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ARE WE PLACING TOO MUCH FAITH IN TRUST?

We all learn that trust is fundamental to successful consulting. While the reputation of your firm might get you a seat at a client's table, winning the client's business comes down to your people—their knowledge, experience, energy, and commitment. A personal relationship can also be important if things go wrong. No amount of running back to check who is responsible for what in the contract will help when a client encounters a problem, but knowing the project manager well and being able to trust that he or she has the client's best interest at heart may well diffuse an otherwise tense situation.

But perhaps we can end up putting too much faith in trust (so to speak), especially if we look at today's medium and large consulting firms. Trust may be only part of the story.

Two factors are putting the client-consultant relationship under immense pressure.

In the first place, very few consulting projects these days involve only one discipline: there are virtually no straightforward operational improvement projects, anymore than there are simple human resources projects. Even strategy, traditionally the most self-contained of all consulting services, is rarely "pure." In clients' eyes, just about every project, irrespective of size, requires a combination of skills. A recent survey of clients by the UK Management Consultancies Association showed that less than 10% of all projects involved just one consulting service. Why is this happening? It's partly the result of clients' unceasing search for specialist expertise—no one person or firm can be expected to have the full range of skills required for a particular piece of work—but it's also a reflection of clients' desire to gain access to original thinking. "It's in the gaps between conventional consulting disciplines that we're finding new ideas," is how one client put it.

The second problem with relying on a key individual is capacity. You cannot expect one consultant, however brilliant, to be able to implement an entire project alone. Even if consultants do have all the right skills, they simply cannot be everywhere at once: they need a team. That team may vary from the very small (perhaps just two or three people) to the very large (perhaps hundreds of people, for certain combined outsourcing and consulting projects), but it involves a fundamental shift in how both sides think about the relationship. A client may have an excellent relationship with a project manager, but if that project manager doesn't have similarly excellent relationships with his or her team members, then the personal trust invested by the client is a waste of effort. There have to be other people who share the project manager's approach and values; there has to be a supporting organization behind the project manager.

Multidisciplinary projects that rely on teams are putting the client-consultant relationship to the test. The resulting pressure is being felt by clients, individual consultants, and consulting firms themselves.

Clients and the Depersonalization of Consulting

Formalized procurement processes increasingly keep clients and consultants at arm's length from each other: three-quarters of large-scale organizations monitor how much they spend on consultants centrally; two-thirds have preferred supplier lists; more than half have framework agreements with a small number of key consulting firms; a fifth use specialist consulting to advise them on how to use consultants. E-auctions, in which consulting firms enter blind bids for projects and never get to meet the client before the contract starts, are used by 15% of organizations that rely heavily on consultants.

Depersonalization is also behind the commoditization of consulting services. Like any other product, consulting services have a life expectancy. In the early days of a new service, interested clients will leap on the burgeoning bandwagon, and growth will be exponential. As the service becomes more accepted and standardized, and the benefits stemming from it lessen, demand falls and the service becomes a commodity. Like good economists, we see this process as inexorable, that excess supply brings prices down, lower prices cut margins, and tighter margins mean that less time and money is invested in the service. And we rant that more and more consulting services are being commoditized these days.

But perhaps it is depersonalization that brings down the prices, not vice versa. Perhaps clients, confident in their abilities to achieve their objectives and keen not to let their consultants overreach themselves, want consulting projects to be less dependent on the individuals involved. They want the system and the process, but not necessarily the people—and it is this, not falling prices, that turns a consulting service into a commodity.

Overreliance on the Individual

All consultants want to be their client's trusted advisor: it is the benchmark against which they judge themselves. Consultants want to emulate their bosses, using their networks to identify opportunities, and their relationships to win new business.

The most obvious problem with this approach in anywhere other than very small consulting firms is that it puts too great a burden on the shoulders of a single individual. Consultants may find themselves trying to finish a project they didn't specify, or marshaling resources that turn out not to be available. They may end up working in areas where they have no experience, or committed to two projects when they are already behind on one. Small wonder, then, that clients commonly complain that consulting firms don't keep their promises.

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Moreover, by empowering individuals on the front line, consulting firms also have created a line of defense around themselves. If a client complains, the firm can treat the problem as an isolated incident: "So-and-so went out on a limb over this. He's had his knuckles firmly rapped: we'll make sure he doesn't do it again." The individual, not the firm, carries the can.

And the Firm Loses, Too

The irony of all this is that putting so much emphasis on relationships between individuals does not work particularly well from a consulting firm's point of view, either. Most obviously, it makes the firm too dependent on a small number of people (its "greatest assets"): if those people leave, they will take their clients with them. The stronger the relationship, the more likely this is, and the harder it is to bring new people into the relationship even while the key person is still there.

It also exposes the consulting firm to questions over its raison d'être. In a world in which clients are looking for specialist know-how, what value does the firm add? To be sure, it may help clients identify the relevant expert, and its brand will provide some reassurance of quality. Clients may even appreciate that they benefit from a firm's training process or knowledge management system. But the agent who delivers that value is a person: if that is who a client puts faith in, then the firm will never play more than a supporting role.

This brings us to another irony. Clients who are satisfied with a consulting project are likely to praise the key individuals involved. Those who are dissatisfied, and who want redress, are more likely to try and blame the firm (there can be no redress at the individual level: a bad consultant is a bad consultant is a bad consultant). Thus, strong personal relationships tend to mean that firms get all the blame and little of the credit. No wonder the reputation of consulting firms, at least at a generic level, is poor.

The Rule of Three

As Princess Diana famously remarked, there are three people in this relationship: the client, the consultant, and the consulting firm. The relationship between the client and consultant is, without a doubt, important: it is crucial to winning business, and it can help diffuse problems at an early stage. But it cannot deliver the combination of specialist expertise, large-scale complexity, and innovative thinking that clients are looking for in isolation. To do that, the relationship needs a consulting firm behind it.

The trusted advisor needs to be seen as someone who succeeds as a result of his or her firm, not in spite of it. ■

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