purchased consulting service causes other problems for us?
3. **Time risk:** What if the purchased consulting service causes unnecessary downtime in our operation?

4. **Opportunity risk:** What if another consulting firm’s service could have done a better job for us?

5. **Psychological and social risk:** What if, as a result of this consulting service’s failure to do the job, my colleagues, peers and superiors regard me as a stupid arsehole?

6. **Physical risk:** What if the purchased consulting service causes physical harm to our people and/or damage to our assets?

And as a result of increased risks, buyers know they have to be more careful at the purchasing stage.

So, what do they do?

They do their own research both online and off-line. They talk to their friends, peers and associates.

And to make sure their important research doesn’t get interrupted by eager salespeople from various consulting firms, they do their best to avoid salespeople.

### Eight Reasons Why Buyers Avoid Meeting Sellers...

1. Buyers are worried about meeting hyper-aggressive, hard-nosed, manipulative, “don't take no for an answer” pitch-puking peddlers. Yes, consulting firms camouflage their salespeople as rainmakers, business development executives or account executives, but in the cases of many consulting firms, we’re talking about pedestrian, garden-variety peddlers.

2. Buyers can obtain all the information they ever need. Once upon a time sellers had the upper hand, because they had all the key information and that information was available nowhere else. Buyers had no option but to meet them to find out more about their services. It’s no longer the case. If buyers don’t find sufficient amount of information on your website, then they move on to the competition.

3. Buyers’ plates are already full of mission-critical initiatives. Buyers are pretty busy high-level executives, juggling many balls at once. And they are very careful about taking on new balls into the mix.

4. Buyers are sick and tired of sales presentations. They know that sales presentations mean sellers’ ostentatious chest-beating and self-aggrandisement. Sellers talk about themselves but very little about buyers’ issues. So, from buyers’ perspectives, this is a waste of time.

5. Buyers are missing the peer-level match. Buyers and seller can’t see each other eye-to-eye. Buyers are on a mission to acquire services that will improve their businesses. Sellers are in hot pursuit of their next commission cheques. It’s a total communication breakdown.

6. Buyers have lots of questions, but they know they can’t get honest answers from

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1 According to the National Association of Professional Organizers (NAPO, Mount Laurel, NJ), the typical B2B buyer has some 59 hours of urgent work on her desk.
salespeople. Instead of honest answers, all they can expect are leading questions, objection handling tricks and manipulative closes. And that’s what they don’t need.

7. Buyers and sellers have opposing agendas. Buyers want to make their businesses more profitable. And sellers want to make their businesses more profitable. It’s a clear conflict.

8. Buyers don’t want to partner with sellers. While sellers are pushing the “we want to be your partner” agenda, sellers are sunning away from it. It’s a bit too much too soon.

So, how can consulting firms overcome these eight obstacles?

Well, one option is to sell harder. But is it really an option? Hiring more salespeople and whipping them harder to get them work harder? I don’t think so.

Of course, the other option is to...

Transform Contract Labour Firms (Replaceable Vendors) To Consulting Firms Consulting (Sought-After Authorities)

Here we look at 17 specific transformation points. But don’t let them get on your tits. Take them one by one, evaluate your firm on that specific criterion, make the required adjustments in your operation and then move to the next one.

1. Your Firm Doesn’t Track Your People’s Time On Timesheets

You realise that you have knowledge workers on your payroll, whose performance has nothing to do with the passage of time, but how effectively they apply their brainpower to create value for your clients.

Why are timesheets still so popular?

Simple.

Because impressive and spectacular busyness is more appreciated in most consulting firms than quiet, unceremonious but consistent progress.

As the saying goes, squeaky wheels get the grease. And impressive busyness squeaks a lot louder than quiet achievement.

Manager A does her work quietly and her department consistently performs above expectations. What happens to her? Nothing. Her above-expectations performance becomes expected. And she never gets promoted or rewarded.

Manager B puts up a song and dance about how busy he is every day. That he comes to work early and leaves late. That he eats his lunch by his desk. That he’s running around all day like a dickless dog.

The funny thing is that while manager A has a list of documented achievements, manager B has only a bulging and ever-growing task list with nothing getting done.

And guess what? Most consulting firms reward and promote manager B.

Timesheets make busyness rule.
In your firm, make sure achievements rule the land.

