

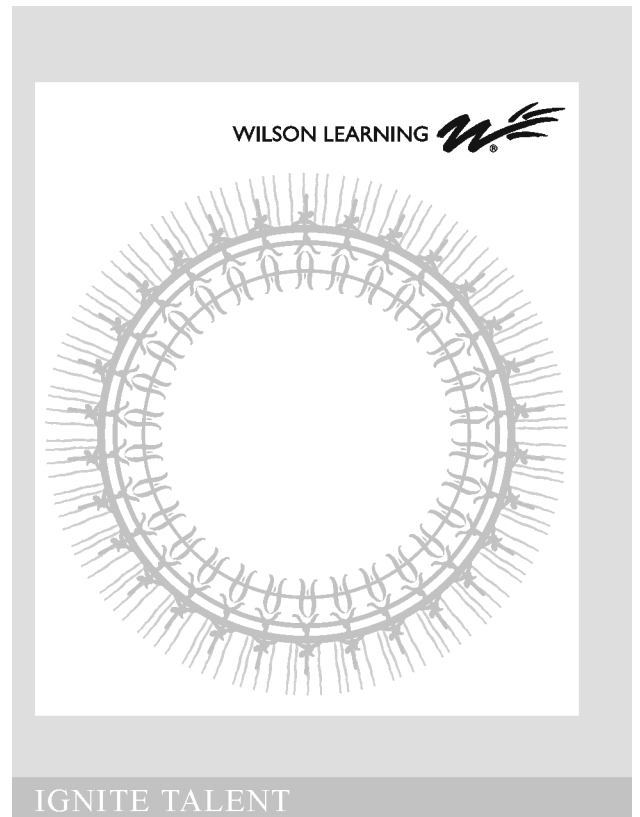


**RE-SKILLING THE WORKFORCE—
CONSULTING AS A CRITICAL COMPETENCY**

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RE-SKILLING THE WORKFORCE—
CONSULTING AS A CRITICAL COMPETENCY



THE PRESSURE TO TRANSFORM AN ENTERPRISE INTO A LEAN, FLEXIBLE, AND RESOURCEFUL COMPETITOR HAS, IN MANY

ways, signaled the tough beginnings of business reality for the '90s. Organizations struggling to re-seize the initiative have discovered that conventional strategies and ordinary employee competencies and skills do not provide a competitive gain against fierce market adversaries.

Customers *expect quality and value today—and more*. They are smarter, better informed, and insist on solutions that are tailor made for them. If one organization cannot provide what the customer needs, there is the entire global marketplace from which to select another.

As a result, the re-skilling of the workforce to support new differentiation strategies is becoming a paramount issue for most corporations, regardless of their industry. This re-skilling process often includes identifying employee core competencies as a rational method to recognize and institutionalize those capabilities that all employees must have for the company to be successful. Since much of employees' work today is aimed at delivering value to internal and external customers, having consulting capabilities is fast becoming a critical core competency.

Today, employees with any substantive customer relationship, whether internal or external, cannot afford costly mistakes like getting up to speed on the customer's time, disagreeable approaches, or paralysis through analysis—leaving the customer mired in complexity, or quick-fix answers that don't hold up over time. Solutions for customers' problems are rarely found in simplistic, linear approaches anymore. The problems and issues companies face are often multifaceted, complex in nature, and require rapidly developed, integrated solutions.

IN THE ABSENCE OF CONSULTING SKILLS . . .

These highly evolved solutions need employees with process consulting skills that bring more to the table than just individual functional expertise, such as a proficiency in technical support, sales, or professional services.

TECHNICAL EXPERTS—SMALL PICTURE THINKING

Take the case, for example, of the multinational manufacturing firm that hired an architectural/engineering (A/E) firm to design and build a major addition to their corporate headquarters. The A/E consulting firm specified a less expensive heating and cooling system when the client told them they had an on-board engineer who could manage a less automated plant. Soon after the grand opening of the building, the giant system imploded—the result of an incomplete hand-off between the A/E firm and the staff engineer. While insurance covered some of the costs, the relationship between the companies was never repaired, the public relations damage to the A/E firm was incalculable, and the down-time incurred by the manufacturer took months to overcome.

