Consulting Times

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Boom times are back for high achievers in the consulting sector

FEATURE

Huntswood:
The state of the market – Q4 2011

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RESULTS

KPMG firms exceed emission reduction target

LONDON – KPMG International has achieved a 29 percent reduction in net emissions per full-time equivalent employee over the three-year period from its 2007 baseline of 25 percent. The initiative is part of KPMG's plan to improve the environmental performance of its business. In addition, KPMG achieved a 7 percent reduction in absolute greenhouse gas emissions since 2007.

KPMG launched the Global Green Initiative (GGI) in 2008 to support its commitment to reduce its environmental impacts, including establishing an ambition of reducing net greenhouse gas emissions by 25 percent by 2010. More than 40 KPMG member firms, representing 85 percent of full-time equivalent personnel, actively participate in the program.

"We estimate the cumulative emission savings from the Global Green Initiative are equivalent to taking 85,000 cars off the road for one year," said Lord Michael Hastings, KPMG International's Global Head of Citizenship and Diversity.

The KPMG Global Board has approved a new ambition for Phase II of the GGI—seeking a further 15 percent reduction in net emissions per full-time employee by 2015, using a 2010 baseline. To achieve this goal, KPMG member firms will maintain their focus on building efficiency and sustainable procurement, as well as leveraging the insight from KPMG Climate Change and Sustainability professionals.

Atos confirms full year guidance despite slight drop in Q3 revenues

PARIS – Atos, the international information technology services company, said revenues for the third quarter of 2011 were EUR 2.1 billion, representing a 0.3% drop compared to the third quarter of 2010.

Thierry Breton, Chairman and CEO, said: "During the third quarter of 2011, as planned, we have been able to successfully run the new Atos as a single integrated company. In the current economic environment, our new Group is well positioned, generating 74 % of its annual revenue through multi-year contracts across a very large customer base. Consequently, I confirm all our 2011 objectives. Finally, cash management is more than ever a key priority for Atos, and I confirm our zero net debt ambition for mid 2012."

Atos confirmed its revenue forecast for 2011 at around EUR 6.8 billion.

Representing 48% of Atos' business, Managed Services revenue was EUR 1.007 billion, up 2.1% compared to the third quarter of 2010. The Service Line benefited from a growing business in Germany, in the United Kingdom, North America, and Central & Eastern Europe.

In Systems Integration, representing 25% of the business, revenue declined by 4.1% to EUR 528 million. In Germany and in Central & Eastern Europe (CEE), revenue declined as expected, due to less hardware revenue and the planned reduction of SIS staff during the second half of 2010 and in the first half of 2011.

While revenue grew in the United Kingdom, it declined in the Netherlands with less volumes and also in France where price pressure persisted and impacted the level of new contracts signed.

Representing 20 % of the business, Hi-Tech Transactional Services & Specialized Businesses (HTTS & SB) revenue reached EUR 421 million, up 2.3% compared to the third quarter of 2010. HTTS business grew by 3.5%, of which Payments 2.7%. Revenue for BPO was up 4.0%. The decline in other Specialized Businesses was 4.8% (EUR -3 million) and came from EUR 10 million less hardware revenue compared to last year on the pilot project for ERDF.

In Consulting & Technology Services, representing respectively 2% and 5% of the business, revenue was EUR 136 million, a decline of 9.2% compared to the third quarter of 2010. As expected, the Netherlands and Iberia continued to face a tough environment particularly in Financial Services and Public Sector.

In the United Kingdom & Ireland, revenue reached EUR 349 million, up 4.3% compared to the third quarter of 2010. Revenue in France was EUR 228 million, down 5.8% compared to the third quarter of 2010.

ACHIEVEMENTS

Moorhouse named Project Management Company of the Year

LONDON – Business transformation specialist Moorhouse, has been named Project Management Company of the Year 2011 at the Association for Project Management (APM) Awards.

Moorhouse's work on some of the major transformational programmes across major government departments and FTSE 100 companies helped secure the 2011 award. Excellent client feedback and the strong team culture and values impressed the judges, along with its engagement management methodology (mapp™), which underpins all client projects and programmes.

Stephen Vinall, managing director of Moorhouse, commented: "This is a terrific achievement for the whole team. Excellence in project management underpins everything we do, and we pride ourselves in bringing a fresh approach backed by 'Big Firm' experience to our clients. Our belief is that many change programmes could be much better designed and executed, resulting in more measurable business benefits. Change is here to stay, so part of the Moorhouse approach is to develop the capability within our client organisations to deliver investment and transformation programmes in the future. Change must be sustainable, and ultimately owned by the organisation experiencing it."

The win was announced at the APM's annual awards ceremony, held in London on Thursday 20th October.

Double win for Square Peg International at Institute of Consulting awards

LONDON – Square Peg International, a business consultancy from Surrey, was a double winner at this year's Institute of Consulting Awards in London. Proving that bigger isn't necessarily better, this boutique consultancy was named Practice of the Year and its director, Phoebe Dunn, won the coveted title of Consultant of the Year.

The Institute of Consulting awards recognise outstanding examples of consulting in action and entrants are judged based on their strategies, projects and performance, backed up by evidence of success and benefits delivered to clients.

To win Practice of the Year Square Peg International received glowing testimonials from clients including Coca-Cola, who praised the firm for its "top-quality work delivered with creativity and integrity" and Birds Eye Iglo Group, who said the company has: "First class consultants and advisors working to improve business performance and productivity."

Square Peg is a business consultancy that specialises in the supporting leaders and their teams through change and transition – and specifically in finding the sweet spot between strategy, leadership and people practices.

