

The Advice Paradox

More than ever, companies are turning to high-priced consultants to guide their sophisticated IT projects. Why are so many business leaders unhappy with the advice they're getting?

By Dan Ciampa

How can otherwise well-managed companies be caught so blind when it comes to outside consultants? Far too many launch complex IT projects on the advice of high-priced consultants, only to see their initiatives founder in a sea of red ink. Besides squandering money, these abortive efforts have longer-term and usually hidden consequences, such as product-plan delays and supply-chain disruptions. Even more damaging is a negative impact on teamwork and morale.

One client I worked with, a large consumer-goods packager, had its own horror story to tell. Known for its management abilities and shrewd decision making, the company launched an ambitious project that was supposed to turn its information and financial-control systems into strategic tools to improve customer service and product launches. Instead, the initiative damaged customer relations, strained relationships between senior and midlevel managers, and drove talented people to leave in frustration. With completion nowhere in sight, the project exceeded budget at a cost of hundreds of millions of dollars.

The packager ultimately fired its outside consultants. "We spent more money on this ... than we had ever spent on completed [projects]," the company's president told me afterward. "And we got absolutely nothing worthwhile out of it. [We knew] going in that

EXECUTIVE SUMMARY > All too often, companies launch costly IT projects on the advice of high-priced consultants, only to see the initiatives fail. Besides wasting money, these flawed efforts hurt company morale. To get the most from outside advisers, business leaders must choose their consultants carefully, communicate their needs effectively, and become better listeners.

there'd be a lot of changes and some broken glass, but [the consultants] told us they'd get the job done. They said that while we'd have to tear down what we had and build and buy what we needed, the end result would make it all worthwhile. They had a good sales pitch, but they didn't have the [implementation] ability to make the right things happen." Sound familiar?

How could this happen to such a sophisticated company? And why didn't executives heed the warnings of their own people, who had been skeptical from the get-go?

including how they chose advisers, prepared to be helped, and judged success—and, especially, how satisfied they were with the help received.

While many said their project results were generally satisfactory, most were disappointed in the way they received advice. For example, outside advisers tended to apply one methodology to all situations rather than tailor their approach to unique problems, business conditions, available talent, and specific cultures.

Some consultants did a better job making marketing

“ Consultants won't improve until business leaders hold them accountable.”

Too often, large, complex projects use outside expertise that's poorly chosen or ill-managed. And just as often, expectations remain unmet, time is wasted by redoing what should have been done right in the first place, and employees lose motivation or become cynical. Accountability is absent.

Two-way street

It doesn't seem that business projects that require outside help will be disappearing anytime soon. But when it comes to dealing with outside advisers, making these important projects successful is a two-way street. Consultants won't improve until the business leaders who retain them demand better performance and hold them accountable.

Over the years, I've conducted an informal survey of chairmen, CEOs, and senior managers directing systems and operations-improvement programs that were significant enough to require changes in the organization culture. In total, 125 discussed their philosophies of taking advice and how they managed their relationships with both inside and outside advisers,

including how they chose advisers, prepared to be helped, and judged success—and, especially, how satisfied they were with the help received. Others depended too much on their experience and couldn't grasp subtleties in situations they hadn't seen before. Some had more educational credentials than ability to translate them into practical action steps, while others were skilled analysts who nevertheless lost sight of the human and political realities that usually determine ultimate success or failure.

The executives I surveyed often found that both outside consultants and the managers they used as internal advisers were too prescriptive and didn't listen enough, or failed to offer actionable remedies. Advice on well-defined, tangible, technical, or operational issues proved much more satisfactory than advice concerning the people-related and political side of change management. The execs said they needed help most when problems and options were less well-defined, but were unfulfilled by advisers who failed to be effective sounding boards to facilitate their deliberations. Most believed that projects were more lengthy, costly, and frustrating because of their advisers' shortcomings.