It is easy to see, in retrospect, what might have been done to avoid this costly disaster. The point is that while those on the project were experts in their field, they did not have the consulting skills to understand the client organization from a larger and deeper perspective, nor did they have an appropriate process for transitioning responsibilities for the project to the client. Since they did not understand the client's real needs, they were unable to formulate a recommendation beyond that of simply fulfilling the client's baseline request for an economical approach to the project, i.e., a less costly system. In the absence of consulting skills, the client was left with an incomplete solution—because the A/E consulting firm did not conduct an intentional diagnosis to ensure that the real issues were identified.

Value-adding consulting skills provide comprehensive business solutions to the customer that often generate new opportunities and productive relationships.

One might ask whether there was a larger opportunity here for the A/E consulting firm to recommend *additional* systems to bring down operating costs and make a highly paid

staff engineering function obsolete, rather than down-grading to a less efficient system that forced additional responsibilities on the existing engineering position. The net result could have been more valuable business for the consulting firm, and long-term benefits to the manufacturer. Value-adding consulting skills provide comprehensive business solutions to the customer that often generate new opportunities and productive relationships.

HUMAN RESOURCE EXECUTIVE—MEETING THE ASSIGNMENT BUT MISSING THE POINT

Creating business value for the customer also applies to internal consultants. Internal consultants, such as employees in human resources, information services, legal, etc., must provide added value to the work they do for their internal customers, while bringing business value to the company. A case in point is that of a senior human resource executive who was asked by the CEO of a large manufacturing company to staff a senior level regional vice president of sales position.

The HR executive was experienced in staffing and immediately contacted a search firm who over time came up with a large number of excellent candidates. The HR executive required written reports from the search firm, checked all of the potential candidates' references, and conducted telephone interviews.

The level of consulting skills of internal departments will often determine their long-term usefulness and effectiveness to the company.

She had also queried the vice president of sales to understand, from his point-of-view, what the position required and talked with current regional vice presidents to understand what it took to be successful. She wrote a job description, which she had the vice president of sales and the CEO review. After an initial screening, she flew to various cities and interviewed those remaining candidates personally. This process took several months but she felt she had done a thorough job and had reduced the pool of candidates to three highly skilled professionals. She arranged for them to fly to the corporate headquarters to be interviewed by the CEO and other interested parties, including the vice president of sales.

After the three candidates' interviews, the HR executive met with the CEO, who was visibly irritated. He announced that none of the candidates had even remotely the qualities or capabilities he was looking for. "First, we need new thinking around here," the CEO explained. "These candidates are from our industry. It is my belief that bringing in people from outside our industry would provide new and innovative approaches to our business. Second, we lack bench strength—many of the regional vice presidents we currently have are not promotable and we need to begin to think more about management succession. The issue is, how are we going to grow our business and who can manage that process? This position should be part of that initiative. While these candidates have the capabilities to handle the *current* job, we have to plan for the future."

The HR executive knew she had lost credibility with the CEO. She had spent valuable time and money focused on what she perceived the job requirements to be without understanding the real situation. She did not understand the motives of the CEO, what was important to him and the company, and the strategic direction that he was hoping to initiate with the staffing of this position. She had focused on tasks in her area of expertise before she understood all of the other issues that would impact hiring for this position. As it was, the HR executive had to begin the entire process all over again.

INTERNAL CONSULTANTS WITH ALL OF THE ANSWERS BUT NOT ENOUGH QUESTIONS

The level of consulting skills of internal departments will often determine their long-term usefulness and effectiveness to the company. For example, the IS department of a large bank became a separate business unit when the bank restructured its operations. As part of this initiative, when other departments required technical support they could use and pay for the services of the internal IS department or go to an outside vendor. Members of the IS department were now required to bill 80 percent of their time. Employees throughout the company had always received these services for “free” and thought, in many cases, it was the IS department’s responsibility to continue to provide services without billing for them. The IS staff tried to provide quick, sound, technical solutions to the immediate problems of those who called for service from other departments. They felt that the ancillary business issues often raised by non-technical, internal customers were of little or no concern to them and, in fact, they dismissed these discussions as not within their realm of responsibility.

We needed a consultant who could understand our objectives and make recommendations that would help us advance our initiatives.