Square Peg was also singled out by Dr Joe O'Mahoney, a lecturer in Organisational Analysis at Cardiff Business School and author of the recent report 'Management Innovation in the UK Consulting Industry' published in partnership with the Institute of Consulting. According to Dr O'Mahoney, "Square Peg demonstrates the importance of developing innovative practices through skilled individuals working with clients on a day-to-day basis."

Consultant of the Year Phoebe Dunn was recognised for her outstanding work with clients including Coca-Cola, where she supported a major reorganisation project across 38 countries and Birds Eye Iglo Group. She was also praised highly for her executive coaching work for executives within a British Airways subsidiary.

Phoebe joined Square Peg as a Consultant in 2004, qualified as a Certified Management Consultant in 2007 and since 2008 has managed the global Coca-Cola Company account and many international assignments for other clients. She has made a huge contribution to the business success and during 2010 exceeded her annual sales target by 61% – in tough market conditions.

Huw Hilditch-Roberts, director in charge of the Institute of Consulting, said: "Square Peg is a shining example of how a small consultancy can produce truly outstanding work. Interestingly, the company recognised for its achievements working with clients on major transitions and in difficult times – which is what quality consultancy should be about particularly in the current business climate."

Salary Benchmarking Report 2011/12

A comprehensive study of remuneration levels within the IT & Management Consulting sectors

Boom times are back for high achievers in the consulting sector

The Top-Consultant.com report on salaries in the consulting industry has just been published – and confirms what many in the industry have long suspected.

The industry is now polarised between the Haves and the Have Nots.

For those whose skills are in demand, earnings, promotion and bonus prospects have rebounded to the levels seen in the years when the industry was booming. Whilst pay rises have accelerated to 5.6% for those who received one, nearly 4 in 10 consulting professionals received no pay rise this last year. There's a similar pattern to bonus payments too – with significant bonuses being paid to many, but a sizeable minority receiving no bonus payment at all.

Promotions are also back with a vengeance, the consulting industry having promoted nearly 1 in 3 of its staff this last year.

That's significantly up on 2009, when the fast-track promotions that our industry has come to see as the norm simply dried up.

"Faced with waves of consultants leaving their firms when the hiring market picked up, consultancies have been compelled to act this last year" comments Tony Restell, Director of Top-Consultant.com.

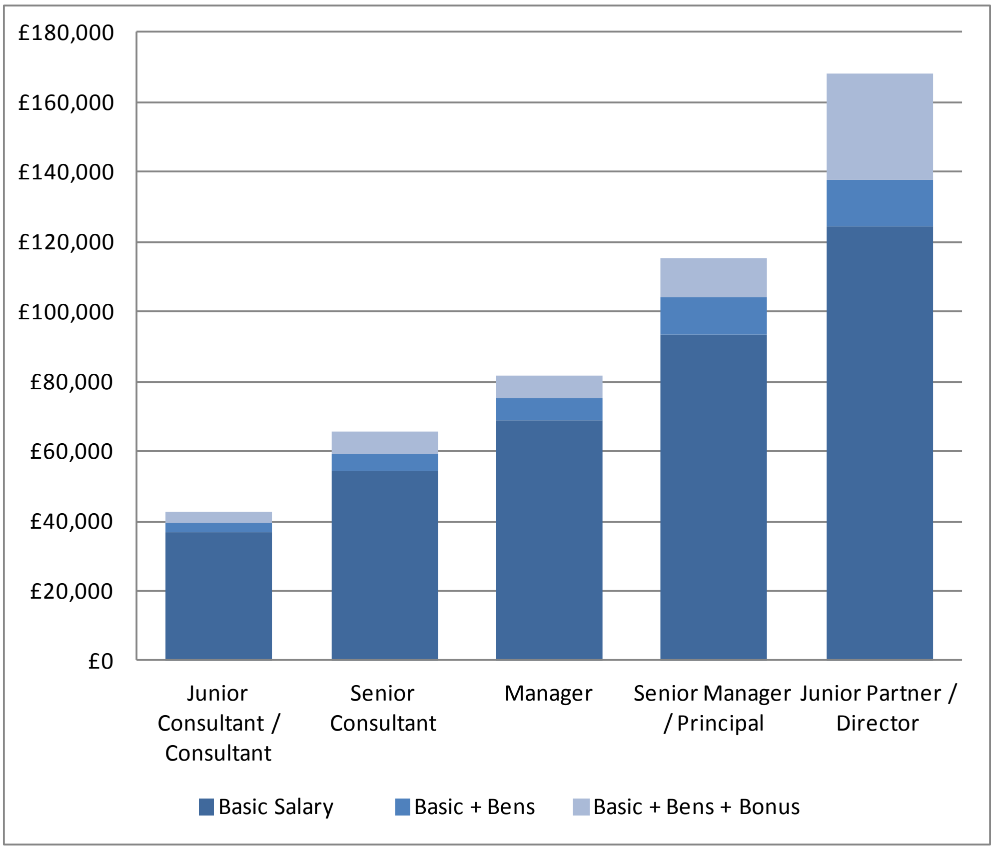
"The reality has been that many who stayed put during the downturn were also frustrated by how their careers had stalled. As employers have turned the hiring taps back on, many consultants have been seriously assessing where best to progress their careers to the next level.

"The resurgence in pay rises, promotions and bonuses has been consulting firms' primary means of addressing this situation; but it's been paid for by those consultants whose sector skills are not in demand and whose remuneration has largely stagnated" concludes Restell.

