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BALANCED CONSULTANCY SNAPSHOTS

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A Collection of Snapshots describing the Principles and Practices of Balanced Consultancy

You are a leader in your company. Your organisation relies on you to bring in clients and revenue, grow your unit in line with the strategy, find people to do all the work and keep attrition from getting out of hand.

But it's getting harder. Your competitors are snapping at your heels and it's becoming increasingly difficult to juggle everything you need to. Your peers are having some of the same problems. You suspect your organisation has grown too fast and maybe your company doesn't have the foundations in place that it should.

If this is you, then read on!

This quick guide is aimed at owners of small consultancies who are growing or planning to grow over the coming years, or leaders within those consultancies who want to help their organisation succeed.

Inside you will find models, processes, diagrams and guidelines to enable you to successfully scale your organisation, client base and employee offering in a way that is sustainable and balanced.

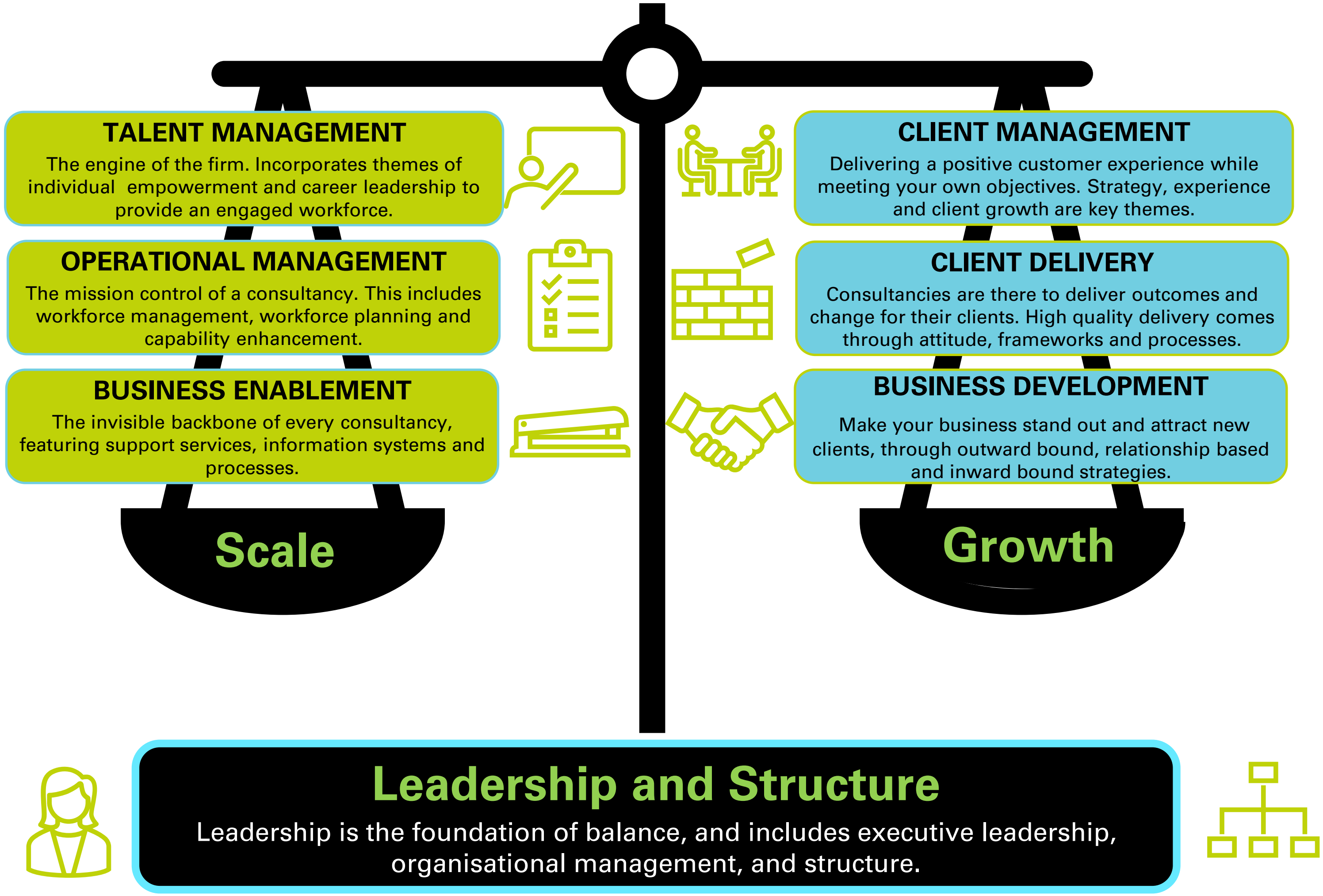
The Eight Pillars

The Balanced Consultancy

Balanced Consultancy emphasises equivalence for customer experience and employee experience. The model within this booklet demonstrates this with three **Scale** focused elements and three **Growth** focused elements with **Leadership and Structure** holding both sides together.

This approach encourages both elements working in tandem, with neither given pre-eminence. It emphasises continual thinking about what is on the other side of the equation and constant adjustment to ensure both sides are in balance. The model acknowledges that pressure will come as one side, or another gets slightly ahead but ensures that the organisation not be out of balance for too long.

To succeed, this kind of approach requires collaborative behaviour, focusing on interaction, respect, communications between the specialists in those areas, a commitment to seeing the other point of view and removing blockers.



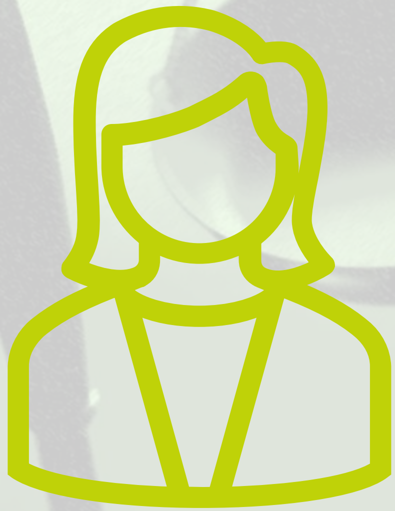
Framework

The Balanced Consultancy