The IS department struggled to transition into a separate, profitable business unit. Meanwhile, the bank’s trust department had received the go-ahead from senior management for a major upgrade of computer equipment, software, and training—a project large enough to sustain the IS department for two years. But the trust department selected an outside vendor without even asking for a proposal from the internal IS department. When questioned, the trust department executive in charge said that the internal IS department didn’t really understand the business of the trust department; that she was looking for new solutions that would support business initiatives the trust department was embarking on. In her words, “We needed a consultant who could understand our objectives and make recommendations that would help us advance our initiatives.” She had determined from the start that she wanted an outside vendor. The IS department had been unable to develop an effective relationship based on a high level of trust, credibility, or rapport with this important, internal customer.

Eventually, the IS department’s staff was cut in half, since the work they routinely did could not support their current level of staffing. The IS department had not only lost an opportunity to compete for work that would have sustained the department for two years,

but also lost future work that migrated out of this project from other departments that interfaced with the trust department electronically. While the outside vendor was adding staff, generating revenue, and gaining new projects, the internal IS department was left with nuisance jobs that generated little benefit or potential corporate customer visibility.

They may be experienced salespeople, and know their product well, however, they do not know how to influence client decision-makers, and frame solutions that produce meaningful change.

Fundamentally, the IS staff did not view themselves as consultants. They had a technical bias that only allowed them to see their role as one that supplied technical responses to narrowly defined problems. Given a choice, the trust department quite naturally went outside the bank for a more strategic approach to their technical needs. But this decision came with a significant cost to the bank in the underutilization of resources, loss of knowledge, and lack of coordination with corporate standards and systems design. Routine approaches and solutions will not win the day, even for internal consultants who have the advantage of operating inside the organization.

SALESPEOPLE AND EVAPORATING OPPORTUNITIES

Most salespeople have made the transition from *selling* or *supplying* standard products and services to a consultative role where the sale and the solutions are configured to meet client needs. Today, nearly all salespeople *say* they are consultants, but often this translates into asking the client a few more questions. Typically, these salespeople do not have a process consulting framework.

While most salespeople believe their approach and sales process is consultative, many find that they are not closing the business they and the company had counted on, or the business they do close has unreasonably tight margins, or is mediocre work with little hope of future opportunities. They may be experienced salespeople, and know their product well, however, they do not know how to influence client decision-makers and frame solutions that produce meaningful change.

For example, a salesperson with a large real estate developer was given a prime assignment to lease the office space of their new flagship building. Corporate strategy was to lease the space to several large tenants rather than numerous small ones, which would be time consuming and less profitable. The salesperson worked for three months on an important opportunity with an international law firm that had over three hundred associates dispersed throughout three locations in the city. The law firm wanted to consolidate personnel into one location. The salesperson met with the client facilities manager and various senior partners on numerous occasions and asked what he thought were relevant questions, receiving differing responses on several occasions. He noticed that the facilities manager's position seemed at odds with that of the senior partners. However, he was sure the facilities manager was the decision maker and was focused on developing a good relationship with him.

The salesperson was confident the law firm would sign a five-year lease and additionally, that they would pay for leasehold improvements and finish the space to suit their needs, thus upgrading the building at no expense to the developer. He enthusiastically reported this to his manager. He knew the square foot cost was competitive, and the building had a lot of amenities such as restaurants, salons, and a dry cleaner planned.

However, the salesperson was having trouble closing the deal. Eventually, the facilities manager called and the salesperson was distraught to find that he had lost the deal to a rival real estate developer. The law firm had decided to lease a competitor's building for *more* money and *fewer* amenities. The reasons the facilities manager cited were that first, the competing developer offered to design and construct the space for free, off-setting the higher cost of the space. This met an unstated need that the law firm did not want to have to hire their own client, a large local construction firm, for the design and construction work of the new space. Secondly, the law firm intended to open new offices in several other cities and the competing developer had properties in those cities, so that this deal was potentially part of a larger package. (This was the first time the salesperson had heard about additional offices, and his company also had properties in those cities.) Finally, the facilities manager said that the senior partners felt more comfortable with the conservative and detailed style of the salesperson of the competing firm.

