

Who Put the “Con” in Consulting? by Charles B. Wendel

Consultants are frequently criticized by the media and their clients. While this criticism is often valid, clients themselves bear much of the responsibility for inadequate project results and excessive billing.

First, about consultants. In the last year or so, some big consulting firms have been highlighted in articles suggesting conflicts of interest and inappropriate actions. Most prominently, it seems that almost monthly the *New York Times* features a story related to McKinsey & Co. (my long-ago alma mater). Media stories have discussed its involvement in South Africa, China, Russia, the US Government as well as with Oxycontin and CNN+. Whether valid or not, all of them cast a negative light.

More generally, consultants may begin a project with a bullseye on their chests rather than a halo around their head. Who are these suited up people whom management presents as knowing all the answers? When I was a (relatively) young banker, my newly recruited office head brought in a consultant friend to meet one on one with all the staff. To my inexperienced eyes, he looked very polished and authoritative. We also thought one word from him, and we were toast. But he came and went, and we never heard anything about what he had done or why. That was my first exposure to consulting.

A few years ago, I spoke with a senior banker who had historically avoided controversy and seldom pushed back against top management edicts. It seemed that overnight his approach changed, and he was now willing to stand up and express provocative opinions that could upset his bosses. Over lunch, he admitted his new-found honesty related to the fact that he was retiring shortly. In my own case, I am way closer to the end of my career than the beginning, but I've never been known for mincing words even when I should have. So, here goes.

The hirers, and users of consultants, YOU, should admit your responsibility for a mediocre or failed project and take action:

- Some companies hire big name consultants so that executives can exploit or hide behind their brand names, for example, “X told us to do that,” but X may not be the right firm for the assignment. X’s business model demands they leverage junior resources to increase billings while giving the most experienced consultants time to hunt for more business.
- Junior executives may have been taught not to push against these high-cost experts. More than once a banker has told me he disagreed with the recommendations offered by X, but top management had bought into them. The more junior person was not going to risk himself to oppose them.
- In other cases, the client team fails to communicate with and include top management throughout the project. This may cause consultants to focus on less critical areas and/or result in poor implementation of recommendations. In some cases, the client team almost seems afraid of bringing in their bosses.
- In designing the project some clients focus on their own silo’s survival rather than what is best for the company. Years ago, I worked with a big bank in which three units had each

hired different consultants to work on an overlapping project. Bad for the bank, but great for the consultants.

- Consultants are often hired for the wrong reasons, or the client fails to involve bank staff as key project team members. A client may assign one or two people to the project as its start, but then they are swallowed up quickly by other activities and seldom seen again.
- Top management lets the consultant stay too long. It is a rare consultant who will raise his/her hand and say “All done. Goodbye.” They have mortgages and are fighting high inflation too. It was a former bank Chairman who said that consultants were helpful but getting rid of them was more difficult than getting gum off your shoe. I know of one young analyst at a client company who observed that the big-name consultants there were billing big dollars. He thought his cash negative company should assess the consultant’s value and, probably, reduce their activity. When he mentioned this idea to his boss, he was warned off. Basically, the consultants were untouchable. (A personal aside: Lucky them!!) Bad news for a company with rocky finances.

The consultants I know want to do good work, want to provide value, want to help their client to succeed. But the client needs to be engaged intimately in what the consultant is doing, why they are doing it, and what it will provide the bank. A detailed proposal that can serve as a living document and a checklist for a project’s deliverables, becoming a critical element for a project’s success.



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