The Balanced Consultancy Framework takes the 8 Pillars of Balanced Consultancy and further breaks these down into categories. Each Category typically encompasses a business function, activity or other logical aspects. The framework provides a basis for a consultancy operating model, organisational training for individuals within their specialism or as a holistic view of how all the functions of a consulting business interact and contribute to the whole.

						Improvement and Innovation	
Financial Management	Practices		Knowledge Management			Products and Services	
Local Leadership (L3)	Contractors	Employee Management	Capability Enhancement	Business Process	Client Growth	Marketing and Sales	Advisory and Solutions
Divisional Leadership (L2)	Functions and Roles	Career Leadership	Workforce Planning	Information Technology Usage	Client Account Strategy	Reputation, Recognition & Relationship	Delivery
Executive Leadership (L1)	Organisation and Model	Employee Empowerment	Workforce Management	Support Functions	Client Experience	Go to Market	Delivery Frameworks
LEADERSHIP	**STRUCTURE**	**TALENT MANAGEMENT**	**OPERATIONS MANAGEMENT**	**BUSINESS ENABLEMENT**	**CLIENT MANAGEMENT**	**BUSINESS DEVELOPMENT**	**DELIVERY**

Leadership



Leadership

The Balanced Consultancy

Consultancies implement a leadership function so that the organisation is capable of driving towards its core purpose and goals.

When we talk about the leadership of the consultancy we are talking about a number of different groups, all of whom have a greater or lesser responsibility for looking after the interests on the company. We can divide consultancy leadership into the following levels:

- The executive leadership team which includes the executive leadership team and the board that they report to.
- The divisional leadership team, who have responsibility for a whole division, function, department, or geography.
- The local leadership team which includes a variety of roles and titles such as People Lead, Account Manager and Resource Manager.

Level 1 Executive Leadership

This group is made up of a number of Executive or C-Level appointments who usually report to a Managing Partner Managing Director or CEO.

SIGMR

The role of the executive is:

- To define the organisational strategy
- Continual improvement of the strategy
- Governance of organisational actions
- Defining the organisational operating model
- Representing the company to external audiences

Level 2 Divisional Leadership

Below the executive leadership, are the divisional leaders. The span of responsibility is dependent on the structure of the company.