The 23 page report is based on survey data from 1,000+ Top-Consultant.com readers and is freely available for download from the following URL:

http://www.top-consultant.com/Top-Consultant_Salary_Report.pdf

TOTAL REMUNERATION BY LEVEL



Source: Top-Consultant.com's Salary Benchmarking Report 2011/12

The aggregate data for the UK consulting industry illustrates the average packages for those at the entry-level are around £42k after a couple of years of employment and can rise to an average of £167k for those who have worked their way up to Junior Partner/Director.

Can we build our way to growth?

Alan Leaman, CEO of the Management Consultancies Association, says it is time to stop talking and start building.

by ALAN LEAMAN

Poor growth figures for the UK have put the spotlight on how to get the economy moving again. Pressure is growing for the government to supplement its deficit reduction programme with a more vigorous set of initiatives that could stimulate greater economic activity and job creation.

Part of the government's answer has been action by the Bank of England to inject more money into circulation via so-called quantitative easing.

Chancellor George Osborne is also preparing something that he calls credit easing, though no-one yet quite knows what that is.

But there is another area of policy that both deserves greater attention and might just be about to receive it. In a report that the MCA will shortly be sending to government we set out its potential as a driver of new growth.

Isn't it about time that we had a really good look at the UK's infrastructure? In short, isn't it time to stop talking and start building again?

Far too much of the UK's transport facilities, energy and water systems and so on are reaching some sort of tipping point. If we want our economy to grow these basic parts of our infrastructure need to be updated and modernised. Remember, many of our competitors are well ahead of us; for example, Denmark has become a leader in renewable energy technologies, creating manufacturing opportunities as well as greater energy security.

This matters not just because investment in infrastructure directly creates employment in construction and related roles. All the evidence is that it can also make us more competitive and efficient: nationally, regionally and locally.

Look around the country and you will see a strong relationship between infrastructure investment and sustainable, local, economic success.

One estimate suggests that the UK will need to spend around £500bn over the next ten years, and that the taxpayer will be able to meet no more than a tenth of this.

So the key will be to unlock private sector resources and to use for this greater public purpose.

Many MCA member companies are centrally involved in this effort. In the MCA paper, they argue that much greater clarity and purpose is required from government.

MCA
A POSITIVE FORCE FOR THE ECONOMY

There should be a definitive list and analysis of the projects that are on the priority list. The government's proposals for planning reform and the Localism Bill need to be resolved so that significant national projects can go ahead.

The private sector is ready to invest, provided it can see a reasonable prospect of a return and a reasonable level of risk.

Management consultancies will be playing a significant role, both in lobbying for more effective action and, then, in delivering the better infrastructure that the country needs. They have the expertise to make this complex partnerships between the public and private sectors work.

If people ask you how consultancy is a positive force for the economy, here's one answer. In this case, consultants are helping to build a better future for everyone.

Small consultancies can punch above their weight

The annual conference of the Institute of Consulting's Welsh branch builds much needed local links for consultants, says Mick James.

by MICK JAMES

A couple of weeks ago, I was delighted to be invited to attend the annual conference of Institute of Consulting's Welsh branch in Wrexham. I'd been asked to act as MC for the event, a task I can confidently say I performed to the best of my abilities.

Local events like these normally depend on the strenuous efforts of one or two individuals to even occur, so all credit is due to North Wales Chair Jeni Winstanley and her cohorts for pulling it off. As well as an impressive line-up of presenters, the IoC had also managed to pull off the coup of persuading nearly 50 consultants and business advisers to contemplate the state of their own shoes.

It's both a worrying and exciting time for people advising businesses at the local level. Existing infrastructures for delivering advice and support have been disrupted and for some it's unclear how they will connect in the future with the businesses they will advise. At the same time, new opportunities are emerging: the main trends I can discern so far are that the government's localism agenda is going to have significant effects on the way business support is delivered and that we are entering a much more robust culture of payment by results. In times like these, it's clearly vital that consultants and business advisers build strong local networks because the structures that have previously kept many of them afloat simply aren't going to be around. So, let's hope the other regions of the IoC are being equally active in building these local links.

Meanwhile, back in the smoke, it was time for the Institute's annual awards, which I wasn't able to attend because a) I was on the way to Wales and b) I wasn't invited anyway. So what, I'm big in Wales.

Belated, but hearty, congratulations to Phoebe Dunn and her consultancy Square Peg International who carried off the awards for Consultant of the Year and Practice of the Year, respectively, and also to runner-up for Consultant of the Year Dr Simon Haslam, Director of FMR Research Ltd.

One of the reasons these awards dropped beneath my reader is that the consulting awards have been subsumed into the annual awards of the IoCs "sister" institute, the Chartered Management Institute, hence the rather slimmed down number of prizes on offer. It's a far cry from the days when we all used to roll down to the Waldorf Astoria.

That said, I'm not averse to the notion of an award such as management consultant or consultancy practice of the year being made by an independent body of managers rather than one's

peers. Since there's still a widespread opinion that consultancy is a criminal conspiracy, a bit of outside validation can only help. Perhaps if the awards were structured more along the lines of "managers crown consultant of the year", it might be more valuable to the recipient? Because there's no point in having awards unless they generate the maximum amount of publicity.

That's important, not just for the members but for the Institute. Square Peg is one of a small but select group of consultancies who are "recognised" or "premier practices" of the IoC (I can't be more specific because the list of recognised, and indeed premier practices has vanished from the IoC site). It's a small firm, but its clients are anything but: as such it represents what I am coming to think of as the "dark matter" of the consultancy industry.

If you were to divide the consultancy industry into quadrants defined by size of client and size of firm, then you would have two clearly defined segments: Big/Big, which is occupied by the larger firms and well-represented by the MCA, and Small/Small where the IoC has carved out a clear niche with sole practitioners, smaller practices and business advisers.