He was talking to the right people, but not asking the right questions, nor were the questions at a level that allowed him to understand the client's real objectives.

Unfortunately, the salesperson did not have the tools to uncover the multiple dimensions of the law firm's circumstances. He did not have a method, for example, of understanding what motivated the people involved, and a process to uncover important information that he needed to devise a proposal that would fulfill their complex needs. Beyond developing a personable relationship with the facilities manager he did not have the means, nor did he see the necessity of assessing his clients' individual styles and the organization's culture; and without these key components he was unable to communicate effectively with the facilities manager and senior law partners.

In reality, although he had spent a great deal of time and effort with the client, the salesperson was still operating on cursory information. What if he had truly taken a consulting approach? He was talking to the right people, but not asking the right questions, nor were the questions at a level that allowed him to understand the client's real objectives. What if he had had a method to elicit all of the critical information rapidly, and could then view from a larger perspective all of the factors that impacted the law firm's decision? What if he had been better able to manage the relationships? There was a larger opportunity on the table than merely leasing space in one building. As it was, he came away with nothing, not even an understanding of what new skills he needed next time to be a successful consultant.

CONSULTING SKILLS—A MARKET DIFFERENTIATOR

Clearly, the ability to function as a consultant is essential to today's business. Consulting skills can serve to meet the client's increasingly multi-dimensional requirements effectively, advance the business relationship, and efficiently utilize resources.

Those who have clients (whether internal or external) must maximize their relationships to produce solutions that are actionable, have appropriate margins, and provide measurable added value. This can best be achieved through consultant tools and frameworks that advance the customer's business while ensuring profitability.

Today, successful consultants are expert not only within their function or industry, but also in their customer's business. Consultant capabilities can provide important differentiation in a competitive marketplace, particularly where there is evidence of a business shift, as illustrated below.

Moving from:	To:
Products	Service
Selling	Consultancy
Technical Focus	Business Focus
Just Meet the Need	Provide Additional Value

Consulting capabilities can mean the difference between winning and losing an opportunity, between profitable and unprofitable business, between customer satisfaction and customer indifference, or worse, dissatisfaction as we have seen in the business cases in this paper. Today, customers (whether internal or external) expect solutions that will help them achieve their business objectives. Often consulting capabilities can provide the differentiation needed to close a complex sales campaign, or successfully implement a technical solution that really meets the customer's needs.

The capabilities of effective consultants can be grouped into three main categories:

- *Making Sense of Complexity*
- *Creating Productive Working Relationships*
- *Facilitating Meaningful Change*

MAKING SENSE OF COMPLEXITY

The consultant must be able to collect the right information and be able to reach reasonable conclusions. Consultants need to understand the situation, the people, and the organization of their clients. They must be able make sense of complexity. Consultants must

understand their clients from multi-dimensional viewpoints and conduct a thorough diagnosis. This can be accomplished through a model called Situational Analysis.

SITUATION ANALYSIS MODEL

- *Purpose: Strategic point of view*
- *Positioning: Market, context, advertising*
- *Plans: Organizational structure, blueprints, short-term strategy*
- *Power: Resources, drive, commitment*
- *Processes: Systems, procedures, communication*
- *People: Morale, culture, skills*
- *Product: Outputs, services, deliverables*

The model serves as a framework for the consultant to understand and direct actions through the diagnosis of the client. The seven Ps of the model are: Purpose, Positioning, Plans, Power, Processes, People, and Product. These seven areas allow the consultant to achieve a comprehensive understanding of the client and the opportunity rapidly.

In addition to consultants not understanding their client from a comprehensive point of view, often they do not understand their client at a deeper, more important level either.

Often consultants understand two or three of these areas well, but have a limited understanding of the remaining areas. In each of the cases in this paper, critical pieces of information were missing, information that this diagnostic model could have captured. For example, in the case of the bank trust department and the internal IS consultants, the IS personnel did not know the plans, the products, the power (resources), or the strategic purpose of the trust department. The real estate salesperson did not understand the people (the style of the senior partners), the processes, or the power and plans of the law firm. Certainly the A/E firm was not clear on the clients' people skills, or the processes. In each of the cases, the individuals knew their area of expertise. The problem was they did not completely understand their client's business, nor did they develop solutions that were aligned with the client and the client's organization's real objectives. They instead made decisions, acted, or formed solutions that were totally inappropriate, and in one case, disastrous.