A-TEAM

The role of the divisional leadership is:

- Aligning their unit to the strategy
- Assembling the team for the unit to deliver the strategy
- Evangelising the vision and strategy
- Giving Authority to and empowering the team
- Modelling the right behaviours`

Level 3 Local Leadership

This level makes up leadership and management team for a branch or division; and includes People managers, client managers and workforce managers.

APPROACH

The role of the local leadership is:

- Positive atmosphere creation
- Creating plans to deliver the strategy and meet objectives
- Progress monitoring and Ensuring against the plan
- Observing, communicating and reporting on progress
- Checking team behaviour

Executive Leadership

The Balanced Consultancy

The Executive is the top level of the company leadership. They are ultimately responsible for all activities in the organisation and accountable for the successful meeting of organisational goals. This is encompassed in the **SIGMR model of executive leadership for consultancies** on the right. Even in smaller organisations where there is no separate executive team, the five activities below are vital in achieving organisational success.

An effective Executive should focus on a limited number of high value leadership activities. These will be over and above the "day job" of the individuals and whatever particular portfolio responsibilities they have. The value of the Executive team can only be fully realised when they are working as a combined unit on cross organisational themes. When robust conversations have been had and a way forward has been reached the executive can provide the necessary direction for the leadership and management levels below.

The role of the Executive Leadership team is:

Set the Direction

- Deciding on and documenting the organisational purpose
- Establishing and communicating the organisational values
- Creating the vision statement
- Establishing the long-term goals

(Strategic) Improvement

- Changing Focus - modifying the priority or order of tasks
- Activity Adaptation - choosing new strategic activities
- Altering Strategies - adding, removing, or changing existing strategies
- Making Foundational change e.g., altering the core purpose or mission

Governance

- External Governance – how the company integrates into its external environment
- Internal Governance - ensuring the internal processes and policies are followed

(Operating) Model

Define the Organisational Model including:

- The Functions
- The visualisation, the models, maps, diagrams, charts
- The interactions
- The roles and responsibilities

Representation

- Internal - creating an effective internal presence
- Client - making the company executive visible to clients
- External – amplifying market profile

Divisional Leadership

The Balanced Consultancy

Divisional Leadership as delivered by individuals in an organisation, is just as important as Executive Leadership. Highly visible and active, divisional leaders have a key role to play in maintaining the day-to-day energy and direction that is key for consultancies to achieve success.

Effective leadership necessitates, the ability to provide this impetus to all employees no matter where they are placed across location or client. Whilst executive leadership focuses on the entire organisation, Divisional Leaders have more focused areas of responsibility.

We can encapsulate the responsibility of divisional leadership using the A-TEAM model of leadership. This provides a framework for individual leaders to deliver success in their own areas whilst keeping in line with the direction set by the Executive Team.

The role of the divisional leadership team is to:

Align

- Define the strategic activities
- Set Financial Targets
- Set non-financial targets
- Create the strategic plan
- Communicate the plan

Team

- Appoint the local leadership team
- Define clear responsibilities and provide training
- Form the delivery team
- Get the leverage ratio right

Evangelise

- Communicate the vision and strategy to the whole team
- Communicate information on BAU matters
- Be reliable, honest, timely, relevant and interactive
- Use the variety of communication methods at your disposal

Authorise

- Define responsibilities clearly – use a RASCI
- Delegate tasks and authority
- Make clear decisions and communicate them
- Only control when necessary

Model

- Model the company values
- Demonstrate key consulting skills
- Demonstrate key leadership skills
- Practice Leadership behaviour

Local Leadership

The Balanced Consultancy

This level is made up of the most senior functional individuals who may also act as the local leadership team. Individuals at this level may straddle both leadership and delivery responsibilities.

This Level includes People Managers, Client Managers and Workforce Managers. The focus of this group of individuals will differ by role but they will all need to focus on the following elements: helping to ensure quality delivery (both client and internal), providing coaching and mentoring for employees as well as delivering the plan which aligns with the strategic direction.

