

Consulting in the 21st Century: Managing the Paradox

BY KAREN V. BEAMAN



■ *Introduction*

“...the millennium clock of a well-known Swiss company ... promises to be Y3K compliant. As well as the usual hour and minute hand, it has a year hand that tracks around a spiral scale which has every year from 2000 to 3000 marked. What an heirloom for future generations of your family, if it still works in 3000! Not to forget, that the ever precise Swiss are not celebrating the new millennium until one year from now.”¹

I wonder if the new millennium watch will be able to provide us with any more warning of what Y3K will bring than we had about Y2K? If only we could consult an oracle or fortune-teller to find out what the future holds... Why can't consultants help us better prepare for the future?

You've probably heard the joke about the client who asked the consultant what time it was. The consultant responded, “Give me your watch and I'll tell you.” Consultants are much derided throughout the world; nevertheless, they fill a vital role in our industry. As illustrated by this joke, consultants help their clients to see things right before their eyes; however, they also bring different and fresh perspectives to a situation, helping their clients to see things that they themselves could not see.

Consulting is one of the oldest professions, going back at least to the time of the ancient Greeks, well before the Common Era. The Greeks believed that con-

sulting an oracle brought a direct response from the gods. Both common citizens and public officials, for example, consulted the Oracle at Delphi, one of the first known consultants. The natural vapors emanating from the chasm at Delphi, situated on the slopes of Mount Parnassus, were believed to be the voice of the god Apollo.

“The equivocal replies of the Delphic Oracle have become famous in history... they were so obscure... so incomprehensible... that their interpretation was considered as important as the oracle itself. The case of Croesus, the king of Lydia, is a good example. In answer to his question, the god said that if he [Croesus] waged war on the Persians, he would destroy a great power... he never suspected that he would destroy his own kingdom if he fought the Persians. This earned Apollo the surname “Loxias” or the Ambiguous One because of his obscure answers....

“The priests exploited the clients of the oracle. Each visitor had to sacrifice a honey-cake to Apollo. These honey-cakes were sold by the priests. Also, each visitor had to pay for a guide in the temple. Each large city-state or country had its own representative at Delphi. If one’s home had not sent a representative, the priests offered locals as guides, for a small fee.”²

And so, since the beginning of modern times, consulting has been viewed as mysterious, mercenary and even at times dishonest... and, sometimes with good reason. Consultants who don’t explain or back up their answers, who don’t document their work or transfer knowledge to their clients, and who are intent on nickel-and-diming their clients for every minute of service provide some explanation for why the industry has been saddled with such a questionable name throughout the years.

*It is a simple fact
of human nature
that people do not listen
to those they are closest to
nor see what is right
in front of them.*

nation for why the industry has been saddled with such a questionable name throughout the years.

Yet, consultants serve a useful purpose. As is often the case, an outsider can point out things to a client that an employee or other insider cannot do. This can either be because the employee is so close to the situation that he/she can’t see it, or because people generally — and sadly so — put more value on

what someone from the outside has to say, especially someone whom they are paying. There is nothing inherently mysterious or dishonest (although you may consider it mercenary) in telling someone the time by looking at their own

watch. It is a simple fact of human nature that people do not listen to those they are closest to nor see what is right in front of them.

■ Forces Affecting Consulting

According to the GartnerGroup, CIOs give three basic reasons for using external consultants:³

1. Access to specialist knowledge: in general, consulting firms have access to a wider-range of skills, such as leading-edge technology, than does the average organization.

2. Broad experience: consulting firms have experience across a wide range of businesses, enabling them to choose the best solution when working with each individual client.

3. Flexibility: consulting skills are readily and quickly accessible, and the supply of people can be turned on and off at will.

The information technology professional services industry is one of the fastest growing business areas in the world. There are many forces acting on the consulting business and spurring on this growth rate:⁴

- Worldwide skills shortage
- Growth of the Internet and e-Commerce
- Globalization
- Economic stability
- Outsourcing of non-core activities
- Customer demand for a complete solution
- Customer relationship management
- Y2K lockdown
- Advent of the euro (Europe's new single currency)

Some predictions claim that as much as 50 percent of the workforce will soon be made up of consultants, contractors and other contingent workers,⁵ all of whom, it should be noted, serve different functions. "Consulting" is quite different from "contracting," and both are decidedly different from what contingent workers do. In consulting, an individual offers specific expertise to "guide" the client through the steps necessary to reach an agreed-upon objective. In contracting, the individual actually "performs" the work, at the "direction" of the client. Contingent workers are temporary helpers used to fill gaps in the workforce. The remainder of this paper will focus on this definition of "consulting"—that of guiding and advising clients in a specific business area—and not on contracting or contingent work.

■ *Consulting in the 21st Century*

Although the millennium changeover is just an arbitrary date based on the relatively inaccurate Western calendar, it provides an opportunity for reflection and assessment. Just what is it that makes a consulting engagement successful — for both the client and the consultant? And what will need to be different about consulting in the 21st century?

In my opinion, the winning consultant in the new millennium must become a master at managing the paradox. The speed of change and the level of competition are too fierce today to permit companies to pursue a single strategy and stay in the race. Companies need to perform “apparently” contradictory tasks at the same time. They need to have a long-term vision, yet act on short-term objectives. They need to globalize their operations, yet remain sensitive to local situations. They need to capitalize on best practices, yet retain their individual competitive advantage. A valuable consultant is one that helps their clients reconcile these paradoxes and follow multiple, even conflicting, tracks simultaneously, keeping the overall end goal in sight.