At all these executives' companies, the consequences of failing to meet systems and operations challenges were important, and in some cases threatened the existence of the organization. And they were expensive enough to attract the scrutiny of board members, the corporation's most senior leaders, customers, and regulators. In addition, there were important personal consequences for the leaders: If solutions for which they were responsible didn't work, their credibility and careers would suffer.

As I talked to these managers about their use of outside advice, it gradually became clear that there existed a help paradox. While there were more advisers offering help, and more approaches and system solutions from which to choose, in projects that were more sophisti-

[[[HED:]] Listen Up

[[[DECK:]] Fundamental principles of advice taking

- Define the nature and delivery of advice from the advice taker's point of view.
- Different challenges call for different kinds of help.
- The right help, when managed well, enhances the leader's image.
- At senior business levels, political and personal issues require the most help.

SOURCE: Dan Ciampa, *Taking Advice*

cated and expensive than ever before, the senior managers who ran or authorized those projects believed they weren't getting the help they most needed. What does it take to extract more value from the time, effort, and money spent on outside help?

In complex situations, even executives who have successfully led their company to new heights lack the objectivity to know what to do and how to do it all the time. But often, they find it difficult to follow others' suggestions. Becoming a great advice taker starts with the following core principles:

- Ideas and recommendations of employees must be merged with those of outside experts. The advice that results must meet three standards. First, it must be actionable—that is, capable of implementation by people available in the company. Second, it must be timely, because of the cost of not improving quickly. Finally, it must be sustainable—in other words, capable of being carried forward without extended outside help.

- It's the leader's responsibility to size up needs for help, prepare the organization to accept change, and select advisers who can best work with management to meet the organization's strategic and cultural challenges. Different challenges call for different types of advice and different kinds of advisers.

- The value of the advice received depends on the leader's ability to master the art of effective advice taking. But there are few who have learned to do so on the way to a senior position. Most neither clarify their needs before seeking help nor choose advisers based on set criteria. And few are self-aware enough to understand how their own attitudes affect the way they ask for and use help. As a result, finding and using the right advice is haphazard, and success is left to chance.

So how do good advice takers get the most from the help available? In short, by choosing their advisers carefully and building a strong relationship with them.

Committed relationship

The selection process comprises three tests for the prospective adviser. The first test is content. Ask yourself: Given the problems I've identified and the conditions in which they must be solved, does this person possess the right knowledge? Does he or she know enough to be of help?

The second test is competence: Does the person have deep enough experience to apply that knowledge? The ideal external adviser will have helped many others and published well-reviewed articles and books—not only sales brochures—that display carefully thought-through conclusions about what works and what doesn't.

[[HED:]] Getting Cozy

[[DECK:]] Fundamental principles for advice relationships

- Merge ideas and recommendations of employees with those of people retained from the outside.
- It's the responsibility of business leaders to size up their needs and actively manage their relationships with advisers.
- The quality of the advice received depends largely on how well business leaders master the art of advice taking.

SOURCE: Dan Ciampa, *Taking Advice*

Key to this test is understanding that consulting has become a series of specialties. It's unlikely that an expert in, for example, information systems or financial control has equally strong competence in culture change. When both areas are important to success, the leader must form a network of advisers and ensure that their abilities complement one another.

The third test is chemistry: Are the prospective adviser and I on the same wavelength? The essential ingredients are adaptability based on the leader's needs, a knack for listening carefully and helping the leader articulate goals, the ability to deliver feedback in a helpful way, and empathy. The adviser who passes this test will have had easy, comfortable conversations with the leader—conversations that offer insights on how to move forward. The better the chemistry between the two individuals, the more useful the consultant's advice is likely to be.

Once the leader chooses an adviser, both must pass four relationship tests. The first test is practicality. Advice is of marginal utility if it's outside the capability of the organization or too simplistic because the problems have been underestimated—faults you often see when the adviser has carelessly addressed the situation, or when the leader hasn't shared enough information. As a leader, ask yourself: Have I made my expectations clear? Have I spent enough time with my consultant and provided enough information for the person to give me useful advice? Did the adviser push me enough to find out what he or she needed to know?

