

DISRUPTIONS... Consultants Have Them Too

Part Two of a Two-Part Series

by Phil Phillips, PhD
 Contributing Editor
 phillips@chemarkconsulting.net

In Part One, we discussed the HBR conclusions: “We have come to the conclusion that the same forces that disrupted so many businesses, from steel to publishing, are starting to reshape the world of consulting.”

We concluded with the two reasons, up until now, HBR has for consultants being immune to disruption . . . opacity and agility.

Being opaque, the “black box” of the team room, causing extreme difficulty in the measurement of the consultant’s inputs in combination with the BIG GUYS agility, the flexibility to respond to the threat of disruption in the past, is being stripped away with new models from lesser-known more focused and targeted consultants.

In this issue we will examine two questions: Are Consultants in danger of disruption? & are Clients hiring the right firm for the job?

Legal Profession

For example, the legal industry has been and is currently under pressure with both their customer . . . the disgruntled client as well as their new competitor models. An Advanced =Law survey of general corporate councils found that 52 percent agree (and only 28 percent disagree) with the statement that general council “will make greater use of temporary contract attorneys,” and 79 percent agree that “unbundling of legal services . . . will rise.”

“Cost pressures force clients to abandon the easy assumption that price is a proxy for quality.”

So, the pressure is on ALL consultancies but especially the branded large firms where their fees are “line item” expenses that stand out as large versus the measureable results clients receive.

These large branded firms have started to counter the pressure stemming from client inability to capture measureable results by seeking out smaller, more-focused industry-knowledgeable boutique consulting firms,(to absorb or contract) in hopes by doing so they will maintain their higher fees but produce both solid qualitative and quantitative results in the process.

However, smarter more agile clients are finding these boutique consulting firms themselves thus “going direct” cutting enormous costs in the process.

Consultants... You Are In Danger If...

- Recently it has become more difficult to win clients and satisfy them.
- You have been more and more left out of the loop when a client set of project objectives are being developed.
- When lower level personnel monitors your progress.
- You are competing with new rivals who are more specialized.
- Clients ask you to partner with other consultants.
- You are revising your business model in order to manage smaller projects.

Clients... Do You Have The Right Consultant?

- What’s your time threshold for outside consultancy review and measurement? Have you examined the opportunities for spreading

your work across more specialized providers?

- Have you aggregated consultative spending across company to ID both the absolute amount and the patterns by individual firms?
- Do your consultancies make transparent the breakdown that underpins their recommendations? Can you standardize these analyses into hard assets?
- Do you bring in experienced professional services industry staff members when developing proposal and managing same?
- Do you have an “outcomes-based system” for measuring the quality of the providers work?
- Do your assessments “drive” decisions about future consultancy hirings?

It is very interesting to note that HBR’s interviews with consultants who rejected the notion of disruption in their industry cited the difficulty of getting large partnerships to agree on revolutionary strategies. “Why try something new, they asked, when what they’ve been doing has worked so well for so long?”

This is exactly the attitude that has given a set of solid disruption opportunity platforms to so many other industries over time . . . like the horse and buggy to cars; the typewriter to desktop to laptop to iPad; land-line phones to cell phones; mail to email and finally, the stated disruption of the leaders in the legal services industry’s top franchised firms (Consultants), is undeniably under way. **CW**

Reference: *Harvard Business Review*, October, 2013