Once more this forms a mnemonic: Atmosphere, Plan, Progress, Assessment, and Coach give us **APPRoaCh.**

The role of the local leadership team is to:

Atmosphere

- Shape a positive cultural atmosphere
- Champion employees so that they create a “vibe”
- Celebrate achievement, reward and recognise the right behaviour
- Ensure positivity and promote adherence to values

Plan

- Develop the plan to implement the organisational strategy
- Challenge and improve the plan
- Put in place processes and communications for the team
- Get feedback from employees on the ground

Progress

- Help make the numbers (financial success)
- Meet non-financial success criteria, such as attrition or innovation targets
- Balance short term and long-term thinking
- Manage local and organisational risk

Report

- Report risks
- Create a meeting cadence for team communication
- Put in Reporting mechanisms for your team
- Provide upwards report in line with organisational requirements

Coach

- Shape positive behaviours in the team
- Mentor, coach or train dependent on needs
- Use appropriate leadership styles for the individual
- Effectively manage both positive and negative behaviours in the team

Strategy

The Balanced Consultancy

Setting the Direction

PURPOSE

- Your purpose is your most treasured and fundamental reason for doing what you are doing.
- Consider your company, individual and social purpose.

VALUES

- Your values are your fundamental beliefs – you would keep them even if they disadvantaged you against competitors.
- Communicate, embed and celebrate your values with your team.

VISION

- Your vision is the desired long-term result of your efforts.
- You may have a personal and a company vision.
- Your vision is supported by your goals.

ELEMENTS

- Strategic elements build into a picture of how you will achieve your goals.
- You need to consider, service, client and capability elements as well as financial growth and operational elements.

BALANCE

- Balance the strategic elements to make sure they are complementary and prioritised.
- Balance profit vs purpose and in-the-business vs on-the-business focus.

Aligning the Plan

ACTIVITIES

Consider
- Solutions
- Accelerators
- Innovations
- Products
- Efficiencies
- Enablers
- Tools
- Processes
- Capability
- Structure
- Geography

As ways of delivering your strategy.

COMPANY BENCHMARKS

Consider a Balanced Scorecard with four interrelated dimensions:
- Financial
- Customer
- Operational
- Learning and Growth.

FINANCIAL GOALS

- Set short term financial targets and longer-term financial aims.
- Iterate using Top down, increment based as well as bottom-up pipeline-based targets.
- Targets should be stretching but achievable.

VALUE PROPOSITION

- A value proposition is a statement or short description that encapsulates the value that you will provide to those who engage with you.
- It is a keyway of understanding, demonstrating and communicating what makes you attractive to clients.

STRATEGIC PLAN

The Strategic Plan encompasses
- Purpose
- Values
- Vision
- Goals
- Consultancy Strategy
- Capability Strategy
- Services Description
- Client Strategy
- Value Proposition
- Structure
- Strategic Activities
- Financial Targets
- Activity Roadmap.

COMMUNICATION

Make a concerted effort to communicate the strategy and strategic plan.

Do this:
- During the strategy creation process.
- As part of the finalisation and agreement of the strategy.
- At regular intervals to communicate progress against the plan.

The **Strategy** is a set of choices which, when brought together, provide the direction for future actions, with the aim of increasing the likelihood of success. A strategy tells you where you are going and what you need to do to get there. It is a source of competitive advantage and a guide to refer to for your planning.

A process can be followed to ensure all elements relevant to consulting are covered. For the consultant, this is divided into two phases – **Setting the Direction** and **Aligning the Plan**. These two phases are done continually throughout the lifecycle of a consultancy at a regular interval, typically yearly.

Balanced Scorecard

The Balanced Consultancy

The **Balanced Scorecard** is a management system aimed at translating an organisation's strategic goals into a set of organisational performance objectives. It widens the definition of business performance / success to encompass more than pure financial measures. In larger consultancy teams, it promotes top-down consistency of behaviour and can be used to incentivise individual performance. The aim of the scorecard is not to measure everything but to measure those things which have the greatest impact on business performance.

To create a balanced scorecard, we look at four interrelated dimensions of business performance and create indicators and measurements for these:

- **Financial** – to succeed financially, how should we appear to our stakeholders?
- **Customer** – to achieve our vision, how should we appear to our customers?
- **Operational** – to satisfy shareholders and customers, what internal elements must we excel at?
- **Learning and growth** – to achieve our vision, how will we sustain our ability to change and improve?

