Why Consulting Projects Fail?
by Charles Wendel

How do I get a bank to actually do something with the recommendations my firm makes? I would like to say we always succeed, but unfortunately both for the client and me too often success is incomplete. It may seem self-evident that a bank would act on our recommendations, since they have spent time and money on selecting a consultant and have dedicated resources to the project.

Too often, however, accepted recommendations get shelved or delayed even when management was fully informed and part of the decision-making team from the start. Even worse, months after a project has ended and the consultant has departed, we have seen banks review their progress and proclaim great progress, in effect grading themselves more leniently and positively than any independent assessment would do.

Believe it or not, consultants want to impact a client positively and may be more frustrated with an inability to create change than many clients. Why is change so difficult to achieve?

The silo-based bank. In particular the largest banks are often so siloed that the type of cross-bank cooperation required to gain consensus on an issue and generate change is at best difficult to achieve. It would be a mistake, however, to consider this as a big bank problem only. One of the unpleasant surprises I have faced involves seeing how silos can permeate even the smallest banks, those banks that need to be more responsive if they are to remain relevant to their customers.

In general the higher up the organization the client sits, the greater the likelihood of implementation. That said, we have worked at a number of smaller banks at which the bank head never involved himself and may have not even known we were there. Years ago, we made a proposal to a bank that decided not to go ahead with the engagement. After several months passed, a client contact at that bank called us to say his chairman had asked him about the project's results and whether we were done yet. After that, we then started the project, months later than we should have. (Not surprising to me, that bank has since been acquired.)

Lack of commitment. While, in general, it is helpful for the client to be at or close to the top of the organizational pyramid, that connection alone is insufficient for success. Too often, push back from those affected by recommended changes results in senior management "blinking," moving away from the recommendations initially agreed to. Of course, recommendations often need to be revised as harsh realities create roadblocks. Those changes are understandable and to be encouraged. (We have also seen the other extreme of this phenomenon in which a client blindly implements the recommendations of a BIG name consulting firm because of their name's creditability with top management, even though the executive in charge of implementation disagrees with the recommendations.)

In other cases, however, senior management simply pulls back from a process that needs to go forward, abrogating its responsibility. More than one senior manager has said to me, “I have x years to go,” meaning that he did not want to rock the boat that could result in his personal timeline to retirement being upset. Too many bankers refuse to make decisions that might be better for the bank because of concern over the personal risk such actions might put them at. That negative culture quickly permeates an institution.

The wrong bank. From a consultant’s perspective, the best client is one that constantly evaluates its performance, is restless about the future, and wants to change… really wants to change. Those client’s are a consultant’s delight. Many banks say they want to change, but too few really do. The best clients know that various circumstances are holding back their progress. This could involve organizational and personnel issues, data and information gaps, or other areas. These clients want to identify what they need to do and act.

Often, clients can quickly become defensive in the face of pointed recommendations. In effect they say, Yes, we may have a problem here, but we are doing well at x, y, and z.” That may be true but has nothing to do with why we were hired, however, in some cases this may be a case of the consultant needing to be more sensitive in communicating messages.

Getting the most from a project. There are lots of bad consultants out there, selling the equivalent of snake oil. But there are also bad clients, wasting their bank’s money and time. One positive step involves banks introducing the post-project review. After a project has been completed for three-six months and implementation is underway, banks should conduct an independent review of progress. Either the original consultant or perhaps a new third-party with some input from the original consultant should lead that process, creating a summary report card and recommending follow-up actions for senior management and the Board. Both the consultant and top bank management should be held accountable for a project’s success, to the extent possible using metrics as an indication of improvement.