So, what is the solution then? Well, project management.

While time sheets are reactive tools (like making birth control pills retroactive in an attempt to undo an unwanted population boom), meticulously scrutinising what should and should not have been done, project management is a proactive tool, determining what should and should not be done. It’s a tool for projection, anticipation and expectation.

### 2. Debrief Each Project Using AAR

The After Action Review (AAR) was developed by the US Army, and now it’s used all over the world to debrief the ultimate projects, military missions. Why ultimate? Because small mistakes can kill lots of people.

AARs have four parts...

1. What was supposed to happen?
2. What did actually happen (The ground truth)?
3. What were the positive and negative factors?
4. What have we learnt and how can we do better next time?

What makes ARRs hard to adopt in the world of commerce is that there are some rules that some ego-maniac “my dick is bigger than yours” type executives find impossible to digest and live by. For instance, there are no ranks, no blaming, no finger-pointing. Try to take this concept into a boardroom, and see how long it takes for the people in there to want to lynch you.

Nevertheless, the AAR is still the most effective way of debriefing projects, and it’s just a matter of taming politics in your firm.

### 3. Your Firm Has A Firm-Wide Leadership Programme

I can’t remember now where I’ve read it, but the author posited in his book that the ultimate purpose of leadership is developing other leaders.

Some may say this is dangerous because these “developed” people may leave your firm for the competition or start their own firms, and all the cost of development has just gone down the toilet.

Good point.

But people very seldom leave companies. They leave companies in order to get away from certain colleagues, peers and managers. They leave arseholes.

I’m sure over the years many people have left Microsoft or Google. But not because they hate Microsoft or Google, but because they can’t stand working with certain individuals.

A good leadership programme helps all your people to become better leaders both in their professional and personal lives. As a result, you have better teams in your company, working more effectively and making higher profits for your company and higher incomes for yourself and your people.
4. Your Firm Offers 100% Money-Back Guarantee On Your Services

I know it sounds risky, but nowadays this is a major differentiating factor. And a justification factor for higher fees and prices. Consulting firms are busy bragging about how great they and how amazing their solutions are, but most of them dodge guarantees by charging unethical hourly rates to transfer basically 100% of the risk to their clients.

Earlier we looked at six types of risk buyers take on when buying technology. If you soften that sense of risk with a good guarantee, then you prove that you actually believe in your services. And when you accept new clients, if and only if they fit into your perfect client profile, then you have nothing to worry about. They expect great quality, but they are also human enough to discuss mishaps with you, so you can take the appropriate contingent actions to correct occasional mistakes.

5. Your Fees And Prices Independent Of The Time It Takes To Do The Work

When I renewed my Canadian passport, it took about one month. But the total processing time of a passport, that is, the time a person actually works on it, is only 19 minutes. And it cost $80. That’s $240 per hour for some government bureaucrats. Nice. I’m not even surprised that in Canada people are fighting for obtaining cushy and grossly overpaid government positions with little work and virtually zero responsibility.

When your work time is in synch with your revenue, you’d better hire idiots who work very ineffectively, so you can charge more to clients. But that is also a self-imposed prison.

So, instead of pricing the energy your people exert to work, price your work based on the value your clients derive from your work.

Yes, we all learnt from Karl Marx that value of a product/service is the amount of social labour amassed in it, but based on what I experienced while growing up in Marxist-Leninist Hungary (27 long years), I can confidently say that good ol’ Karl was an idiot, and instead of economics, he should have spent his life learning about chimney-sweeping or canoe-carving. He would have caused less damage to the world.

Oh, on an interesting note. While he was busy cursing profits, he lived his life as a bum on the money Engels gave him, shaving it off their his textile factory’s profits. Amazing.

I know, there are many people who still regard him as one of the greatest economists who ever lived, but they never lived in communism, which is, undoubtedly, one of the most horrendous curses of both the known and unknown universe.

6. You Have A Chief Value Officer (CVO) Or Pricing Council In Your Firm

In vendor type contract labour firms, it’s the salespeople or senior partners who price their projects. And in many cases, they price them low, so they can win.

And that’s a huge mistake.

Every project should be presented to the pricing council of your firm, and the council, led by the
Chief Value Officer (CVO), should price engagements.