An example balanced scorecard with 14 elements across the four dimensions is shown to the right.

	ELEMENT	VISION	EXAMPLE Applied Key Performance Indicator (KPI)
Financial	**Gross Revenue**	Revenue grows above market growth	20% revenue growth in the next 3 financial years
	Gross Margin	Excellent margins are achieved and maintained using the right services	35% margin
Customer	**Customer Satisfaction**	We are seen as leaders in the field, always providing quality services	Customer satisfaction of 90% or above
	Customer Value	Clients focus on the value that has been added, not the cost	Discounts from rates provided < 10% of the time
	Service Alignment	We understand our clients' needs and supply the right range of services	We have a service coverage score of at least 75%
	Marketing Qualified Leads	We are having a conversation with someone in the right role in the right kind of company	> 30 Marketing Qualified Leads per month
Operational	**Utilisation**	There is efficient utilisation of our employees	Between 86% and 90% operational utilisation
	Attrition	We have the "right" amount of attrition in the wider organisation	< 15% annual turnover
	Mobility	We have a highly mobile workforce in the wider organisation	25% of workforce are mobile for period of 3 months or longer
	Employee Engagement	Work is engaging and satisfying	Employee engagement score > 8/10
	Client Relationship	There are systems, which are effectively used, that allow us to manage client relations	99% of opportunities are recorded in the CRM within 48 hours
Learning & Growth	**Service Capability**	Our consultants have a high level of knowledge and understanding of the services portfolio	All consultants have completed the Consultancy Service certification
	People Capability	Appropriate skills and continual learning. We have systems to measure skills that are used	65% of consultants trained in the financial domain. 100% of consultants have updated skills data
	Knowledge Management	There is a high amount of sharing and reuse of knowledge	90% of consultants have accessed and deposited information into the knowledge management system

Key Performance Indicators

The Balanced Consultancy

One way in which to look at whole organisation performance across a consultancy is to align metrics with the key elements of balanced consultancy framework. This divides metrics categories into the following seven groups:

- Leadership and Structure
- Financial Management
- Client Management
- Business Development
- HR and Talent Management
- Workforce Management
- Capability

There is of course an endless number of reports and metrics that organisations can produce. Whether an organisation chooses to use some or all of the metrics within the group is very context dependent and typically the more mature an organisation the more metrics it will use.

Leadership	# Outstanding Risks	# Outstanding Issues	Unfilled Key roles	Succession Plans	Delivery / Non-delivery employee ratio	Community Benefit	Data and privacy breaches	Legal Loss	Diversity - Representation	Diversity - Salary
Finance	Gross Revenue	Growth %	Gross Profit	Leave Liability	Days of Working Capital	Overdue payment amount	Rates adherence	Daily Revenue Run Rate	Revenue per FTE	Operational Cost %
Client	Client Satisfaction	Client Retention	CRM usage	Service coverage	Lifetime Value	Client Pipeline Projection	Rate Review %	Client Concentration	Client Value Delivery	
Business Development	Marketing Qualified Leads	Sales Qualified Leads	New Clients	Sales Conversion %	BD Pipeline Projection	BD as % of overall revenue	Marketing Return on Investment	Forward Orders		
HR and Talent	Attrition	Employee Engagement	Headcount	Unplanned Absence %	Timesheet adherence	# Excess Leave Individuals	Cost to Hire	Time to Hire	# Hires	Average Employee Cost
Workforce Management	Utilisation	Chargeability	Mobility	Senior Leverage Ratio	Contractor Ratio	Consultant Performance	Non-Bilable Productivity	Offboarding %	Capacity Projection	Unfilled Roles
Capability	Services Capability	Technical Capability	Knowledge Management	Skills Database Adherence	Resume Adherence	Average Training Days per Individual				

Eight Operational Levers

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A **lever** refers to a specific element within an organisation that can be strategically adjusted to improve operational performance and achieve desired outcomes. It is analogous to a lever in mechanics, where a small movement or adjustment can produce a significant impact. It's under your power and is relatively easy to pull. These eight operational levers can have beneficial effects on organisational efficiency.