Consulting in the 21st century requires a new business model — a business model that is responsive to individual client needs and specific situations, yet all-encompassing in providing standard, rapid solutions to the fast-changing needs of organizations. The new consulting business model must also be flexible and scalable to meet the needs of diverse organizations. It must promote single source solutions — solutions that begin at the visioning and strategic planning stages and that continue through business process improvement, software selection and system integration, encompassing the full system architectural assessment and technological infrastructure implementation as well.

There are six “seemingly” paradoxical capabilities that will be increasingly vital to the successful consultant in the 21st century.

► **Technical and Functional**

It goes without saying that consultants must possess the relevant technical and functional skills. It is no longer sufficient, however, for a consultant to be either the greatest network or database technician on the planet or the most knowledgeable compensation design expert in North America. The successful consultant must be both! Consultants must be able to apply their expertise to the client’s business objectives, marrying the functional business need with the technical solution. It is this combination of both technical AND functional expertise that will make a consultant successful in the 21st century.

► **Generalist and Specialist**

In the same vein, consultants now have to be both generalists and specialists. They must have broad knowledge and experience in a wide variety of indus-

tries and business functions, but also specific expertise in critical business areas, such as ROI (return-on-investment) analysis, change management, process improvement, workflow automation, the Internet and e-commerce. Expertise in benchmarking and in best practice solutions is becoming increasingly important as companies seek input from their consultants on ways to improve efficiency and productivity, while reducing costs. In the 21st century, the ability to be both a generalist AND a specialist is going to become even more critical to a consultant's success than it is today.

► **Tactical and Strategic**

“Think strategically, act tactically” a former boss once told me, a piece of advice taken to heart, especially in this age of increasing competition in which we have to out think, out plan, and out deliver the competition. Clients want their consultants to help them define the “big picture” of where they are going, but, at the same time, they want immediate results and payback for their investment. Companies are no longer content to dump hundreds of thousands in long-term strategic planning exercises, without short-term deliverables that they can put in place along the way. The consultant of the 21st century has to balance both long-term, strategic objectives AND short-term, tactical solutions to be successful.

*The skillful consultant
must balance both
global demands
and local needs.*

► **Local and Global**

While everything we read and hear talks about how globalization is on the increase, there is no question that companies still operate in local communities, with differing legal requirements, cultures, customs and languages. The skillful consultant must balance both global demands and local needs. In *Managing Across Borders*, authors Christopher Bartlett and Sumantra Ghoshal (1991) have called such an approach the “transnational solution”.⁶ The transnational consultant must master the paradox of being responsive to local cultural needs AND strive for global efficiencies. At the same time, we must leverage and share the experiences we learn worldwide.

► **Custom and Standard**

I've always told our new consultants that if they can't provide their client with at least three options, along with the pros and cons of each, they're not doing their job. Companies want choices; they want custom solutions, tailored to meet all of their specific business needs. At the same time, they want standard solutions that require minimal adaptation in order to effect a rapid implementation and to reduce ongoing maintenance costs. The key to satisfying

such seemingly paradoxical client expectations is to provide flexibility — standard solutions that are adaptable and scalable to a variety of business situations — such that clients can have both a standard AND a custom solution, simultaneously.

► **Open and Proprietary**

Over the years, consultants have built up massive knowledge databases, which now contain a wealth of solutions from the company's prior consulting engagements. Clients are now demanding open access to these “gold mines” of hitherto proprietary information, and, for a fee, some consultancies have done this, such as the GartnerGroup and Ernst and Young. But clients are not always willing to pay for this access, particularly when a couple of hours spent surfing the Web can provide much the same information — and for free. Clients are now expecting that this open information access be a part of the standard consulting fees. The paradox for the consultant is in providing such open access to their proprietary information AND, at the same time, protecting the unique solution that gives the consultancy its competitive advantage.

Meeting all of these requirements is a tall order. But no one ever said that consulting was easy. Clients expect more from consultants than they do from their own employees, primarily, because they are paying more for their services. As client expectations continue to increase, so too do our consulting capabilities need to expand in order to keep pace.

■ **Conclusion**

Consultants are both loved and scorned in our industry —another paradox! Client expectations are increasing and consultant capabilities need to grow to meet those expectations. Otherwise, we will continue to be the brunt of even worse jokes (such as, when the client asked a consultant what time it was. The consultant answered, “What time do you want it to be?”). In order for the consulting industry not to be viewed as the mysterious ranting of an oracle or soothsayer, consultants need to expand their reach and embrace the paradox of our times.

Karen V. Beaman is Vice President of International Operations for AG Consulting, a wholly owned subsidiary of ADP, Inc., providing management and IT consulting services for human resources and finance. She is currently the Editor-in-Chief of the IHRIM Journal and a member of the IHRIM Board of Directors. She can be reached at KBeaman@AGConsult.com.

■ Endnotes

1 *I3 Update (Intelligence — Insight — Innovation)/Entovation International News*. Issue 35. December 1999. David Skyrme Associates Limited (www.skyrme.com) and ENTOVATION International Limited (www.entovation.com).

2 “Greek Oracles: Delphi & Method of Divination.” From website: <http://members.xoom.com/ancientwrld>.

3 “High-Priced, Arrogant Consultants: A Staffing Solution?” *GartnerGroup Research Note*. J. Furlonger. February 1998.

4 “Western Europe: IT Services Market Forecast and Shares 1999.” *GartnerGroup Executive Report*. November 1999.

5 Row Henson. “The Worker of the Future.” *IHRIM Journal*. June 1998. Volume II. Issue 2.

6 Christopher A. Bartlett and Sumantra Ghoshal, *Managing Across Borders: The Transnational Solution*. Boston: Harvard Business School Press. 1991.