Assessing Consulting Engagements Both For Financial And Psychological Satisfaction
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For Boutique Consultancies And Solo Consultants
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Blog entry

What in the name of the holy sausage happened to the December 2014 issue? Maybe it was eaten by snakes. Who knows really?

I tried to wrap up some projects before the year ended, but it seems I got so bogged down that I fell behind on writing Commando Consulting. So, now it’s all shifted to January.

So, let’s see what we have here.

I don’t know if you’ve ever thought about it, but, in a way, traditional consulting requires the mentality of a bomber pilot: Fly in, release bomb and quickly get out.

It’s a great example as I’m listening to the first song, Night Witches, on the new Sabaton CD (Heroes).

It’s a tribute to the all female 588th Night Bomber Regiment of the Soviet Air Forces, formed by Colonel Marina Raskova and led by Major Yevdokia Bershanskaya.

Their approach describes traditional consulting quite well.

Fly in very high, turn engines off, freefall to low altitudes, release bomb, start engine and fly out. For that they used very light double-winged planes, left behind from the first world war, made of wood and canvas.

In consulting, senior consultant flies in to close the deal, then an army of freshly-minted MBAs “freefall” on the unsuspecting client. And the senior consultant can’t be reached ever again.

They do whatever they do and then vanish, leaving dubious improvements and astronomical bills behind.

Yes, it is always a great feeling for consultants to complete their engagements and moving on, but there is one more thing is left to do.

Sadly, most consultants miss this element of their projects. It is a sort of after action review, when we actually summarise what we have achieved.

Unfortunately, in traditional task-based consulting, this is irrelevant anyway for the emphasis is on going through the motions (of performing certain rigidly pre-defined tasks) and piling up as much stuff (deliverables) as humanly possible in order to “deserve” payment.

For instance, how many consultants do you know, who, after completing their engagements, return to their clients, let's say six months later and ask, “How is our recent handiwork performing in terms of revenue, new sales leads, lead conversion, quality of talents, etc.? How can we make it work better?”

So many consultants allow the market to perceive them as lukewarm commodities, thus forcing themselves to operate on high volume low margin basis. As a result, they have neither time nor

1 https://www.youtube.com/watch?v=SHg5LW3R3Pg
energy to discuss results after they have delivered their services.

How many consultants do you know who are always on the run, who are constantly busy and who sleep with their mobile phones just in case someone calls them at 2 AM?

I know only a handful of them who are not.

Many years ago when I was a member of the Canadian Association of Management Consultants and attended some of their networking functions, most of them started at 5:00 or 6:00 PM, I bumped into far too many consultants who either showed up late for or left early due to urgent “client issues”.

And what were those client issues?

In most cases, some internal messes in clients’ companies, but clients had decided to dump them on their consultants. And those poor bastards just couldn’t decline the opportunity to “prove themselves” and better deserve their fees.

That has led me to compile some engagement assessment criteria both for financial and psychological satisfaction.

**1. New Performance Capabilities**

Many experts talk about the new results that consultants can create for their clients, but there is a problem here.

Years ago when I was doing personal fitness training, I realised I couldn’t create results FOR my clients. I could build up their performance capability, but whether or not they used that capability to improve their performance was up to them.

What that means is that I was responsible for developing their performance capabilities but NOT for their actual performance.

In over 30 years of skydiving I’ve learnt that if my parachute malfunctions and I die, neither the parachute manufacturer nor the skydiving club is liable for my death. It’s entirely my own individual social problem, and I’d better deal with it on whichever side of the grave I happen to be after the jump.

They have given me the capability for smooth landing by virtue of a well designed and tested parachute and rigorous training. If, in spite of all that, I smash my petite little arse into the ground, that’s not their fault.

As a consultant, all you can do is to give your clients performance capabilities. If they mess things up despite your help and guidance, that can’t be your fault.

One objective of every consulting engagement is to share valuable skills with clients.

I know consulting lingo uses “knowledge transfer”, but since after sharing skills with clients, consultants still have the same skills, we can’t really call it transfer.