CONTRACTOR RATIO

Key Question: Do you have the right balance of permanent employees to contractors?

- if you want to reduce organisational risk or increase speed of scalability, you will push the lever more towards a high contractor mix.
- if you want to increase profitability, increase long term organisational knowledge, or even slow down growth, you will push the lever towards a higher employee percentage.

STRATEGIC ACTIVITIES

Key Question: Are people focused on the right things?

- If your balance has become too client focused, then inject some people or scale activities, from the talent management, workforce management and business enablement pillars.
- If your balance has become too people focused, focus on client and growth activities, such as marketing, service creation or innovation.

LEVERAGE RATIO

Key Question: Do we have the right balance of senior to junior employees?

- If you want to be able to scale, then increase the proportion of junior and intermediate level resources to the senior resources.
- If you want to emphasise prestige and expertise, or indeed want to slow down growth, then increase the proportion of senior resources to juniors.

KPIs

Key Question: Are we measuring the right things?

- What gets measured gets done, so position the lever towards which of the 7 KPI categories (Leadership, Financial, Client, Business Development, Talent Management, Workforce Management, Capability) needs focus.
- Think about having a North Star Metric which is a single KPI that aligns the organisation towards the primary goal.

RATES

Key Question: Are our rates optimised (not maximised)?

- If you want to win more business, undercut your competition, win longer term work and you can accept lower margins, then lower your rates.
- If you want more committed clients, to be more selective who you service, premium positioning and want higher margins, then raise your rates.

CASH CONTROL

Key Question: Are we receiving our invoiced income on time and are we controlling spending?

- By exerting more control, you are increasing working capital in your business, reducing credit risk and increasing investment opportunities.
- By allowing less control, you are improving client satisfaction, increasing potential competitive advantage and easing the administrative and management burden.

COST CONTROL

Key Question: Are our costs optimised (not minimised)?

- More cost control leads to more efficiency, increased profit, more centralised control and reduction of specific leakage concerns.
- Looser control means more empowerment for individuals, improved atmosphere and space for innovation.
- If you have to control costs, start with salaries and leakage, then look at discretionary spending and then finally investment spending.

BENCH MANAGEMENT

Key Question: Do we have the right target and actual bench for all levels?

- By targeting a smaller bench, you will achieve more efficiency and more profit as well as potentially increasing employee satisfaction.
- By targeting a larger bench, you are increasing your responsiveness to short notice requirements, giving more time for individual learning and innovation as well as potentially reducing pressure on the team.

Strategic Improvement

The Balanced Consultancy

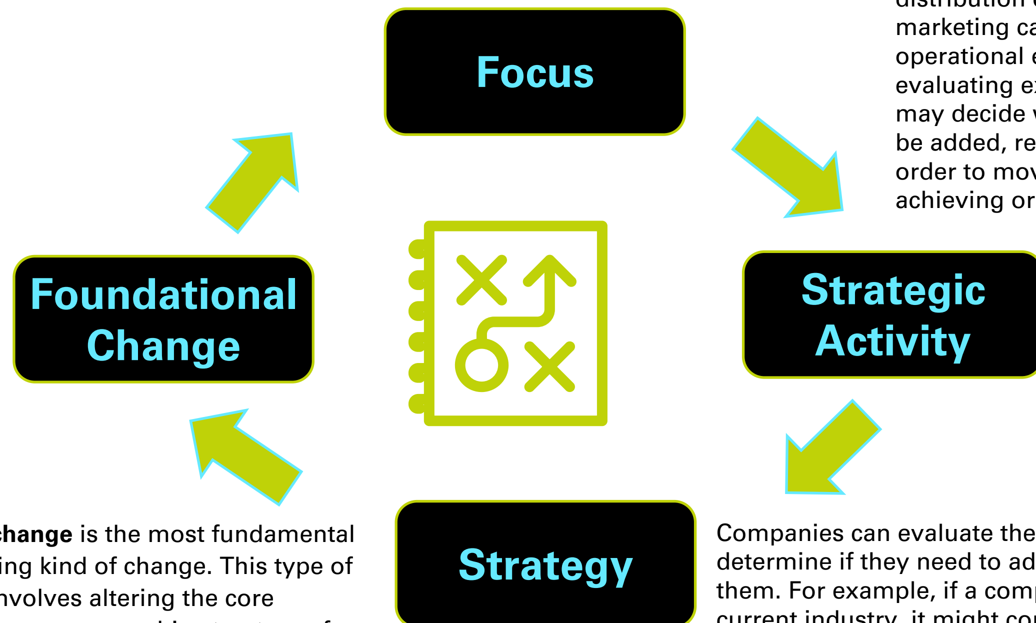
Strategy is not a set and forget. You are likely to find that elements of the strategy don't give the results that you expect, need to be slightly tweaked or refocused or at the extreme is completely the wrong strategy to propel you forward. This is inevitable, it is impossible for a strategy to be right 100% of the time or to stay right over time.