Big consultancy-small client is an intriguing quadrant—some of the Big Four firms developed mid-market or private company offerings while rebuilding their consultancy practices but the industry as a whole has yet to have its "Tesco Metro" moment.

But it's in the quadrant where small consultancies consult to big clients that all the excitement is, and yet how much do we know about it? MCA membership now stands at 60, and there are (or were) over a hundred IoC recognised and premier practices. The rest of them are just out there. God alone knows how many of them there are.

I run into them one by one, and have yet to meet one that didn't have something interesting or different to say.

Some are clearly on a trajectory that will take them into the MCA, either under their own steam or when they are acquired by an existing member. Others will always remain largely unknown to anyone but a devoted circle of clients.

It seems there really is a huge opportunity just begging here. Whether more of these dynamic little consultancies that punch above their weight could be persuaded to join organisations whose centre of attention is clearly elsewhere is the real question. Perhaps I'll start my own.

Why clients ask **more** of the **smaller** firm

When you move from a large to a smaller consulting firm the 'brand advantage' is lost. Malcolm Sleath of 12boxes suggests that working smarter not working harder is the answer.

by MALCOLM SLEATH

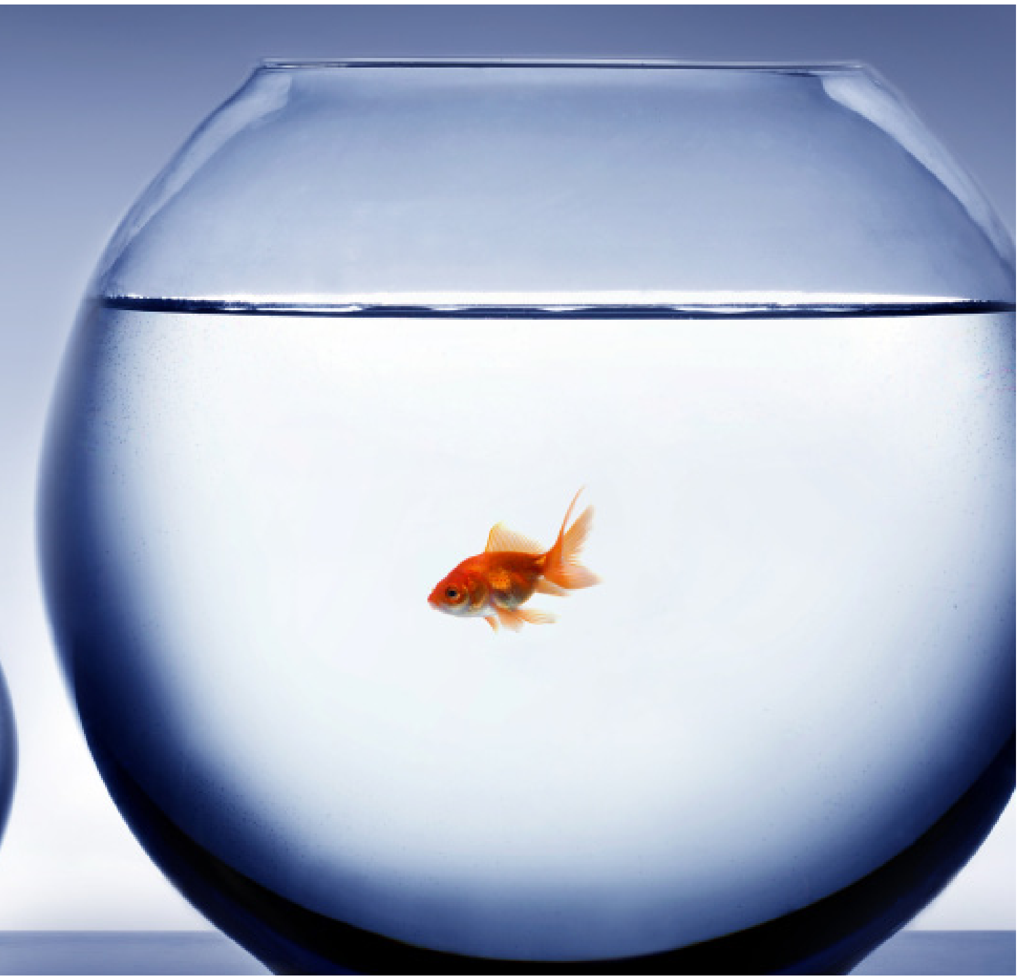
Question: As a consultant who gained experience working for big name firms and is now working in a smaller outfit, I'm finding that potential clients, particularly SMEs although not exclusively, seem to take less on trust these days. They demand more information and work up front. In the past, I could say that a project required a preliminary study before we could bottom out the issues and the client would accept this as our way of doing business and be prepared to pay for it. Now they often expect us to do this for nothing and we are under pressure to spend time without return. Is this something we just have to live with, or is there an answer to the problem?

Answer: There are three ways in which consultants give away 'value'. The first is that they do too much work beforehand. As you imply in your question, at what point does scoping out a project for a proposal merge into doing the actual project? Consultants are too easily led down the path of doing too much without being paid, particularly if their previous role in a larger consulting firm has emphasised client support as opposed to opening up new sales.

The second problem is that in order to build credibility for the solution, consultants give too much know-how away to the client in advance of any commitment on the client's part. It's easy to understand why. Over the years, whether justified or not, clients have become wary of consultants' panaceas and nostrums and question the potential return on their investment.

