

THE **CONSULTING** APPRENTICESHIP

40 Jump-Start Ideas for
You and Your Business



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The Consulting Apprenticeship

For educational use only at Cornell
University (Excerpt of Chapters 1-4)

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1

THE POWER OF PROJECT-BASED
THINKING

Projects¹ are the core of consulting. Whereas operating companies may or may not have projects, practically everything in a consulting business is connected to a project. Among key benefits, projects connect specific desired outcomes with business activities. Example projects could include: determining the overall business strategy for a multi-business unit company, incubating a new business unit, relaunching a professional services business, developing a new mobile software application, rebranding a product line, or optimizing manufacturing processes for regional business expansion.

Yet too often I have seen organizations go on autopilot and simply engage in performing activities without clarity about the bigger picture. Statements are made, such as “We need to set up a meeting with our software vendor,” or “We should research the pricing policies of our top competitor,” or “We need to develop content to support our distribution partner.” Performing activities without purpose often leads to inefficiencies.² What is the big picture? Are there end goals?

¹ Projects are often referred to as engagements, especially in the case of 3rd-party consulting projects.

² Even more vivid is the quote often attributed to the famous

Are these goals part of a well-defined project?

Introducing project-based thinking can help many company efforts. Here are some benefits I have seen from incorporating project-based thinking:

- Since project life can end at any moment, fewer things are taken for granted.
- Projects can improve the communication patterns within an organization.
- Projects can increase focus on outputs and measureable results.
- A focus on outputs can lead to quicker decisions.
- Excess capacity and process inefficiencies become more readily exposed.
- A need for quicker decisions increases the need for management to articulate strategic tradeoffs more crisply.
- The concrete nature of projects makes it easier for management to balance benefits (e.g., revenue) against costs (e.g., expenses) and investment levels.
- The concentrated goal of executing a project can help an organization break through barriers and corporate inertia.
- A focus on project goals can bring out the best leadership qualities of a team.

Takeaway Exercise: Assess how your organization or client engages in activities. How do current activities contribute to a larger goal? To what extent can goals be articulated? How might a project-based approach for organizing activities around clear goals and milestones help get things on track or improve performance?

strategist and Chinese military general, Sun Tzu: “Tactics without strategy is the noise before defeat.” The quote attribution is probably apocryphal with the actual author unknown.

2

ENGAGEMENT MANAGEMENT IS THE ESSENCE OF MANAGEMENT CONSULTING

Between different consulting firms and practices, the job responsibilities and experience levels of engagement managers vary widely. There is one characteristic of the position that captures the essence of management consulting better than characteristics of other typical consulting positions (e.g., principal, partner, director, associate, manager). By understanding the central function of engagement management, one can better understand the essence of management consulting.

Engagement managers own the problem statement from the perspective of the customer, and thus have the responsibility to ensure that project team both structures and executes the problem-solving methodology correctly.

Consider an example where a client needs help to figure out whether they should enter a wireless business, identify under what circumstances it makes sense, define the strategy and plan for how it should be done, and get cross-functional buy-in from the management team and Board of Directors. In this case, the engagement manager may need to work with the project team to synthesize primary and secondary marketing

research from end users and distributors, construct financial analyses, develop technology scenarios and architectures, conduct client workshops on various subjects to gain insights and share best practice perspectives, perform gap analyses between present methods of operations and desired future states, or perform competitive analyses and forecasting.

Another problem statement might be “Figure out the root cause of declining customer satisfaction and fix it because my internal management team is giving me mixed messages.” Yet another one might be “How do I transform my business from doing lots of low margin X to doing more high margin Y.”

In essence, the role of the engagement manager is to help the client solve their problems by synthesizing the work of smart people and subject matter experts in different functions and areas from throughout the consulting firm and client organization. As a quick digression, one should note that setting up the problem statement properly is very key to selling consulting engagements and solving them – do not take it for granted that the problem statement is articulated properly.

In closing, I find that people frequently confuse the role of project managers with that of engagement managers. There are definitely some overlapping functions, but the essence of project management is more to ensure that things are accomplished on time, on budget, and according to customer specifications. On the other hand, the role of the engagement manager is to own the client problem statement as if it were their own. At risk of sounding like I am diminishing the importance of the function, project management becomes more of an execution detail in the greater scheme of things.