One more point about knowledge sharing. If it’s all possible, teach your clients principles, not merely methodologies. When you teach them principles, they can continue learning new
methodologies based on a specific principle after you’ve gone.
The problem is that most clients don’t care about principles but about silver bullets and easy
bullets, tricks and shortcuts. So, you have your job cut out for you.
The question often comes up why to share your skills with your clients. Doesn’t that work you
out of your career?
Just look at something a lot simpler: Painting and decorating.
You can buy lots of books and other “how to” materials on painting.
And lots of wide-eyed DIY-ers do.
Then they make a total mess of their expensive homes because they think anyone can paint.
Well, my dad used to be a master-certified painter-decorator and I did quite a bit of work with
him.
If happened quite a few times that people asked estimates from him, but having found it too
expensive, they decided to do the job themselves. Then two weeks and some messed up homes
later, they would hire dad regardless of the price.
And now because we had to clean up the mess, they ended up paying more than twice of the
original estimate.
Doing something well requires both competence and confidence.
I can teach you in about 30 minutes what to do when you make a parachute jump. But would you
have the confidence to exit the plane?
People hire experts, including consultants, because consultants have done something many times
and have built up the confidence to do the type of work that the client requires.
But if the consultant did the work FOR the client, without her and her people’s active
participation, that would be unfair for the client.
So, the consultant works WITH the client both to get the work done and to share his explicit
knowledge. Note that tacit knowledge\textsuperscript{2} can’t be shared. It has to be personally learnt through the
repeated application of explicit knowledge\textsuperscript{3}.
Our total knowledge is about 20\% of explicit knowledge and 80\% of tacit knowledge. Actually
some experts think this ratio is about 5\% of explicit knowledge and 95\% of tacit knowledge.
So, the basic premise of good consulting is what new capabilities clients have before and after
your engagements and how they can sustain these new capabilities after you’ve gone?

\textbf{2. New Systems}

According to W. Edward Deming, some 94\% of business failures are attributable to ineffective
systems.

\begin{footnotes}
\item[2] Tacit knowledge is intuition, gut feeling, trench work, experience
\item[3] Explicit knowledge is memorised data and information required from books and other resources
\end{footnotes}
Systems are important, for they make it possible for firms to produce reasonably consistent results, even if produced by different people. These systems can include recruitment, operational and appraisal systems, just to name a few.

Systems also provide an excellent leverage tool.

The giant consulting firms believe leverage is all about filling the shop with freshly minted MBAs and having them do the work, while, very often, billing them out at senior consultants’ rates.

In boutique firms, it’s much better and more effective using technology and systems as leverage, so fewer people can generate more client value, hence firms can increase their fees, and increase one of their most important success indicators: Net profit per associate.

### 3. New Relationships

New projects also lead to new relationships through social cross-pollination between you, your client and her colleagues.

Through your work, you’ve built up superficial contacts and deep relationships with several people in a broad range of areas of expertise.

All of a sudden, by engaging you, your clients have access to those people.

And, of course, you have access to your clients’ connections.

Only one or two valuable introductions can be pretty profitable for clients in the future.

And since the birds of the feather flock together phrase is pretty appropriate, you have to make sure that you carefully handpick your clients and only perfect clients can land on your client roster.

These high-level clients can introduce you to other high-level people some of whom may become clients down the road.

But there is high probability they become perfect clients, just like the clients that have referred them.

Especially if you’re an extroverted person, you may go for quantity in relationships, but it’s a good idea to hold yourself back and focus on quality. Go for fewer but deeper relationships.

### 4. New Opportunities

This section may seem a tad weird.

You can bring great opportunities into your clients' lives, but they may not recognise them as opportunities.

A local friend of mine has been in the car industry for many years. He started out as a car mechanic, but over the years he’s done lots of car financing including all aspects of corporate fleet acquisition and management and has built a couple of high-end dealerships (Audi, Porsche, Volvo, etc.)
The other day he was sitting in front of a freshly graduated HR manager (three months into her very first job), the company’s web designer and a procurement agent, and they were asking him about possible business development strategies for the company.

Based on 27 years of experience, he started outlining some ideas, but the HR girl kept interrupting him that none of what he was saying would work at this company.

The No BS German in him managed to stay for 20 minutes, and then got up and walked away.

The good news is that the VP of business development has banned the HR girl from interacting with intelligent human beings due to lack of street-smart business development savvy, so Wolf is going to meet some top-end people of the company for his next discussion.

The problem is that nowadays key positions are staffed, or rather stuffed, fresh graduates because they are dirt cheap to employ. And these greenhorns evaluate experienced professionals and new opportunities, and pass judgement on them whether or not they are good enough for the company to consider for further attention.

You may have a problem with highly analytical clients who just want you to put your head down and work without even looking up until you are done.

Although, in my view, those clients should be rejected to become clients or be fired immediately when they exhibit the dodgy behaviour.