The result is that the vast majority of regular, straightforward consultants feel under pressure to explain more about how they propose to go about things. This sometimes leads clients to believe that if it is that simple, they can do it themselves. Or, armed with a clearer requirement, they look around for someone who is prepared to do it at a cheaper rate.

The third problem is more subtle. When you work for a big firm with an international reputation, the brand carries a lot of weight. Rightly or wrongly, working with a big firm can give a clients confi-



First, don't see the getting agreement to a proposal as the first major milestone. A client can agree to your writing a proposal simply to get you out of the office or off the phone. Think of agreeing a requirement and getting the client to say what the value to them of fulfilling it will be.

Second, work towards a clear agreement about the requirement. Express this as an interest, as opposed to a position (See 'Getting to Yes' by Fisher and Ury). In other words, talk about 'a way of doing something, so that something happens' rather than, say, 'a quality audit'.

dence to move further out of their comfort zone. It's not only the client's behaviour that is affected; it also affects the way the consultant operates. When a consultant brings his background and skills from a giant firm to a small one, it all becomes more personal.

There isn't the assumption that the consultant can call upon a vast hinterland to bring to bear on the assignment – even if the truth of the matter was that in the big firm the internal rivalry was so fierce that to do so could have been seen as a confession of incompetence. So the consultant becomes acutely aware that it is all down to him or her.

The brand itself carries value, in much the same way that warm words from the GP can have a greater effect on the health of the patient than the active ingredients of the medicine being prescribed.

In a smaller firm, you don't have the brand confidence factor. It has to be replaced by something else. Personal service and attention does not cut it with clients. These are now what Frederick Herzberg might have referred to as a hygiene factors. Clients expect them as standard in the same way that we expect hotel rooms to be clean. What counts is the client's perception of value. You can't simply assume that the client can see the value for themselves. You have to draw it out. The basic rules for doing so are as follows.

Third, do not assume that the client understands the value of what you are offering. Ask how it will help them and encourage them to build a vision of success that will create genuine interest in your solution.

When the client is stimulated in this way, you should be able to stop pushing and they should start pulling. If anything your role is to guide them so that they don't get carried away and forget to think about the interests of key stakeholders or the internal tests that the project will need to pass.

In a smaller firm you might have to work smarter to get the client to build value in their mind but you don't have to give away the shop to do it.

Consultants need to improve use of digital media – or stick to paper

First digital media ratings on thought leadership released by Sourceforconsulting.com.

Sourceforconsulting.com's White Space digital media quality ratings have found that the majority of management consultancy firms are putting their brands at risk through poor use of digital media.

In particular, very few consulting firms regularly produce and upload high quality podcasts or vodcasts. Of the consulting firms reviewed, only half had uploaded podcasts, with even less continuing to produce further episodes. The White Space ratings report adds that the podcasts did not fill the time effectively, were dull, slow to deliver essential information, and used only one presenter or speaker for the entirety, thus not engaging the audience.

What about video?

Although there were some excellent examples of podcasts, such as Accenture's 'Perspectives from Davos', which received over 2,000 hits, the majority of podcasts reviewed were thought to be even weaker in their ability to convey valuable information. In fact, White Space researchers weren't the only people switching off, as the rankings found that over a third of podcasts received less than 100 hits and 80 per cent received less than 500.

Rachel Ainsworth, Senior Research Manager of Sourceforconsulting.com said: "The focus seems to be on producing 'a video', rather than the actual content itself. Worryingly for consulting firms, if we weren't reviewing them, we would have switched off most of the videos we watched within the first minute.

It was also concerning that those speakers claiming to be 'experts' failed to present any revolutionary or captivating ideas, and in some cases the videos appeared unprofessional; filmed in a noisy environment, with a shaking camera."

More on podcasts…

A small number of podcasts stood out by using radio interview style formats to present information, delivered by professionals with impressive credentials. This format was used in KPMG's podcast series, in conjunction with the Canadian version of Dragons Den, where KPMG successfully produced an interesting series with the focus on targeting potential entrepreneurs.

Sourceforconsulting.com will be holding a seminar in central London at 10am on Monday 21st November. This seminar will take a look at how consulting firms are using social and digital media to maximise the impact of their thought leadership.

Huntswood:
The state of the market – **Q4 2011**

Stephen Humphreys from Huntswood looks at the consulting market in the fourth quarter of 2011.

by **STEPHEN HUMPHREYS**

Many of you may be feeling negative about the global economy at the moment; at the time of writing this, news stories and commentaries on the global economy seem to say we are at a difficult point. Although there is truth in some of this, much of the management consultancy sector is buoyant. Even in areas where it is struggling, management consultancy firms are engaged looking at specific issues in organisations and are making real positive impact. Roland Berger, the strategy consultancy, this week published its roadmap to save the Greek economy, based around a "central holding company to take over Greek state assets, such as ports, airports, highways and real estate, worth a total of about 125 billion Euros" (Consultant-News, 2011). It is white papers like these, and many more that you can find at SourceforConsulting.com, that both drive the management consultancy industry and also hugely support the global economy.

The UK consultancy market is, generally, doing well. The Management Consultancy Association (MCA) has said that over the last half year, their member firms together have achieved 11% growth – what seems a staggeringly high figure. Commentary around this figure has suggested that this level of growth is not representative across the whole market; Tony Restell, founder of top-consultant.com, posits the view that the firms that have been flagging of late are underrepresented in the MCA membership. Whatever the truth, whether we are seeing growth of 5% or 15% in the management consultancy market, it is good news for the industry.