Takeaway Exercise: Assess to what extent your organization has engagement managers leading projects. Do the engagement managers keep a close eye on the problem statements for their projects? If you are a practitioner within a company or consulting firm, observe an engagement (perhaps run by another engagement manager) that utilizes a new approach to addressing a problem statement.

3

ARTICULATING AND REARTICULATING PROBLEM STATEMENTS

Engineering and management consulting share a common feature - each discipline tends to be very problem-solving oriented. In engineering, one may be posed the problem of trying to figure out the optimal circuit or filter for minimizing noise from a radio station transmission. There are structured, mathematical ways for solving such problems. On the other hand, management consultants may be posed the problem of figuring out the market opportunity and business strategy for a company to extend its product line for a subset of the total customer base. There are common business methodologies for addressing these types of problems too.

To pick on consulting, sometimes it's very tempting to disappear and run off and solve the problem that's been articulated in the statement of work signed with the client. But, I think that it's also important to have a good client relationship and regular communication structure that enable the problem statement to be adjusted and refined. As an example, for some of the engagements I have overseen, I asked consulting teams to write down the problem statement in their own words near the beginning of the project (which may sometimes be a list of key questions in paragraph form that the customer has asked plus the objectives of the project) while

refining the problem statement to a finer level of detail throughout the project. At the end of the project, the consultant can put the refined problem statement at beginning of the final executive presentation. Highlighting the problem statement reaffirms the need for the project and consultant.

So while at the beginning of an engagement, a problem statement might be something like “Purpose of project will be to determine the technology strategy for widgets,” in the end the refined problem statement might be “Purpose of the project is to address the following: 1) Determine the business attractiveness of A, B, and C services in the widget market. 2) Identify technology options for approaching the market and tradeoffs. 3) Perform full financial assessment of options, including worst-case walkaway price for an upcoming auction, which is prerequisite for one of the service areas. 4) Determine optimal business model for approaching market, which includes consideration of leasing versus buy and own models.”

By both breaking the problem statement down to a lower level of granularity and repositioning the statement for accuracy, it becomes easier to determine whether the team is solving the right problem. Dividing the problem in such a way allows different consultants attack the pieces.

Although I’m not much into social commentary, consider what has been going on with Iran since 2007 with nuclear fuel and the interests of both Iran and the United States. From the perspective of the US it seems as though some have articulated the problem statement as being, “How do we prevent weapons-grade nuclear fuel from getting into the wrong hands?” Just for argument’s purposes, what if the problem statement was rearticulated to be, “How do we help countries to achieve their nuclear energy goals while preventing weapons-grade nuclear fuel from getting into the wrong hands?” With a refined problem statement, one might think of more tailored approaches for addressing each issue, such as supporting or even funding nuclear energy goals, while requiring monitoring for process control purposes.

Or consider an easier problem. Suppose a significant other poses you the problem of finding the best nonstop flight between Los Angeles and New York City. What if the problem statement was rearticulated to finding the cheapest airfare

between the two cities? Such a problem statement might open up possibilities to less expensive flights by allowing for intermediate stops in other cities. Or what if the problem statement was to find the most relaxing way to travel between the two cities? This problem statement might yield solutions that provide for a lot of time to sleep in, pampering through upgraded seats, and chauffeured transport to and from the airport.

The real point is that rearticulating problem statements can often lead to better outcomes, stimulate creative ideas, and offer opportunities for teams to get around roadblocks.

Takeaway Exercise 1: Take a moment to write down the problem statement for a project you or your company is working on. How general or specific is the current problem statement? How might the problem statement be refined?

Takeaway Exercise 2: If you want to spend more time on core problem solving in consulting, it is worthwhile to better understand how to establish the right structure. The purpose of The Consulting Apprenticeship is not to re-invent the wheel. I encourage you to consider some other resources I've listed at <http://steveshuconsulting.com/2010/01/chap3-consulting-apprenticeship>. Bread and butter consulting concepts like issue trees, “mutually exclusive, collectively exhaustive” (MECE), and the 80/20 rule are covered there.

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AN EXAMPLE OF CONSULTING ENGAGEMENT WORKSTREAMS

The term “workstream” is often used in consulting, but I have not seen where it is defined for new consultants to reference. A workstream is an important concept that often ties to consulting proposals, engagement management, division of labor, and processes used with the client. Not every consulting firm characterizes workstreams the way I do, but I have found similar structures used by many consulting organizations.