Basic premise: What new opportunities do your clients have now which they didn’t have before working with you? How can they sustain these new opportunities after you disengage?

5. New Behaviours

Every kind of change involves deep behavioural changes.

And every kind of performance is merely a sequence of certain behaviours.

As you offer your clients new perspectives, they start thinking, feeling and, in turn, behaving differently.

And as people start doing things differently, they achieve different results.

The problem is that conventional wisdom says that if you want to achieve more, do what you’ve always done but harder and longer.

One manifestation of this retarded notion in business is hiring more people to do the work. But it’s just the same as marrying nine women and expecting them to give you a baby in one month.

Basic premise: What new behaviours have you installed in your clients’ businesses that have resulted in new and more valuable outcomes?

How can your clients sustain these new behaviours after you’ve disengaged?

6. New Performance

Every consulting engagement should bring new performance to clients.
But let’s do some hair-splitting first to clear things up a tad.

Let’s look at value and results.

Value is what consultants deliver to their clients and results are what clients make of applying the newly acquired values.

Now let’s see performance vs. performance capability.

Performance is all about results and performance capability is all about value.

As a consultant, you can deliver only performance capability to your clients, and it’s up to them to turn that capability into performance.

You can give me performance capability by giving me a high-performance Formula 1 race car, but since I’m not a top-notch driver, I couldn’t win a Formula 1 race with it, and I don’t think I would be brave enough to drive it faster than 90-110 mph.

So, even if I have a brilliant car and have taken lots driving lessons from some of the best Formula 1 drivers, with all the performance capability is in my hands, I still couldn’t perform high enough to achieve serious results because I’m not a high performance potential guy in car racing.

High performance happens when consultants deliver high performance capability to a group of people with high performance-potential.

Business philosopher, the late Jim Rohn, had produced a video about what sowing in reaping means in the world of personal development.

The same applies to consulting too.

Based on Jim’s concept, clients are the “soil” and consultants’ delivered value is the seeds.

Clients have different levels of performance potential at either 0%, 30%, 60% or 90% level.

0% is a deadbeat and 90% is a rock star. 100% exists only in theory so, let’s leave that alone.

Well, no one is perfect. Especially the ones who believe they are.
A 90% client makes outstanding improvement in her business using even seemingly insignificant value. She is the proverbial “dark rich, deep black soil”.

Into this “soil” the sower throws the seeds. That is, the consultant delivers her value (performance capability).

The collaboration between consultants and their clients is the cultivation process that leads to improvement in the client’s condition.

But when you take a 10% client and throw some amazing value at him, nothing happens. The value never gets converted to business results.

As a consultant, it’s vital that you gauge potential clients for what sort of “soil” they are.

**Summary**

One upon a time, Ivy Lee worked for the Bethlehem Steel Corporation as an advisor to John D. Rockefeller.

On a nice day, sometimes in the 1910s, to Rockefeller’s advice, Charles M. Schwab (Andrew Carnegie’s right-hand man and president of U.S. Steel) met Ivy Lee and asked him how he could make his work more effectively.

Lee dispensed him his value (sowed the seeds)...

> “Before you go to bed, make a list. Number your top priorities for the next day and let your subconscious work on your list while you’re sleeping.
> The next day, work on your tasks in the order of their importance, and move to the next task only when the previous one is fully completed.”

For his valuable advice, Schwab paid Lee $25,000, saying it had been the most profitable advice he had received. That’s a way over $1 million in today’s dollars.

And for what?

For three minutes’ of Lee’s time to dispense his wisdom.

No, it’s for the wisdom’s expected impact on the rest of Schwab’s life, regardless of the time Lee took to dispense it.

Lee’s advice was of high performance capability and Schwab had high performance potential.

When you add capability to potential, you can expect pretty amazing results.

Let’s consider a true commodity: The coffee bean.

Coffee bean trades at about $1 per pound, equalling to about 10 cents per cup.

Then comes the coffee bean’s transformation to coffee.

Just hop in the Cafe Florian in St. Mark’s Square in Venice, Italy and a cup of coffee sets you back by some $15. And in that cup, you have about 10 cents worth of coffee bean.

And as people are filing out, after paying their astronomical bills, they are already thinking about
when to come back for the next “experience” and who to brag about the kind of coffee they’ve just “experienced”.

At this level, coffee is not something you drink. It’s something you experience. And you can get the most out of your consulting engagements both financially and psychologically if you treat them as experiences both for your clients and yourself.

What do you think about all this?

With victory on high...

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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.