In addition to consultants not understanding their client from a comprehensive point of view, often they do not understand their client at a deeper, more important level either. Another tool that can be used to help consultants uncover what is most important to their clients is the Depth Finder. It helps consultants listen and question more effectively providing them with a means to understand at a deeper level the business issues and the client's motivation. It reinforces effective questioning techniques and listening skills at three successive levels: Level 1 is centered on the facts: "What is your job with the company?" Level 2 focuses on what holds meaning for the client: "What do you like about working with customers?" Level 3 examines what is of value or importance to the client at the deepest level: "Why is helping your customers achieve their goals so important to you?"

Facts are only the first level of information and provide little understanding of the client's situation, while Level 2 reveals what is important to the client. When clients are moving from Level 2 to Level 3 communications, they will often signal the presence of deeper information by giving off "pings." Pings are phrases or nonverbal behaviors that indicate a sense of ownership or concern with an issue. For example, someone might say, "What I really care about is. . ." It is important for the consultant to probe those issues for Level 3 insights. Without these three levels of understanding, a consultant cannot develop a solution that will comprehensively meet the needs of the client.

As we have seen, making sense of complexity can only be accomplished through a complete diagnosis of the client and the opportunity. But in addition to a thorough understanding of the situation, the consultant must also develop a productive relationship with the client.

CREATING PRODUCTIVE RELATIONSHIPS

The consultant enters the client organization and must continuously develop productive working relationships. The consultant must be able to understand quickly the many points of view with which he or she comes in contact. In the case of the law firm, the salesperson probably had a good relationship with the facilities manager, but he missed the importance of developing productive relationships with others who were influential in the decision. Rarely today is any decision made by a single individual. Not identifying other key people in the decision can result in losing the opportunity. In this case, not focusing on the partners meant they viewed the salesperson as someone who could not understand their business objectives. He had appeared to them less interested in their concerns, specifically, a conservative approach and a detailed orientation—qualities they required. The law partners' suppositions could have been corrected early on in the relationship had the salesperson recognized their needs at an interpersonal level and adapted his style to meet those needs. Consultants must have the ability to modify or adapt their behavior to increase their communication effectiveness.

Professionals often try to improve their skills by simply getting better at what they are already doing, when what they really need are new tools and skills to achieve a higher level of competence.

They must also understand, beyond the individual client's style, the culture of the client organization. Once again, in the case of the law firm, the salesperson had little understanding of the law firm's culture or the impact of the firm's relationships with *their* clients on the project, such as the construction firm, or the need to serve other clients in other cities. This lack of understanding added to the salesperson losing the opportunity.

But more importantly, what had he learned from that lost opportunity that would serve to change his approach in the future? Nothing. Professionals often try to improve their skills by simply getting better at what they are already doing, when what they really need are new tools and skills to achieve a higher level of competence. This is often the case with those who must function as consultants to their clients. They can only be as good as the maps, models, and frameworks they use to develop solutions for their clients.

While solutions must meet the business objectives of the client, at the same time these solutions must also provide profitable and, hopefully, long-term business for the technical expert's or salesperson's organization.

FACILITATING MEANINGFUL CHANGE

Facilitating meaningful change means developing solutions that align with the client and the client organization and form agreements that result in clients taking action. Alignment entails matching the solution to the client's situation, based on a thorough analysis utilizing the tools discussed in this paper, along with others, to understand the client's situation rapidly and comprehensively in its entirety. Solutions must be developed and communicated in ways that meet both the organizational and individual client requirements. These standards must be met or the solutions, however technically sound, will not address the real issues and, as a result, will not be fully accepted nor implemented.

While solutions must meet the business objectives of the client, at the same time these solutions must also provide profitable and, hopefully, long-term business for the technical expert's or salesperson's organization. Accomplishing this involves skills in three types of contracting: Initial Contracting, Continuous Contracting, and Summary Contracting. The contracts developed throughout the consulting process must be designed to fit the client, the situation, and the culture of the client organization.

