

WHYTEPAPER

Consulting engagements- perceived notion

WHERE DOES IT BEGIN

In today's date, while organisations are focused on building their top line, it is understood that managing the bottom line is equally important for company's profitability and success. But are these the only two areas that bring in growth and sustainability together? The answer is no, while these two can be termed as primary objectives, there are other key levers such as customer experience and cash flow, that are as critical as the primary two objectives for driving success.

To achieve these and retain position in the market, companies are constantly looking for opportunities to transform either processes or align their business to the new or reformed strategic intent. This is where consultants play a major role for organisations with their specialised expertise. Established companies generally engage established consulting brands and mid-size or small companies primarily look at value for money, when it comes to assessing their business, designing a blueprint or implementing a solution.

*Today over 700K consulting companies providing services across all aspects of business globally, worth \$250+ billion market size and CAGR of 4.1%

Talk of the town

While there is an exponential growth in the consulting business globally, one of the underpinning issues has been that the organisations aren't equipped to assess the results of these transformational initiatives or projects, and at the end scrutinise the ROI for engaging individual consultants or firms. The question is – do we really assess, what we call “value delivery” and measure success of the projects that driven by external consultants?

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“Value” can’t be standalone, as it is not derived by the completion of the project, instead the output has a direct or indirect impact on the following four levers to success for any company -

- Increasing revenue
- Reducing cost of operations
- Enhancing customer experience
- Ensuring cash flow

While companies deploy their leads alongside external consultants, in most scenarios they are not experts in solution design, they are either Project Managers (*in some cases, to-be project managers!!*) or workstream operational SMEs who have the domain knowledge but lack that acumen to constantly test the transformation solution or roadmap developed by the consultants. The challenge that this brings, is that they fail to

When a state of the art road is constructed, if it still doesn’t attract enough commuters due to longer distance, it’s no good to the public. If the solution is not aligned to the larger objective, it is bound to fail.

foresee or evaluate if the end output of the project will deliver benefits aligned to any of the four

levers stated above. While the project may give the appearance of overwhelming success based on the success criteria defined at the beginning, this is limited to the project scope and what often goes unseen is its alignment or distance to the organisation’s need or success roadmap.

Stop, where it shouldn't stop

Another pitfall that companies generally get trapped in is to engage consultants only for reviews and recommending possible solutions. This is often seen as cost-effective way to get the solution designed by external consultants and get it implemented by the in-house teams or another team of consultants, which in some case does work but not majority of the time. These short-term gains don't fit in well to the larger saving objectives.

Imagine, you let go the Architect who designed your house and are expecting the builder to answer – why there isn't much air and natural light in the house. Similar to letting go of the coder of the software and questioning the tester why it is not working.

Most of the time, these are due to time lapse between recommendations and budgetary approvals for implementation. Many of these consulting recommendations even phase out due to such long intervals or 'hold periods' before implementation approval is received, losing out on the opportunity of impacting the top line, bottom line, customer experience or cash flow.



It defies logic to let go of the artist while you are keen to carve the stone and shape it well.

Re-engineering the engineers' approach

So, how do we deal with this challenge? - There has to be a right approach along with resource continuity throughout the transformation lifecycle so as to evaluate if the project has met these parameters and created value for organisation.

Though the World has moved towards knowledge commoditisation, which means democratization of everything including knowledge and management information, for everyone to access and apply "best practices" on their own but there is still a need to retain and maintain the knowledge bank, in this case the solution consultants, to ensure the intellectual capital is readily available for a sanity check on the progress during implementation. This is to rule out the possibility of perceiving failure of investing in consulting engagements, if not all, for a sizable chunk of stakeholders.

While the proposed solution is debatable, conceptually the need for retaining the knowledge bank from start till end can't be denied or ignored. Another perspective to ensure continuity can be to engage an independent evaluation layer (Evaluation layer between buyer and seller) which could be an individual or team of knowledge/business consultants depending on the scale and complexity of the strategic initiative/project. This would mean involving an independent strategic arm that would govern not just implementation but will be an integral part from the solution stage to ensure the outcome is aligned to one or more of the levers i.e. revenue growth, cost reduction, customer experience and cash flow.

Organisations can only have successful projects when they get to realise benefits with quantifiable numbers supporting growth or profitability backed with happy customers and healthy financials. For this it is imperative they engage the appropriate level of expertise and have a grip on the solution being implemented at all times and not just project manage it.

When the end goal is clear, and expectations are set and aligned to the end goal, even if the scope of work is fragmented for different teams or individual, it will still have someone who built the solution looking at it constantly with an expert eye.

Experts or consultants are an integral part for transforming while allowing organisations to focus on their core business, however, there has to be a right approach to ensure successful outcomes each time.