Eight Ways of Building And Nurturing Your Firm's Internal Values

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Blog entry

The time is 1988. The place is The Winter Olympic Games in Calgary, Canada.

Swiss skier, Pirmin Zürbriggen had already successfully completed the combined slalom, and, according to experts, he was so successful that he had a good chance to win the gold medal in his category.

All he had to do was to complete his second run. His time on the second run was almost irrelevant, since he was so far ahead of the rest of the racers.

But instead of coming down the slope at an easy pace to secure his medal, he started pushing his luck.

And as it was predicted by commentators, he fell and lost his hope for the medal.

Later on, an instructor who knew Zürbriggen well was asked about why he had pushed the envelope when he had basically already won the gold medal.

And the instructor told the reporter that Zürbriggen didn’t ski for the medal, but for reaching the next level of his potential.

For Zürbriggen, reaching the next level of achievement was more important than winning another medal.

The reason why I mention this example is because for consulting firms too there must be something more important than merely getting paid for the next project and meeting sales projections.

In my experience, one of the distinguishing factors between consultants is that the most successful ones are less concerned about how much they make and more concerned about how they make their money.

They aim at working with great clients on sexy, exciting projects.

And as a result, they get paid the most.

I know the words “sexy”, “exciting” and “nice” are subject to interpretation, but they express the essence of the type of consulting that is more than just a job to pay the bills.

And you can do the interpretation based on your own and your firm’s values.

If you’ve built your firm from scratch, there is a good chance that your firm’s values are the extensions of your personal values.

And the people that your firm employs have very similar values.

And what happens when firm leaders ignore these values?

In the absence of values, they have to construct complicated rules and policies.

For instance, one value can be that “We show up on time, every time, as promised.”

And what is the alternative to this value?

You have to install a time clock and mandate your people to clock in and out, and you waste your time monitoring their timekeeping. As a result, your best people will quit in a few months.
and you’re left with some people who may be easy to manage but are utterly useless to your firm’s long-term success.

Just look at the military.

The reason why soldiers live the “Never leave a teammate behind!” value is not because they are worried about the legal consequences in the Unified Code of Military Justice.

The “Never leave a teammate behind!” mantra is an unwritten value in the military

In general, people respect values more than they respect rules, policies and procedures.

Values talk to people’s hearts and inspire them.

Rules and policies talk to their heads and keep them in fear of the consequences. (Have you considered why most state schools don’t have values but lots of rules, policies and procedures?)

Values attract and retain high-calibre people; the kind of people who are almost impossible to control through rules and policies.

Rules and policies repel people. But only your best people have the courage to leave, so you can end up with a bunch of mediocre people.

The other distinction between values and rules/policies is that values are spread by demonstration, whereas rules and policies are spread by edict.

So, in this article, we look into a few values that could be important to reinforce in your firm.

So, let’s start with the concept of...

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**Be The First Among Equals**

First among equals is a term I first heard from David Maister and Patrick McKenna in their 2005 book, *First Among Equals: How to Manage a Group of Professionals*.

The essence of the concept is that firm leaders regard their associates as peers.

Firm leaders’ role is not so much to boss or manage their people, but leaders to lead their firms to the next level of success while demonstrating and reinforcing their firms’ values.

We’ve all heard the phrase, “practise what you preach”.

I believe it’s the other way round. First you practise it, and the practice earns you the right to preach it to others.

Without that practice, your people can laugh you back into your corner office.

While most managers use Frederick Winslow Taylor’s *The Principles of Scientific Management* as a guideline to keep people in line to work efficiently, leaders use Maslow’s hierarchy of needs pyramid to inspire their people to create magic in their works and lives.

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**Build A “Theory Y” Culture**

Douglas McGregor was a management professor at the MIT Sloan School of Management between 1948 and 1954. In his book, *The Human Side of Enterprise*, he posited his views about
human nature.
He called them Theory X and Theory Y.

According to **Theory X** (stick-based), people are inherently lazy, dishonest, dodge responsibilities, dislike work, thus they must be tightly controlled, coerced, threatened and punished.

Rewards and compliments should be handed out very sparingly because people get complacent and start expecting them undeservedly.

