THE MAKING OF A CONSULTANT

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Ed Jordan, Pinehurst's President, has a phrase that he often uses — "MAKING IT HAPPEN". In a real sense, this is what consulting is all about:

- *Getting clients to take action that is in their best interests.*

To the extent we are able to achieve this objective, we succeed as consultants.

As independent consultants, our practices vary from administrative services to major fee study engagements. Obviously, some skills are more important in certain situations than in others. This, then, is sort of a check-list on skills, attitudes, and approaches to clients that we need to remind ourselves of regularly.

WHAT DOES A CONSULTANT NEED TO BE?

Let's discuss some of the characteristics of the successful consultant.

- First and foremost, he or she has to have a fairly high intelligence; not genius level, but pretty smart.
- The consultant should be a "quick-study"; able to grasp new ideas, concepts and facts in a timely way.
- The consultant should be able to organize data and information in useful ways. To demonstrate and communicate conclusions is a very necessary skill. This includes presenting tabular data and graphics and, for data that is not quantifiable, presenting it in logical prose.
- Analytical ability is closely related to organizing data. Identifying the pertinent, relevant facts and data is a critical skill.
- As the issues we are most concerned with deal with pay and benefit costs, we need to understand financial and accounting concepts. The costs we deal with primarily affect the P. & L., but some are balance sheet transactions, and a few are both. Understanding the client's economics and their representation (accounting principles, such as GAAP) is essential.

- Other specific techniques we use in our practices come through experience in working on client problems, reading, or watching other consultants at work.
- A good consultant is intellectually curious and constantly tries to expand his or her base of knowledge. We should all keep working at broadening and deepening our knowledge base about the business we are involved in. We will serve our clients better and be more sensitive to business opportunities.
- An integral part of this intellectual equipment is communication skills. Verbal and written communication skills are the “sine qua non” of a consultant. All of the rest of consulting skills are worthless if we cannot communicate in a way that persuades the client to take action.

These are skills which can be learned and we must practice them constantly. We should all follow the practice of peer review on our written communications, especially proposals and reports. Major verbal presentations should be rehearsed with peers for critical comment and practice.

The ability to concentrate totally on a client problem is the key to using your time well. This may be for short periods (hours) or long periods (days or weeks). This depends partly on the complexity of the problem, but partly on our personal make-up. Some people work better on a single problem until it is completed, others can “juggle” several at once. The important thing is to get the job done in as short a time as possible.

Integrity or intellectual honesty is the quality that makes the other skills count. The quality of our work rests on the ability to give our best thinking to solve the client’s problem in the most cost-effective way.

APPLYING CONSULTING SKILLS

Clients hire consultants for one or more of these basic reasons:

- Technical expertise, which the client does not have internally.
- To get a problem solved in a short time, even where the requisite talent exists internally.
- To get an objective viewpoint on a problem.
- To solve a problem and to get the solution implemented.

Consulting costs are typically two to three times the cost of hiring talent. We can justify these fees only when we provide value. The final test of value is solving the problem and getting the client to take action.

Consultants justify their costs to the clients only by working faster, working smarter and getting results for the clients. Our experience in the business is our major asset. This gives us the edge even when the client has "inside talent."

Let's go through the steps of getting and performing a successful engagement, in short, applying our consulting skills.

The Proposal Phase

This is the critical first step where we have to turn an inquiry (or solicitation) into a prospect and then into a client.

The prospect must agree that he or she has a problem. We must help the prospect define the problem and gain his confidence that we are the ones who can solve it for him. This step is crucial and we must learn as much about the situation as possible. This includes the client's attitudes, what kind of company it is, and what their circumstances are in the problem.

Learn to listen and get the prospect to talk by skillful questions that are pertinent to the subject. This may take one or several meetings, with one or more people to get a thorough grasp of the situation. Careful judgment in the amount of time in this phase is required relative to the potential size of the engagement.