Initial Contracting takes place at the beginning of the consulting process. It sets the limits and focuses on the work to be done. It is an agreement about expectations and roles, and it often defines access to people in the client organization. Consulting is an ongoing process of adjusting and adding agreements called Continuous Contracting. Continuous Contracting helps emphasize the many small agreements that are part of a successful consultancy. It is critical for smooth implementation to summarize and ask for agreements in the form of mini contracts. Summary Contracting is the final, sometimes more formal agreement with the client about what has been discovered and what further work needs to be done.

These forms of contracting ensure that technical personnel or salespeople don't give away services or costly products that are billable. These give-a-ways by technical staff or salespeople who are not using appropriate contracting practices, set up false expectations for the client. "Free" services/products, unless managed appropriately, inevitably become problematic as clients may expect *more* free services/products, and will be dissatisfied when they don't receive them or won't value the services provided. Gaining agreement through appropriate contracts as the project or sale unfolds helps to keep the client informed and everyone operating in alignment where there are no surprises, no unexpected work, and no unforeseen expenses. This builds trust and provides the client with the ability to make informed decisions applying resources appropriately. It also ensures that the provider is operating profitably.

Equally important to appropriate contracting is the consultant's ability to complete a proper exit from the client organization or transition to another step; that is, additional work or next steps in the process. The transition stage allows consultants the opportunity for smooth transitions within their own organization; for example, from sales to implementation, and within the client organization. The disaster in the case of the A/E firm was in part, the result of their own improper transition. The A/E firm assumed the staff engineer had all the information he needed, the manufacturer assumed that the A/E firm had trained the staff engineer to a level of ability that would preclude the unfortunate events that ultimately occurred.

Effective consultants have insight into how the individual's style and the organization's culture may shape appropriate solutions.

SUMMARY

Great consultants understand the multiple dimensions of a situation and what motivates the people involved. They create productive relationships where the client is comfortable disclosing information and listening to suggestions. Effective consultants have insight into how the individual's style and the organization's culture may shape appropriate solutions. They facilitate meaningful change that brings business value and upon which clients are committed to act.

The benefits of consulting skills are many. Internal consultants, technical experts, or salespeople with great consulting skills can:

- *Deliver added value to the client and the client's organization above and beyond the sale of a specific product or service.*
- *Understand the customer's agenda, commitments, and view of the opportunity as well as adapt to the behavioral style of the client.*

- *Develop an effective level of interpersonal relationship with the customer (either internal or external) that features a high level of trust, credibility, and rapport throughout the process.*
- *Understand the individual and organizational expectations, goals, and style needs that must be addressed in order to develop appropriate solutions.*
- *Gain the client's commitment to take action and implement the recommendations.*
- *Secure effective and clear agreements at an individual and organizational level that are effective in the unwritten (psychological) level as well as in clear formal contractual agreements.*
- *Develop long-term, profitable, repeat business. (In some organizations 80 percent of the business comes from existing or past customers.)*

Imbedded in the cases discussed in this paper, were opportunities for entirely different outcomes. First, consultants need to be process consultants along with being experts in their field. Successful consultants have the tools and models to assess and understand multiple dimensions of a client problem. Further, they can evaluate objectively what drives and motivates the client, whether internal or external. Second, consultants create productive working relationships by understanding the client style, making them feel comfortable and open to disclosing information and listening to the consultant's recommendations. Along with the client's style, a consultant also understands the client's organization, the company's (or department's, or division's) values, and how they like to operate. Third, the consultant facilitates meaningful change. Change must be presented in ways that gain the support of the client and the client organization. The change process also must be managed over time to ensure that necessary agreements and transitions are taken that lead to successful implementation and closure.

Lean organizations of today are not necessarily more effective organizations. Many are moving faster without getting further. The payoff from de-layering organizations comes not when employees are able to do more with less, but when they are able to provide integrated and added-value solutions to internal and external clients. These fully developed solutions are a market necessity.

Incomplete solutions, costly mistakes, ineptitude, and oversights have serious consequences in an intensely competitive and unforgiving marketplace. It is not just the large gaffs that do damage, but the day-to-day errors, both with internal and external clients, that impair the organization's ability to compete and thrive. Widespread consulting skills have a direct impact on business. These skills may represent the single most powerful competency having the greatest impact on the performance of the enterprise as a whole.



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