How are individual firms performing? September is the end of the financial year for KPMG and EY, so we will see their full year results in due course. Across the other members of the Big4, PwC have seen a 10% growth in consulting in the UK (6% across the whole UK business). Deloitte's global consulting business has released growth figures of 14.9%, although obviously this is across all geographical markets. Of the other large firms, Accenture has seen a 16% growth in consulting revenues globally.

Some of the smaller consultancies have had a similarly good time. Qedis, the cross-sector IT advisory firm that are members of the Highland Worldwide network, have hugely outperformed the market, seeing a staggering 40% growth to £18m revenues in the UK. They have also been placed 7th in the Sunday Times "Best Small Company to work for". Baringa Partners have seen turnover increase by 38% to £38m, supported by a 42 per cent rise in head count, and Navigant have grown by 12%. Maybe the MCA growth figure is too conservative?!

Elsewhere, the MCA has pub-

lished a report on young management consultants, and how they are finding working in this industry. The most interesting statistic in the report was that, overall, young consultants are experiencing a better "work/life balance" and are travelling less than they expected to. This shows that firms are both managing candidates' expectations effectively, but also are implementing good solutions to enable their work force to be flexible with work and travel. However, one worrying aspect from this report was the tendency for women to leave their career in consultancy much earlier and in higher numbers than their male counterparts.

Nobody will be surprised to hear that McKinsey have once again been voted the most prestigious consulting firm, for the tenth year running! Indeed, the whole of the top-10 is unchanged, although there have been some movers this year. The 2011 Top 10 Most Prestigious Consulting Firms according to the ranking are McKinsey & Co., the Boston Consulting Group, Bain & Co., Booz & Co., Deloitte Consulting, PricewaterhouseCoopers, Monitor Group, Ernst & Young, Mercer LLC and Accenture. "McKinsey is the consulting industry's gold standard," said Brian Dalton, director of research and consulting at Vault.com

Finally, the story to watch was broken by City AM on its front page on Thursday 27th September; the European Commission has set out draft regulations that will force the Big4 to "hive off their huge consultancy arms or ban them from cross-selling services to their (audit) clients." Although no timelines have been set out for a consultation period, this is a story to keep a close eye on as the repercussions of even the most minor of recommendations in the regulations would have significant impact on not just the UK, but the global consulting industry. EY and KPMG have more to lose from such a decision as they have invested very heavily recently on the growth of their consulting arms. Furthermore, Deloitte and PwC, who have the largest consulting revenues, have focused their consulting work largely on companies that are not audit clients. This would shelter them from much of the impact that some of the lesser regulations would impose.

Growth markets

My sense of the market is very much one of stabilisation; conversations with businesses in the financial services sector indicate a slowing down in decisions, and some organizations putting projects on hold. This is not to say that things are looking down, but that the growth surge that many of us have seen in the last 18 months is slowing in financial services.

Conversely, although the gates are still shut in central government, the other public sector markets are on the uplift. I have even been hearing of a number of new projects in policing.

Broader private sector and work with corporates remains strong, with consulting in manufacturing environments leading the pack.

Hiring trends

The top-consultant.com half year hiring trends report sees 81% of consulting recruiters expecting hiring in 2nd half of 2011 to be equal or up on the first half of the year. I would agree with this sense, but airing on the side of "equalling" as opposed to much "up". The Economic Times recently ran with a story on hiring in the Big4 that said: "The world's two largest accounting and consulting firms are bulking up with acquisitions and combing the globe for new hires. Head-to-head in a race for the title of world's largest private professional services firm, Deloitte and PwC are on a major expansion drive." It will remain to be seen what impact the previously discussed regulations have on this news. Small firms are winning large amounts of work, the Big4 continue to seize market share and the strategy firms are beginning to move down the value chain. However, the doors are open across the consulting industry, and the talent war continues to rage.

Until the next quarter, enjoy the market!

Institute of Consulting urges consultants to focus on innovation to ride out recession

Report into innovation in consulting finds that consultancies need new ways to innovate as pressure on margins and fees increases.

LONDON -- A new report published by The Institute of Consulting and undertaken by the Advanced Institute of Management, entitled 'Management Innovation in Consulting', reveals that innovation in UK consultancy firms is at risk of being stifled by a number of challenges.

These include a lack of time for generating new ideas, pressures to focus more on client billing than on innovation, reduced training and development for consultants and lower profit margins.

Just one in five consultancies admitted they had a formal process in place to develop innovative services, and there is concern in the industry that clients are too risk averse with 83% reporting that procurement processes hamper the sale of innovative consulting services.

Huw Hilditch-Roberts, Director in charge of the Institute says, "This report is a timely wake up call for consultants. The value a consultant brings to a business is new ideas, innovation and smarter and better ways of doing things. Firms must not lose sight of this.

"Yes, consultancies like all businesses are under financial pressure right now, but this is no excuse to neglect innovation. It is as important as billing clients. If a consultant loses their ability to innovate, their role is effectively redundant and the industry fundamentally at risk.

"Consultants also need to demonstrate the value of innovation to their clients as a way of gaining much needed competitive advantage."

Dr Joe O'Mahoney, author of the report, encourages consultants and clients to think differently about how to approach innovation, "In difficult times there is a tendency to seek tried and tested products and methods, but research shows that companies investing in innovation during a recession are more likely to come out of it faster than competitors.

"A risk-reward form of payment is a good way for clients to share risk while still reaping the rewards of innovative consultancy solutions."

In spite of these worries, innovation in consultancy has increased in the past five years according to 69% of respondents and 36% of firms stated they had introduced innovative new consultancy services during this period.

The report also showed that the nature of innovation is changing. Today's innovation is less about 'big ideas' such as Total Quality Management and Business Process Re-engineering and more about local, client-focused developments. Clients are becoming more wary of the 'one-size fits all' products and are looking for more tailored approaches.