Here is the problem. Even if the project leader is an excellent pricer, she has a relationship with the client, and that can introduce emotional obstacles in the pricing process.

“I gave her a good price because her daughter sits next to mine in school.”

Yes, it’s hard to separate the two, but the pricing council and the CVO are not emotionally involved, so they can stick to the prices on objective bases.

The other purpose of the CVO and the pricing council is to monitor projects to make sure clients are getting the value they’ve paid for.

7. You Have Value-Priced Project Agreements

Many consulting firms argue that they need to know their costs of their projects before they can estimate prices. And this little detail shoves all the risk to buyers.

Imagine that you want to buy a car. The normal price is $40,000, but there is an extra $3,200 added to the price.

You ask why, and the salesperson tells you that while your car was being assembled, the assembly hall’s toiled blew up, and the car company has decided to dump the toilet repair costs on the person whose car was being built at that moment.

What would you say to that?

The reality is that contract labour vendors bill for their materials and manual labour after the work is done.

Real consulting firms invoice their clients before applying associates’ brainpower to help clients to achieve specific business objectives. Huge difference.

Your fee is not the function of the manual labour your people perform, but the value your clients receive from your help and support.

8. You Price Your Work In Advance, And Invoice Only For Work That Clients Specifically Requested

When is a product/service most valuable? Well, before it’s delivered. Then why do so many consulting firms bill for their completed work in arrears and spend an awful lot of time and money chasing unpaid bills? That’s typical vendor practice.

Consulting firms agree with their clients on the scopes of their projects, and then invoice them for the work to be done in advance.

The advance payment makes sure that clients have a skin in their own successes. Otherwise they would cancel projects left right and centre whenever the going gets tough.

Consultants offer their commitments to their projects’ successes through their money-back guarantees. Buyers offer their commitments through their advance payments.
9. Your Fees And Prices Vary From Client to Client

In consulting, each of your clients wants different services. Granted, on the surface, services look the same, but when you dig deeper, you realise that even the same services represent different values to different clients.

So, you don’t price your services, but price your clients.

Different clients want to derive different values from seemingly the same services.

Let’s say one of your services is writing business plans.

One of your clients is a husband-wife team starting a new consulting business, so they need a business plan as a general direction to get started.

The other client is two partners needing a business plan tune-up to raise $10 million venture or angel money.

The scope of work (input) for the partners is much less than that of the husband-wife team, but the value (output) for the partners is significantly higher. So, you have to charge the partners much more than the husband-wife team.

You price the client not the work.

10. You Have Salaried Employees In Your Company

Many consulting firms are notorious cost-cutters, so they employ a few hourly labourers, a number of commissioned sales mercenaries and lots of subcontractors on an as-needed basis.

I’ve seen far too many consulting “firms” that consist of only leadership teams, and all the firms’ core competencies are performed by subcontractors in India, Swaziland or Papua New Guinea.

Consulting firms that operate as knowledge-based organisations have only salaried employees.

They have some subcontractors too, but all core competencies are performed by salaried employees.

These firms know that value-creation has nothing to do with the passage of time and performing hourly labour. The creation of knowledge-based value is independent of time.

And what about commissions?

Well, here is my reason against it. Commissioned salespeople are motivated by the money they make for themselves. So, first they serve themselves, their employers and only then their clients. And clients know that, and don’t want to meet them. What’s the point in meeting someone who has no subject matter expertise and can’t answer prospects’ ‘deep’ questions?

On the top of all that, they are pushy and manipulative.

If you have good marketing in place, instead of hard-nosed salespeople, what you need is good diagnosticians who can diagnose buyers’ situations and develop solutions to solve them.

Also, running a good diagnosis is the best way to demonstrate how good you are, so you don’t

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2 Read Lisa Earle McLeod’s book, Selling with Noble Purpose: How to Drive Revenue and Do Work That Makes You Proud
need to engage in the “Let me tell you about our firm” nonsense. Especially because by then buyers know your firm from the web.

11. You Run A Results Only Work Environment (ROWE)

Many consulting firms operate as busyness- and activity-based Gulag-style labour camps. The ROWE concept was developed by Cali Ressler and Jody Thompson\(^3\) a good few years ago, and they implemented it at Best Buy’s head office. The idea is that people can do their work wherever and whenever they want to do it, as long as they do it at a pre-agreed quality level and within the specified deadline.