People should be kept on their toes through constant and never-ending threats and reprimands. They have to be kept in perpetual fear knowing that they can lose their jobs at the drop of a hat.

People have little or no ambition to achieve, expect maximum work security and wages for minimum contribution, commitment and accountability. They prefer to be directed, for they are too lazy or stupid to think for themselves.

According to **Theory Y** (carrot-based), people inherently like challenge and responsibility. People naturally do their best in every situation. They are innovative and proud of their achievements.

They highly appreciate rewards and compliments as signs of peer recognition.

They can practise self-direction and self-control.

People are willing to learn new skills, are creative and capable of thinking for themselves.

I reckon, now you see why it’s vital to build a theory Y work environment.

Consulting is knowledge work, therefore it can’t be managed the same way as manual labour.

Manual labour, apart from the fatigue factor, is a linear process. Consulting is not.

Consulting is non-linear and is not subject to the cadences of an assembly line. It moves by iteration and reiteration, a complex process of the mind and the heart. I include the heart here because empathy isn’t an intellectual thing.

While manual labourers’ performance can be measured, a knowledge workers’ performance must be judged and discerned in the right context.

Characteristics like interpersonal skills, empathy, passion, desire, ambition, motivation, innovation, creativity, job satisfaction, risk-taking, knowledge and pride don’t show up in manual labourers’ agendas, but for consultants they are the major determining factors of success.

To elevate Theory Y to the next level, add a (rather big) pinch of ROWE (Results Only Work Environment).

**ROWE** was developed by Cali Ressler and Jody Thompson a good few years ago, and they implemented it at Best Buy’s head office. The idea behind ROWE 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, especially in large corporations, got their
undeserved positions as a result of hard-core political manoeuvring, artful arse-kissing, scientific boot-licking and charismatic busyness, they see ROWE as a threat to their phony positions and bloated compensation packages. And it is.

The other part of Theory Y is high challenge and low pressure.

Challenge is the nature of the project, so high challenge is good.

Pressure is the nature of people, so pressure is bad and should be eliminated. It means the people who cause pressure should be eliminated.

Stress-free and liberated (from managerial tyranny and stupidity) people far out-perform enslaved ones. People step up and take more responsibility and start enjoying their peak performance.

People under pressure can’t do their best work. And if the goal is not to do our best work, then what’s the point in doing this whole consulting thing?

“If we are here not to do
What you and I wanna do
And go forever crazy with it
Why the hell are we even here?”

~ Ultimate by Gogol Bordello

### Develop Personal 1-To-1 Relationships With Your People

Many people say that business is not personal but just business, but since consulting is a highly relationship-based business, it’s all personal.

Of course, not every part of it, but some.

If, for example, a buyer politely and promptly, without dragging you around for weeks or even months, tells you he doesn’t need what you offer, then you can just move on. It’s not a rejection of you as a person but merely a decision not to acquire the value of your services.

But if the buyer hires you, but keeps reminding you how badly you’re gouging him because you’re so greedy (These buyers almost never looks at the achieved improvements), that can feel personal.

Especially if you’re an introvert like me.

If you’re a grave digger and have problems at home, you still can dig graves. You must have pretty major issues to hinder your digging ability.

And I can tell you from firsthand experience that grave digging is hard-core muscle work.

But consulting is equally hard-core brain work, and when your brain is preoccupied with some home-related problems – son is in prison, teenage daughter knocked up, cheated on by husband, etc. – you can’t think clear.

You simply can’t offer your best and brightest to your clients.

And since every personal issue has an impact on the consultant and his performance, it becomes
a business issue.
In my experience, most business problems are the escalations of unresolved personal problems.
Why?
It’s because we tend to build our business on our personal values, and, in an odd way, problems are various violations of those values.
And when our values are violated, we can’t operate at 100% capacity. We can pump in more hours, but doesn’t make a dickybird of a difference. All we achieve is that we increase labour intensity, but that doesn’t add value to clients’ businesses.
And this is why we have to keep the playing field clear and clean on a personal level, so no problem can escalate to business level.
What are some of the indicators that you have good relationships with your people?
One indicator is that you can phone your people’s spouses, and they recognise you by your first name only.
If you have to use your surname, then there is a problem.
If you have to get into a laborious explanation of who you are and why you’re calling, then there is an even bigger problem.
As a manager, your name must be a household name in your people's families.