Much of the growth in innovation identified in the report is in partnerships that offer clients more control and consultancies reduced overheads.

This trend of partnership is a common theme throughout the industry and has been seen in large co-funded 'innovation centres' staffed with clients and consultants sharing expertise and intellectual property rights to sole-owner consultants developing proprietary programmes for individual clients.

Selling in the Consulting World – Winning new business

Why are consultants great at managing projects yet challenged to apply the same skills to helping them win business, asks Lars Tewes, MD of SBR Consulting.

by LARS TEWES

SBR Consulting believes that many of the skills any good consultant uses on a daily basis are synonymous with professional selling: questioning, understanding, listening, challenging, providing valuable propositions, whilst building relationships across teams to ensure take-up and change. Why is it then that so many consultants still fail in their business development (BD) endeavours? In this article we will look at the real issues and three top tips to overcome them.

If you have been reading our previous articles and are part of SBR's online sales community, by now you hopefully accept that "selling" in the consulting world is not a "dark art" but much more of a process with structure and rigour. Defining someone who makes a good salesperson by saying, "He has the gift of the gab" or, "She could sell ice to Eskimos," should no longer be in your phraseology.

Professional Selling should be based on SBR's Habits Triangle© framework which addresses three major competencies:

1. Your Skills / Knowledge

This refers to: having strong knowledge of your services/products, the market and its current trends, the competition and the client, understanding the buyer's cycle, recognising the sales process from beginning to end, communication (verbal and written), knowing the questions to ask to elicit a client's true understanding of their situation, knowing your value propositions, negotiation, closing, follow-up, etc

2. Your own sales motivation

At many grade levels, consultants are not necessarily financially incentivised to win work yet they are still expected to help introduce new clients so your motivation needs to be about something more intrinsic. Thinking about your own motivation as to why being involved in BD is right for you, I would hope you would come up with things like; helping others solve problems, enjoying success, adding value, being naturally curious in your industry, finding the best projects to work on rather than always being fed projects from others. There are many more possibilities but each consultant needs to understand their own motivation to get involved if they are to be successful.

3. Your Self Management

This is about making the time to do the right activity at all stages of the sales pipeline; prioritising time, planning, teamwork, knowing your sales ratios and building your personal network. Most firms know their ratios around proposals to wins but very few can tell you what behaviour is happening above this part of the funnel. Surely the only way to know if you are spending your

time wisely is to firstly know how you are actually spending your time.

We would expect to see the above in a consistently high performer. When we share this with consultants the vast majority say that everything above makes sense, is doable and relates very closely to their current role running client projects. However they really struggle with keeping the BD habit alive. This could be for a number of reasons:

- There is no job order number attached to BD work and so it's hard to justify on the time sheets
- There may not yet be a company wide culture of BD
- Already close to full-time on client delivery
- No CRM tool that tracks who is doing what, or if there is most do not fill it in.

Baring this in mind, it is not surprising that consultants find the habit of BD work a challenge. In our opinion even if it is tough, you have to make the decision that you can do it and will actually enjoy it. Einstein said that, "Simplicity is genius." My interpretation of this is that too many of us make BD overly complex and ignore a few basic rules that we use to be successful in our client work. Below are 3 tips that many of our clients have started to apply in order to develop the right habits.

1. Treat BD as a "Project"

By deciding it is a project in its own right, giving it a name, treating it with the same commitment and accountability you apply to your client projects, you automatically change its priority in your mind. If you have 2 client projects, decide you now have 3 and one of them is a long term project around winning work. Each week block out time (even if it is 1-2 hours or more depending on your role) to work on a sales activity, e.g. researching your industry for names, trends, having coffee with relevant people, contacting past clients, contacts, etc

2. Take care of the top of the funnel

Admit in your own mind that a key part of your role is BD and that it is a long term project. All the best revenue generators we know have consistently over their career built up their networks and kept in touch with key people. Realise that what you put in at the top of the funnel ultimately results in what comes out at the bottom. So decide as part of your project that you are going to build, cultivate and take care of the top. Having hundreds of business cards in a desk drawer, allowing past client list to have been archived by your computer

SBR Consulting
liberating sales potential

are unacceptable behaviours if you are going to take BD seriously. Refill the top of you funnel and pick up the phone.

3. Remember the Hope-Hear-Ask Model

Finally remember the sales continuum whereby many consultants live in the "hope" stage, "If I do a really great job then hopefully, the client will give us more work".