It focuses on people’s accomplishments (outputs) not their activities (inputs).

The problem is that since many mid-level managers got their undeserved positions as a result of political manoeuvring, artful arse-kissing and scientific boot-licking, they see ROWE as a threat to their phony positions and bloated compensation packages. And it is.

But for value-based consulting firms this is the only way to go.

Stress-free and liberated (from managerial tyranny and stupidity\(^4\)) employees far out-perform enslaved ones. People step up and take more responsibility. They actually start enjoying their work.

All in all, while the traditional work environment treats people as children who have to be micromanaged around the clock, ROWE treats them as responsible adults who love facing the challenge of interesting work and love surmounting those challenges.

But what they hate is pressure.

So, the key is to create a low-pressure high challenge environment that allows people to apply their best and brightest without putting unnecessary pressure on them.

If the challenge level is low, maybe it can be increased.

If the pressure level is high, that can definitely be reduced. Well, get rid of the supervisor/manager of that section of the firm.

Let’s remember that challenge is the nature of the work, but pressure is man-made. It’s inflicted by supervisors and managers. You can also regard it as a form of bullying.

\(^3\) See their books: *Why Work Sucks and How to Fix It: The Results-Only Revolution* and *Why Managing Sucks and How to Fix It: A Results-Only Guide to Taking Control of Work, Not People*

\(^4\) Peter Drucker: “90% of what we call ‘management’ consists of making it difficult for people to get things done.”
We can also use Douglas McGregor’s (American social psychologist) categorisation. People fall into either of two major behavioural categories:

**Theory X**: People are inherently lazy, dishonest, dodge responsibilities, dislike work, thus they must be tightly controlled, coerced, threatened and, if possible beaten. Go easy on rewards because people get complacent and start expecting rewards even if they don’t deserve them. People have little ambition, expect maximum work security and wages for minimum contribution, commitment and accountability. They prefer to be directed, for they are too lazy and stupid to think for themselves.

Theory X manager’s favourite reading: Frederick Winslow Taylor’s *Scientific Management*.

“*Now one of the very first requirements for a man who is fit to handle pig iron as a regular occupation is that he shall be so stupid and so phlegmatic that he more nearly resembles in his mental make-up the ox than any other type. Therefore the workman who is best suited to handling pig iron is so stupid that the word "percentage" has no meaning to him, and he must consequently be trained by a man more intelligent than himself into the habit of working in accordance with the laws of this science before he can be successful.*”

**Theory Y**: People inherently like challenge and responsibility. People naturally do their best in every situation. They are innovative and proud of their achievements. They can practise self-direction and self-control. People are willing to learn new skills, are creative and capable of thinking for themselves.

As life goes by, society starts shaping us and teaches us to look out for number #1. Thanks to the manipulative and highly oppressive schooling system, by the age of 12, kids lose some 50% of their creativity. By the time they finish their schooling (erroneously called education), they are properly brainwashed and “broken in” to be suitably conforming and obedient members of our mentally and emotionally crippled society, and blindly obey Big Brother.

No, I don’t think I’m paranoid, but rather realistic. We really live in something that George Orwell predicted in 1984 and Animal Farm.

Anyway...

As people start their careers, inspiration (internal “pull” drive) is replaced with motivation (external “push” drive); self-esteem is replaced with acceptance of external societal or business-like (not the same as professional) expectations;

What happens in many billable hour-obsessed and timesheet-crazed consulting firms is that, unbeknownst to management, they nurture Theory X behaviour. Many people try to rig the system to shirk responsibility, and instead of doing real value-creating work, they fiddle with their timesheets and fudge their hourly billings. It has nasty consequences both for firms and their clients. Although it’s a goldmine for low-performing and incompetent employees.

The ROWE environment nurtures Theory Y behaviour. And realistically, the really talented people are magnetically attracted to Theory Y work environments. They have pride in their work and want to shine as professionals. They also know that in a Theory X, busyness-based work environment, they could merely exist and survive the daily drudgery between weekends. And if
they tried to shine, the local bullies (organisational dead wood) would “take care” of their ambitions.