**Allow Conflicts Between People**

Conflicts must be seen as the natural part of a great firm.
Using Mark Twain’s words, “It is not best that we should all think alike; it is difference of opinion that makes horse races.”
Conflicts are normal parts of life, and as a result of going through them, we can take not only small steps but quantum leaps forward. Fully resolving conflicts could be a huge mistake.
Imagine your firm’s practice development group.
Everyone in it agrees that the best way of getting new clients is cold calling and discounted offers.
Why?
Because they all have MBAs this is what they all have learnt in school (Most MBA courses use Wal Mart, McDonald’s and other high-volume, low-margin mass-marketing corporations in their case studies).
But one person in your practice development group is not a typical MBA but a Dan Kennedy disciple who says that dialling for dollars and offering discounts are idiotic and can ruin the firm’s reputation.
It means she is in constant conflict with the rest of the group.
As a result of the conflict, better client acquisition ideas are created, and the firm can achieve
more.
The firm gets more profitable, people earn more and get more satisfaction from their work.
Resolving conflicts is the same as trying to catch a falling knife.
You can catch it, but you may end up ankle-deep in blood. Your people must go through that conflict and learn from it. It must be a unique experience for them.
In most cases, conflicts act as catalysts to moving the firm to a higher ground.
If you try to fully resolve conflicts you can bring the firm to its knees.
But there are different types of conflicts.
What we’ve discussed above is professional conflicts related to strategies and tactics.
But we also have to address personal conflicts.
And unlike professional conflicts, personal conflicts, like politicking, gossiping and backstabbing, must me fully eliminated.
To prevent personal conflicts, it is a good idea to use The Kolbe A™ Index/Instinct Test. When recruiting new associates.
Unlike IQ tests and personality tests, the Kolbe A™ Index measures what you WILL or WON'T do in certain situations.
I know, nothing is foolproof, but it’s one step closer to recruiting the ideal people.

Build Structured Learning Opportunities

Every firm must be a learning firm, doing its absolute best to stay on the leading edge of its industry.
The mistake many consultants make is that they improve their subject matter expertise, but often ignore their clients’ industries.
For instance, if your market is medical doctors, and, instead of myocardial infarction, you use “heart attack” or “cardiac arrest” in your communication, then it can cost you some serious credibility.
Let’s also consider that learners are the most vital parts of the learning process. Firm leaders must create a culture in which people want to learn without being cajoled.
Firm leaders must also help learners to turn newly-acquired information into valuable knowledge by giving them assignments through which they can apply and practise.
There are three main phases: 1) Discovering what to learn, 2) Learning the topic, 3) Applying it on a regular basis.
The other aspect of learning is that with new knowledge you can add new value to your clients, which in turn warrants an increase in your fees. Every time you raise the bar, raise your fees too.

Develop A Feel For Your People
This is about getting to know your people not only at an intellectual level but also at an emotional level.
Remember that thoughts in the head create feelings in the heart, which, in turn, create action in the hands.
All right, your people are knowledge workers, but they still need to use their hands.
Getting a feel for your people also means you know your people’s strengths and weaknesses, so you can share the workload accordingly, and avoid basic mistakes.
You don’t send a hard-core introvert to run a lead generation seminar.
If you want to maximise the talents inherent in your people, you must know each of their unique gifts, and build their work on those gifts.

**Bridge The Gap Between Your Firm’s Culture And The Outside World**

The external performance of your firm (fees, margins, productivity, etc.) is just a manifestation of its culture and atmosphere, and its people’s values, beliefs, attitudes and way of thinking.
For instance, the car industry has seriously tainted its reputation because most car dealerships hire pushy, aggressive salespeople that use douchey methods to close sales.¹
As a result, buying a car has become the worst consumer experience on the planet.
Yes, you can increase productivity by pushing your people to sell more billable time, and driving your firm faster in second gear and on two cylinders, but eventually when something explodes, giving you a few pieces of shrapnel in the belly, your wounds may be just deep enough to kill you slowly in screaming agony.
The problem is that in their offices, far removed from their markets, consultants don’t talk about client-related issues.
Firm leaders don’t ask their associates...