What is a workstream and where does it fit in the context of a consulting engagement? Let's start with the latter question first.

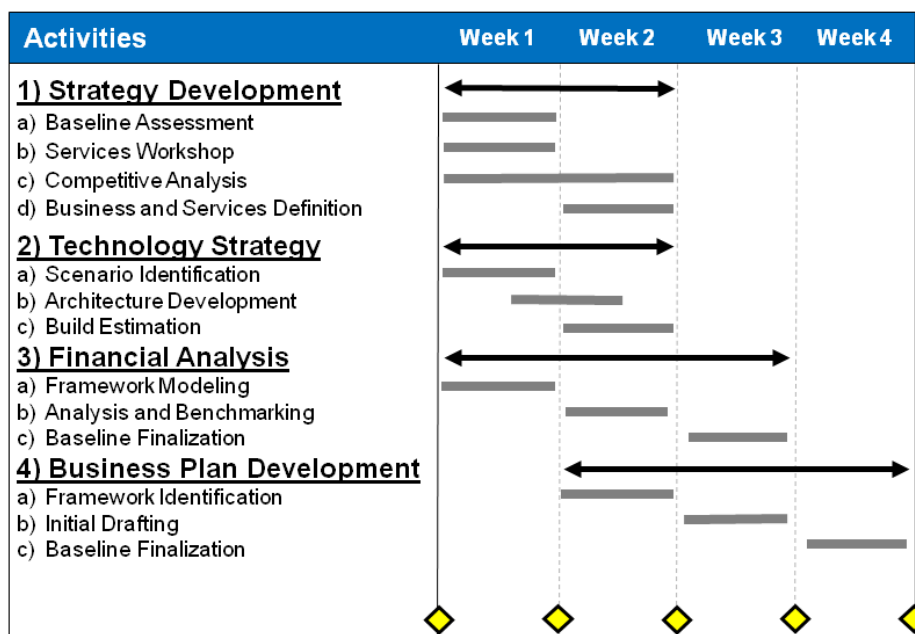
A consulting engagement is set of consulting activities designed to solve a specific problem statement for a client. In the prior chapter, I hinted that a consulting problem statement usually must be decomposed into smaller problems statements. The problem statement can be thought of as a tree of problem statements with the master problem statement being comprised of sub-problem statements.

The figure below depicts the engagement structure for a project I managed. The master problem statement was “to help the client develop a business strategy and plan for entering the market as a new entrant in the wireless network and

applications provider space.” Sub-problem statements included:

- **Strategy questions** - How should the company look at services that it both currently offers and wants to offer? How competitive are the markets? What business models can be used to offer services?
- **Technology questions** - What technology options does the company have based on the options to approach the business? What is the magnitude of the technology effort that would need to be involved?
- **Finance questions** - What do the financials look like for the various business models? Can calibrate these models against other companies?
- **Communication and steering questions** - What is the best way to get the right people in the organization involved, financing approved, and efforts mobilized if the plan makes sense?

Example Engagement and Workstreams



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<http://steveshuconsulting.com/2000/01/download-figures-the-consulting-apprenticeship>

So to address the master problem and sub-problem

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statements, engagement activities are organized into coarse groupings called workstreams. The prior figure has four workstreams covering strategy, technology, finance, and business plan development. For example, the top workstream covers strategy development. Activities within the workstream include assessing the current business services, conducting a workshop to brainstorm services, performing a competitive assessment of the company and its environment, and defining the business model and services to be offered. The bottom workstream includes collaborative efforts to combine findings and recommendations for the project into a cohesive package for presentation to the company's board. Note that each workstream has a prime consultant and prime client point of contact assigned. The overall engagement structure is similar to standard project management practices; additional key considerations from a consulting perspective are alignment with the problem statement and consultant-client touch points.

To close off this discussion, it is important to establish a cadence and regular review structure with the client. I'll touch on this a bit more in the Chapter 11: In Consulting the Process is an Essential Part of the Deliverable.

Takeaway Exercise: Develop an engagement structure by writing down the problem statement for a project and setting up a timeline of workstream activities to address the problem statement. Use a top-down structure so that the problem statement, a summary timeline like the one above, and a description of the activities might collectively be included in a written proposal to management to perform the work.

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