12. Any Change In The Scope Of Work Generates A Change Request

A few years ago at a workshop presented by Ron Baker of the Verasage Institute, I saw a picture of yacht belonging to a general contractor. At the back of the yacht was the lifeboat. The tiny lifeboat’s name was “Original Contract” and the big yacht’s name was “Change Request”. With that yacht and lifeboat, Ron demonstrated that most small projects tend to bloat into big projects through scope creep, and it is the seller’s responsibility to track the bloating process using change requests, and make sure that every stage of “bloating” gets documented and paid for.

But don’t overdo it like many lawyers do, because that’s just plain ridiculous, and don’t do it because you have to exert more work. Do it because the bloated project means higher value for your clients and your clients require that higher value.

13. Each Engagement Begins With A Detailed Diagnostics And Scope Discussion

At this point, most consulting firms present their fancy Powerpoint presentations about their people, their credentials and capabilities. They try to flabbergast their buyers with all the song and dance they put into their presentations. Sadly, this approach keeps them on their buyers’ vendor lists, next to plumbers, chimney sweepers and janitors. But they have no chance in hell to get on their clients’ the trusted advisor lists, next to the company’s corporate lawyers, tax attorneys and the buyers’ physicians.

Presentations are one-way streets.

Diagnosis and scope development are collaborative. The more clients are involved, the more they appreciate the value they receive.

The diagnostics establishes the exact cause of the experienced symptoms, and then scope discussion defines what’s included in the prescription to solve that root problem.

And after the diagnosis and the scope discussion, you offer a proposal NOT a quote.

What is the difference?

The former is a project proposal and the latter is a price quote.

The proposal focuses on the project with expected ROI. By contrast, the price quote focuses on the price.

Bottom feeder clients love collecting price quotes and set bidders at each other’s throats.

After all, any idiot can compare prices out of context.

Top-notch clients receive proposals because they have the intellect to judge and discern prices in context.

And one more point here. The proposal, a misnomer though the name might be, is a written
summary of a verbal agreement\(^5\). A price quote is the equivalent of blind man’s searching for a black cat in a dark room. The chance of catching it is virtually zero.

### 14. You Align Your Key Success Indicators With The Client’s Success Indicators

Sales quotas are not success indicators and have nothing to do with clients’ successes. I’m amazed how many realtors believe that their main differentiating point is how many different awards they have won for their sales performance.

Here in Vancouver the buses are decorated with realtors’ ads, and all they scream is how many and what type of awards they’ve won. As a buyer, all I can see is that he is a good salesman who can win awards by the bushels, but I have no idea how much of a real estate expert he is and how he can help me to sell my house or acquire a new home.

But, realtors’ being some of the nastiest, slimiest salespeople – I guess, neck and neck with car salespeople – real deep estate knowledge may not even matter.

Most success indicators of most consulting firms are reflective, that is, looking at them, people can reflect on what’s happened in the past. It’s like driving your car forward while staring at the rear view mirror.

Some predictive indicators come from clients. For instance, most clients like short turnaround time and continual communication.

So, look at predictive indicators like...

- Number of new 1-to-1 communications opened with new self-qualified prospects.
- Number of proposals submitted to qualified buyers.
- Frequency and quality of communication.
- Client feedback.
- Progress in personal and professional development curriculum.\(^6\)
- Size of waiting list or new entries on waiting list.

Knowing these pieces of data gives you a useful picture of what is likely to happen. They tell you when you’re headed towards the iceberg. The balance sheet nonchalantly announces that you’ve already hit the iceberg, you’re in deep shit and you’d better do something or you die. Nice. But also useless. That’s traditional accounting for you. Yet, in most consulting firms, accountants rule the land.

### 15. You Acquire Clients Based On Your Perfect Client Profile

\(^5\) So can learn more about this in *Mastering the Proposal Process* 

\(^6\) Every single team members must have a documented and up-to-date personal and professional development curriculum
Your market is pretty much about 0.5% to 2% of the best, and the other 98% to 99.5% of the rest. The idea of the perfect client concept is that your clients should come out of the top 0.5-2%. They are in serious growth mode (increase net profit per person), as opposed to being in enlargement mode (increase gross revenue and headcount).

Hint: The tiny little Koenigsegg beats the behemoth General Motors on growth (net profit per employee), although GM beats Koenigsegg on enlargement (gross revenue and headcount).

But as the saying goes, it’s not what you make, but what you actually keep that matters. The price-obsessed unwashed masses can help you to make good, even outstanding, gross revenue. But only the top of the pile, the value-focused vital few, can help you to make sexy profits.