> “So, how much value did you deliver to XYZ client last week?”
> “What did you do to deliver new value to XYZ client last week?”

They ask questions like...

> “How many extra billable hours did you sell to XYZ client last week?”
> “How many RFPs did you respond to last week?”
> “Did you manage to sell the proverbial 18-wheeler to XYZ client who really needed only a bicycle?”

What happens is that the subjects of discussions in-house are self-centred, so when consultants go out to the market, they are automatically self-centred and focus on their own needs at the

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¹ Vancouver car salesman denied the renewal of his sales licence for convictions for armed robbery, kidnapping, forcible confinement, extortion, driving under the influence of alcohol and/or narcotics (five convictions), theft over $5,000, possession of stolen property and break and enter.
client’s expense...

“How can I up-sell this client on something of very high margin?”
“How can I flog ABC Company to these suckers (the client) and collect a hefty finder’s fee for it?”
“How can I get this client promote us to his wealthy contacts?”

Whatever people talk about in-house is what people take out to the field.
Whether the internal discussions revolve around bottom line to the firm or improving clients’ businesses, this is what people act out on the field.
Oh, consciously people can act differently, but subconsciously they can’t.
And when the conscious and the subconscious get into a disagreement, the conscious mind has no chance. The subconscious mind raises it to the ground and gets what it wants.
So, make sure you create the kind of inside reality in your firm that can be perceived well on the outside world.

Outside perception vs. Inside Reality

Outside perception
- People mean what they say and do what they mean.
- Firm can be trusted and relied upon for honesty, quality and effectiveness.

Inside reality
- Work with perfect clients only.
- Highly differentiated services
- Integrity-driven leadership.
- Bold vision.
- Top-tier talents with a “contribution” mindset.
- Practice development is based on team-based farming/gardening.

Outside perception vs. Inside Reality

Outside perception
- You never know what people try to bullshit you with.
- You’d better be on your guard or just avoid this form like the plague.

Inside reality
- Work with any client with money.
- “We do anything for money”.
- Expediency-driven leadership.
- Day-to-day survival.
- Anyone with impressive credentials and a go-getter mindset.
- Practice development is based on individual hunting.

Maintain Two-Way Communication

We know that the key to every interaction is communication, but we also have to make sure it’s actually two-way communication. That is, both parties can both transmit and receive.
This is important because without two-way communication the organisation becomes a dictatorship.

The petty tyrant on the top barks the orders and the types of punishments he has in store for those miserable wretches who dare to fail to follow his orders.

Two-way communication also means that managers have to be able to represent both their team members’ wishes to firm leaders and their firm leaders’ wishes to their team members.

While I am against extensive hierarchies in consulting firms, I believe there is need for some. It’s not a good idea when a summer intern interrupts a senior partner in the middle of a major client negotiation to ask where he can find some sugar for his coffee.

And since we are at communication, make sure you built a “please”- and “thank you”-based firm, that is, people communicate with each other with courtesy and respect.

Remember, unlike in any other industries, in consulting firms you all are equals, so you must treat your people as your ardent partners in revolution. After all, your vision is all about making the world a better place.

Firm leaders love to pontificate about wanting to be partners with the clients. First they should learn to be partners with their own people.

Otherwise the whole partner concept can blow up in your face so badly that you end up blowing smoke from every orifice of your body for weeks to come.

**Summary**

When it comes to managing your firm and leading your people, you can do it either through rules and policies or values.

The huge difference is that good values speak to our emotions and spur us into action. But rules and policies are something we acknowledge and often ignore.

Good values allow you to lead your people from the front because you the right people will follow you.

But if you try to lead through rules and policies, you have to manage from the back to make sure people comply with your rules. But that’s a horrible job.

The problem is that if you’re busy herding your people from the back, then who is leading them from the front?

Probably no one.

Most consulting firms have their values on their websites. Leaders pontificate about how client-centred they are.

And associates roll on the floor with laughter when they read those values?

So, how are your values at your firm? Who is laughing at those values? Who is taking them seriously?

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