

## **“How to Manage the Snake-Oil Salesman” by Charles B. Wendel**

The above title serves as the sub-heading of a recent *Economist* article titled, “A retiring consultant’s advice on consultants.”

The concept of the column is simple: a soon-to-retire consultant offers advice to a newly appointed CEO concerning how to choose a management consultant. While he jokingly alludes to a 120 (!) slide PowerPoint deck supporting his views, mercifully, it is not included here. The opinion piece does provide some useful insights for management’s consideration and five related recommendations.

**Be ready for the “bait and switch.”** Big consulting firm economics depend upon leveraging junior consultants while a firm’s senior people handle multiple clients and focus on new business development. For example, when I was junior consultant I remember one Board meeting in which the senior partner introduced the team, made some opening comments and, then, without explanation left that meeting, most probably to head to an airport and another Board meeting. The article notes: “Do not be fooled by the eloquent veterans who will turn up to your office to plead for your business. The work will mostly be done by clever but pimply 20-somethings, armed with two-by-two matrix frameworks recycled from client to client...Meanwhile, those grey-haired senior partners will pop by from time to time. Beware.”

An exaggeration, of course, but not by much.

**Watch out for “land and expand.”** In other words, once there, big firm consultants try to expand their work and tie themselves into a company. One bank head recognized this saying, “You guys are great, but it’s like getting gum on the bottom of your shoe.” The consultant goes on to mention that, oftentimes, companies hire the more senior consultants working on a project. Rather than objecting, the consulting firm views this as an opportunity to sell to their grateful alumni: “Hire them, but do not give them the cheque book.”

**Question everything,** in particular, the growth and market sizing numbers that consultants provide. Clients want to see big numbers and big consultancies are happy to provide them. I’ll never forget a meeting early in my career that included estimating the number of checks written each year. The project’s partner assembled his team of MBAs in his office and proceeded to ask each one, “How many checks do you write in a month?” Based upon a sample size of six and a large supply of chutzpa, he build a model forecasting its size. Having been a banker before entering consulting, I left that office never again believing slides that claimed veracity based upon that consulting company’s analysis.

Outside of financial services, the *NR* website in an April 2022 article titled, “Another Source of CNN’s Delusions of Grandeur” mentions that CNN had “unreasonable expectations for the success” of its streaming product. The article goes on:

“CNN executives, with help from consulting firm McKinsey, originally expected to bring in around 2 million subscribers in the U.S. in the service’s first year and 15-18 million after four years.

‘With help from consulting firm McKinsey.’ Ah. That explains it.”

Both the consultant and the client wanted to believe in big numbers to justify the required investment and revitalize CNN. Unfortunately, the big number came at the end with Yahoo estimating that CNN had spent \$300mm on the failed venture.

**Take none of the blame...and all of the credit.** The article refers to management consultants as a “human shield.” Execs can blame them for bad ideas, based upon “their illustrious reputation.” Sadly for me and other smaller firms, a small company, even if does great work, lacks the reputational clout of one the top five-six firms. “X recommended it” is a phrase I’ve heard multiple times, sometimes accompanied by a head shaking in disagreement. But X convinces the top people to act, never mind the experience or skepticism of others.

**Experiment with polygamy,** meaning use multiple consultants rather than rely on only one. That seems obvious, but the big consulting firms work hard to keep rivals out. They are also willing to play to senior management egos by invites to speak on podcasts, be featured in articles, etc.

I’d add one more recommendation, of course, in my own self-interest. Hire the person and not the brand if you want to improve the likelihood of success with the consultant you bring in to help your organization. I’ve found that some consultants at big firms are under enormous stress both from managing internal politics and meeting ever increasing revenue goals. That may leave less time for the quality ideas clients are hoping for.

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