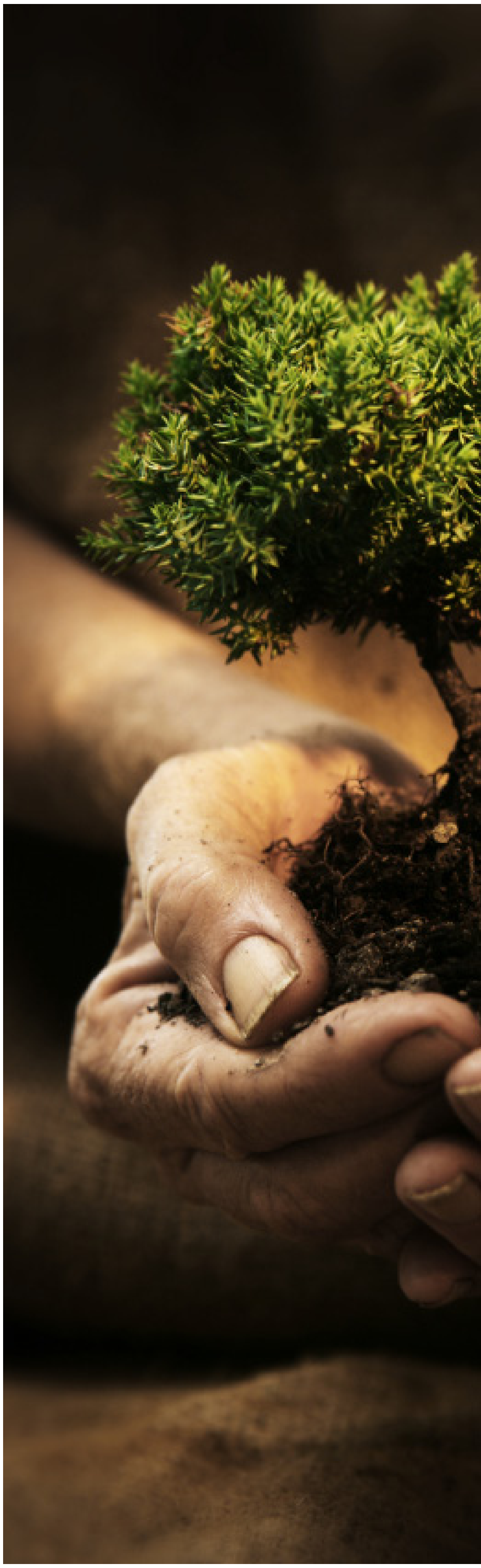
Of course, this is the ideal situation but in today's climate is not always the case. Whilst you are working extra time, or overtime someone else is building a relationship with other parts of your clients' business and being given work that should come to you.

More frustratingly, when you become known as a niche expert in an area, the client does not always think about you for other projects even though your firm has real capability elsewhere. From now on live in the "hear" and "ask" stages. You have earnt the right to help your clients in other areas so make time to have coffee with them, to grab lunch with them (we all need to eat) and let them talk about what else is going on.

In conclusion, decide that building key relationships with people so that you can have the good conversations that lead to winning work is what you do. Make it a project that you make time to work on every week. The more this becomes a habit, the more you will enjoy it and realise that you are using many of the skills you already possess.

Consultancy i2a says good business is good for business

Mick James finds consultancy i2a has put "good business" at the front and centre of its offerings.



by MICK JAMES

The world may be in dire straits but there's never been a better time to talk about business ethics. Perhaps one of the great discoveries of our age is that there is no great dichotomy between being a good business and what is good for business—that businesses that subscribe to apparently high-minded principles actually find themselves more successful in the long run.

One consultancy that has put "good business" at the front and centre of its offerings is i2a (originally "ideas to action"). i2a has been with us for a few years now, after being set up by ex-Ernst &Young consultants who didn't see themselves fitting in at Capgemini after it acquired the E&Y consultancy practice in 2000. As founding partner Alan Holroyd explains, this background gave the fledgling firm two things: an excellent foundational client in BP, and an approach to clients that stressed the long term.

"We very much rely on long-term relationships with clients," he says. "If you think back to Ernst & Young, they've been auditing BP for a hundred years. We may not hope to have clients for that long but we've been working with BP for 10 years already."

This approach almost automatically encourages certain values of honest and straight dealing. As Holroyd says, "We'd rather say no than do something we couldn't do; we want to be asked back next year."

But it also depends on your clients being around next year, and the year after as well. It was natural therefore that i2a's thoughts should begin to coalesce around the notion of sustainability.

"We thought about who we wanted to be, and came up with the concept of "good business," says Holroyd. "The idea of "good business" is that it helps people be more efficient and effective, to be more sustainable and engage with the community."

And it's also been good for business. "As a small consultancy, eventually your relationships run out, either you can't expand beyond a certain size or you have to find a way to spread into new clients," he says. "It's enabled us to meet new and different clients. We've moved from selling by relationships to talking about ideas—it's still traditional consultancy but from a different angle."

I2a has created a series of business sustainability indices to measure the "health" of a business in terms of where they operate in the world, their compliance procedures, how well they are connected to the local community and so forth. It's proving popular with clients whose minds have been focused not just by reputational damage their businesses could suffer but the financial and personal risk posed by legislation such as the Corrupt Practices Act.

"Clients tend to come to us in some distress," says Holroyd. "There's been an incident or the threat of prosecution—the majority come when it's almost too late. But we'd like to get to a more enlightened stage where people come to us and say, talk to me about why my business isn't a good business."

Holroyd says the majority of businesses are still reactive phase at the moment, but he hopes that the development of things like the sustainability indices will provoke a bit of soul-searching.

"There's an older idea of business as a sustainable contributor to society," he says. "We need to think about who we are, the things we are proud of and whether we can look ourselves in the mirror."

In the meantime, i2a is not short of work and has collected some high profile clients along the way. "Having started with BP, we find it very natural to work with companies such as Diageo," says Holroyd. "If anything, the clients have gotten bigger rather than smaller."

After experiencing a brief plateau during the recession, i2a is now recruiting as fast as it can.

"In theory, we have an open-ended recruitment policy," he says. "If we can, we will take people on, we are having to turn work away at the moment. We think the key to our success has been our recruitment policy, but it takes time to find and meet up with [candidates]. Next year, if we could recruit a person a month, we would certainly do so—there'd be no trouble in finding work for them."

Holroyd says the firm is looking for people at consultant and senior consultant level who are ambitious but who also buy into what is still a core value—building client relationships.

"Consultancy is bought by individuals, and we find you get repeat buying regardless of where the individual is," he says. This is what, in the end, makes i2a itself a long-term, sustainable business: "We feel secure because of the depth of our relationships."