Perfect clients pay on time, they have challenging projects and are pressure-free to work with. They treat you as a respected expert.

And bad clients are the opposite. They pay you late, haggle on your fees, have boring projects, pressurise you and treat you as a replaceable vendor. Their favourite phrase is...

“*Next time you have to give us a better price or we have to find someone else.*”

Let them find someone else. Let them find a bottom feeder that matches their own bottom feeder mentality. It will be a match made in hell, but now you’re not a part of it. Actually make it easy on them to find someone else by firing their stingy arses.

### 16. You Nurture Innovation In Your Firm

Google offers 20% “Google time” for its employees, when they can do whatever the hell they want to do. And from that discretionary time came Gmail, Google Docs, Google Earth and many other innovative services.

I’ve heard about an accounting firm in the UK that pays for their associates’ spare time activities, even if it is skydiving, painting-, dance- or music lessons.

Why?

Because leaders know that as a result of learning those new skills, those accountants are sharpening their brainpower, which is not a bad idea for accountants.

And those sharp-minded accountants charge extra-super-premium fees for their “sharp” work. And they are not only getting those high fees, but have massive waiting lists too. Waiting lists in a world where most accountants have to chase business one client after the other.

Google’s leaders and the leaders of that accounting firm knew that providing a culture of “daily grind” wouldn’t be innovative enough to thrive in the 21st century economy.

Sadly that’s all what most consulting firms provide to their people: A daily grind from futility to

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oblivion with occasional stops at tedium and counter productivity.
The majority of the baby boomer generation put up with “daily grind” type work, but the post-boomer generation doesn’t tolerate that. So, if you want your company to attract quality people, then you have to create a conducive and innovative work environment high on challenge (sexy mind-stretching work) and void of pressure (managerial tyranny).

**17. You Have A Lean And Mean Business Development Team**

Many consulting firms have grotesquely bloated and morbidly antagonistic sales and marketing departments. The gap between sales- and marketing departments is legendary. Therefore managing them feels like herding cats.

Now, I’ve never herded cats, but sometimes in the early 80s, at a rock festival, I entered a goose herding contest, and came second. While most people tried to herd their geese from the back, I led mine from the front. And with the right tricks, they followed me. But driving from behind almost always ended in a disaster.

Cohesive business development teams are led (pulled) from the front. Fragmented sales- and marketing departments are driven (pushed) from the back using quotas and threats. Leading any team is a bit of an uphill work, and we know that pulling things uphill is a lot easier than pushing them uphill.

Consulting firms are obsessed with hiring sales superstars and Ivy League MBAs with marketing degrees, and then setting them at each other’s throats with idiotic incentives, like sales commissions or other incentives, based on short-term individual performance.

At the same time the firm’s brochure sings the praises of teamwork and dedication to clients. Well, individual compensation destroys teamwork, and short-term compensation of any kind undermines both the client’s and the company’s long-term success.

**Summary**

So, we’ve looked at how to improve clients’ experience with your firm.

As David Maister points out in his study, published in his book in 2001, *Practice What You Preach: What Managers Must Do To Create A High Achieving Culture*, the numbers below indicate the impact each component can make on the overall financial performance of your company.
Rate your business in each area on a scale of 1 to 6. The increase of only one notch (from 3 to 4 or from 5 to 6) in each category can increase your firm’s financial performance by the indicated percentage.

So, if your business rates at 3 at “high standards”, and you push it up to 4, then you can increase your firm’s overall financial performance by 40.4%.

And when you look at this a bit closers, it’s not too shabby, isn’t it?

Just imagine what you can achieve by improving one notch in the 17 criteria we’ve just discussed here.

Many firm leaders believe that in order to reach the next level of performance, they have to hire more people.

It’s not about hiring more people but optimising the whole business system.

Imagine you’re driving your car and the engine is struggling. You may decide to replace the engine for a more powerful one, but before you do that, you may want to make sure that the hand brake is actually released. There is no point in getting a new engine, the equivalent of hiring more people, if your hand brake is set and that makes the engine (the equivalent of systems) struggles.

**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](http://www.di-squad.com).

**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](http://www.di-squad.com).

**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](http://www.di-squad.com).
**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](http://www.di-squad.com).