The second relationship test is the added value that comes from dialogue with the adviser. The relationship passes this test if, by the end of each substantive discussion, the leader has learned something useful or is more clear about how to proceed. The leader will know the adviser is attuned to this criterion if, without being asked, he or she describes how recommendations will add value.

The third test is dependability: Will the adviser deliver on promises and be available when needed? The adviser who passes this test treats an agreement as a promise and doesn't

>> Collaborative Strategies

have to be reminded to follow through. In addition, the ideal consultant regularly summarizes the status of agreed-upon tasks.

The leader's part is to set the tone for dependability by modeling it. Failure to prepare as promised, missing meetings, or frequently changing schedules will undermine a relationship with anyone, let alone one's adviser. Also, it's the leader's responsibility to give the adviser feedback when the latter hasn't made good on a commitment. Doing this is the quickest way to discover if the adviser was unclear about what the leader wanted, as well as the most direct way to emphasize to the adviser the importance of dependability.

The final test is commitment: Does this adviser seem genuinely interested in the issues I face? Does the consultant care about my success? The relationship will benefit if the adviser finds the leader's situation interesting to the point of being fascinated and willing to put in whatever time is required. An observant leader will pick up on interest level from the types of questions the adviser asks and how intently those questions are posed. Advisers who pass this test regularly offer new ideas because they've thought about them since the last discussion.

Supply side falls short

The advice paradox can't be resolved without improvement on the supply side of the equation. Unfortunately, there are few graduate-level courses on advice and only a smattering of organized mentoring programs. And there are no industrywide standards for providing help, no proven models distinguishing excellent from average help, and no required certifications for advisers. What's more, consulting has changed over the past 20 years from a destination where expertise deepened from years of seeing firsthand how to solve various problems to a post-graduate school phase on the way to a permanent career.

But while inadequacies on the supply side undoubtedly make it more difficult for leaders trying to improve their organizations, they're not the root cause of the help paradox. Far more significant are the poor advice-taking abilities of senior managers who exacerbate rather than avoid their consultants' shortcomings.

To get the most from advisers on vital improvement efforts, business leaders must make great advice taking an important part of their repertoire. Those who ask for help must

[[HED:]] Priceless Gem

[[DECK:]] Like a diamond, good advice is multifaceted

1. Strategic—offering a vision of the future and a path to get there

- Outside strategy experts offer discipline, research, and external benchmarks.

- Inside advisers offer experience and perspective.

The leader gains insights on what can happen in the future, both strategically and organizationally.

2. Operational—applying information and techniques to maximize near-term effectiveness and efficiency

- A clear, practical view of day-to-day operations.

- An assessment of the organization's ability to meet short-term operational goals.

The leader gains a better understanding of the organization's operational strengths and weaknesses, as well as the information needed to maximize day-to-day efficiency.

3. Political—finding ways to use influence and relationships to promote acceptance of a new strategy or to improve operational effectiveness

- Figuring out why people behave as they do.

- Determining how groups exert power and compete.

The leader gains understanding of why people act as they do, and tools and techniques to win the support of coalitions and the loyalty of individuals.

4. Personal—looking out for the business leader's well-being, satisfaction, and happiness

- Availability, attentiveness, and caring—all crucial in times of high stress.

- Openness based on trust.

The leader gains a guardian of reality who can be counted on to speak sincerely and frankly.

better articulate what they need, be more discerning about whom they select to advise them, and understand that there are different types of advice that must be combined and matched to their needs. Then they must shape an effective give-and-take relationship with their advisers. Finally, and perhaps most important, they need to grasp how their own attitudes and behavior impact their ability to listen to, accept, and act on the advice offered. ◉

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