The end result of the prospect meetings should be:

- A thorough understanding and agreement of the problem.
- A clear idea of
    - The scope of the study.
    - The steps and time required to complete the work.
    - The amount of client communication involved in meetings and reports.
    - What the solution is going to be, at least in form, if not in detail.

You are then in a position to write a proposal. The proposal should clearly define the scope and the end result of the study so that there is a clear understanding with the client. Secondly, the proposal (with the engagement estimate sheet) should be a blueprint for the engagement plan. You should also have a mental image of what the final report will look like.

The Study Phase

This is where the sum total of your intelligence, skills, knowledge and experience really count. You have a time budget, a broad outline of the engagement and a fairly clear idea of the end result of the study. The trick now is to get the job done, on budget.

It may be necessary at this point to prepare a detailed engagement plan, if it is a large study and where other people are involved. On a small study, when you are doing all the work, you may be able to keep it in your head.

You will probably need a check-list of all the documents, data and information required. This should be specific to the problem, not a fishing expedition. You can get lost and lose sight of what you started out to do if you get too much irrelevant information. The data base of a study frequently requires information to be gathered through interviews. If so, structure, the interviews with a check-list of questions; this saves note taking and assures that you have covered all of the questions.

After you have the required data, the analysis starts. On much of our new work, we have a very good idea of what needs to be done in the way of analysis, organization of data and graphics. As you collect and organize the data base, you will begin to form some conclusions (or working hypotheses).

This is a critical step if you can form some tentative conclusions which will result in useful recommendations. For then you can review and analyze the rest of the data to determine whether the tentative conclusions are valid or not. This process can save a large amount of analysis time, and expedite the solution to the problem. If you are correct in this step, the study can proceed very rapidly.

The report starts to take form, the tables and graphs become organized and you have the basis for a good progress meeting with the client.

A well-organized, well-written discussion outline (or presentation) with solid facts and analysis will quickly bring the client along with you and you can proceed with the next steps.

Conversely, a poorly structured client progress meeting can end in uncertainty and confusion and it’s back to the drawing boards. And a probable over-run on the engagement.

The efficient use of your time is critical during the study phase. Make reasonable commitments to the client for due dates, but be sure you meet them. Commitments to clients are the best way we have of disciplining ourselves. Something else will always intrude on our time if we are not “under the gun” to the client.

Report Phase

Well-organized progress meetings based on good solid fact finding analysis and conclusions will simplify the report writing. Tables and graphs should be largely completed and the text should go pretty fast. Make an outline of the report organization and it should read like an index with chapters, major side-heads, minor side-heads, and the appendix of tables and graphs.

Report writing is very time-consuming and typically amounts to 40% of the fee costs. But you can minimize the time if you organize and use your time well.

A good report should stand on its own and not presume any special knowledge on the part of the reader. All pertinent facts, background analysis, conclusions should be included. It should make complete sense to any reader in the client organization over a fairly long period of time. So always keep in mind that you are writing to a stranger, not necessarily to the client contact executive.

A report is not of much value unless the client takes action to solve his problem. He should be convinced before the report is written, but others are frequently involved in the decision to take action. Find out who that audience is and write to them in clear, positive prose. Keep it simple and make the logic compelling.

SUMMARY

Being a good consultant is a combination of intelligence, know-how, experience and attitude. It involves, above all, making good use of your time, which requires self-discipline. And it is very hard work.

But if you succeed, the rewards are well worth it, both financially and in self-fulfillment. And the satisfaction that you have served a lot of clients very well.

A consultant's job is to get clients to take action that is in their best interests. To be successful, the consultant must:

1. Combine intelligence, know-how, experience and attitude.
2. Be a quick study, able to grasp new information efficiently.
3. Be good at organizing data and information, and presenting it in useful ways.
4. Understand the clients business and its accounting treatment.
5. Be intellectually curious and constantly expand his/her base of knowledge.
6. Focus totally on a client problem.
7. Learn to listen, and guide the conversation with skillful questions.
8. Get the job done, on budget!
9. Write well-organized reports.
10. Persuade the client to take the recommended action.