Therefore, you need to consider improving your strategy in the right way and at the right level.

There are four levels in which strategic improvement can be considered from the most granular to the most wide-ranging. The higher the level, the more fundamental the change to the organisation's direction, and the higher the impact and risk.

Focus means keeping strategic activities and goals in mind but modify the priority or order of tasks to achieve those goals, or make other tactical adjustments as needed. This can include changing the focus of an organisation's resources, re-allocating funds to different areas, or modifying business processes to better meet objectives. A successful change in focus requires careful attention to detail and a clear communication of changed priorities.

Strategic activities are those that drive an organisation towards its strategic goals. They can include a variety of activities such as developing new products or services, entering new markets, expanding distribution channels, launching marketing campaigns and creating operational efficiencies. When evaluating existing strategies, you may decide which activities need to be added, removed or changed in order to move closer towards achieving organisational objectives.



Foundational change is the most fundamental and wide-ranging kind of change. This type of change often involves altering the core purpose, mission, or ownership structure of a company in order to better align with a future vision. Such changes are not taken lightly as they can have far reaching implications for all stakeholders involved; from shareholders to employees and customers alike. When making foundational changes, it is important that businesses consider the risks and potential impacts carefully so that any decisions made are well-informed and strategic.

Companies can evaluate their current **strategies** to determine if they need to add, remove, or change them. For example, if a company is stagnant in its current industry, it might consider changing industries to increase profitability and growth. Alternatively, companies can also look at adding new services or products that could be beneficial for their customers and help the company expand into new markets. Finally, businesses may want to consider expanding geographically by opening new locations or entering different countries where there may be untapped potential for increased sales and profits.

Budgeting

The Balanced Consultancy

On a regular basis, typically yearly, a consultancy will set targets for financial performance and incorporate this into a budget to ensure that the business has sufficient money and cashflow to remain viable. The budget is a forward projection of the Profit and Loss statement and cash flow. The budgeting process and the finalised budget itself helps financial planning, control of expenses and is an important communication and accountability tool for the organisational leadership.

It is important to remember that Budgeting is a dynamic process, and flexibility is important. Adaptability and responsiveness to changing circumstances will help a consultancy maintain financial stability and achieve strategic objectives.

DETERMINE TRAJECTORY

Determining trajectory includes historical analysis where you review past revenues, expenses, and profits to identify trends and patterns. Future projections such as market demand, client pipeline and acquisition goals, and capacity to deliver are then layered on top of the historical data.

SET TOP LEVEL TARGETS

Based on your analysis and business objectives, establish realistic revenue targets for the budget period.

One or several methods can be used. This includes Top-Down / Increment based, Bottom-up / Pipeline based or Stretch / Aspirational.

CREATE DETAILED TARGETS

Once the top-level targets have been created, they need to be applied across the year and potentially against the divisions or services. In a multi-branch, multi-service organisation, this will provide a complex matrix of targets at a granular level.

DETERMINE COST OF SALES

The Cost of sale in a consultancy is the cost of providing the services and is typically made up of two things. The cost of the individual(s) who provide the services and any expenses related to the delivery, such as travel. This allows you to calculate gross margin and gross profit predictions.

DETERMINE OPERATIONAL EXPENSE TARGETS

The Operational Expenditure includes all the remaining costs of running the business, outside of supplying the service. This typically includes, management and practice costs, non-billable employee cost training business support and enablement, recruitment, marketing entertainment, IT equipment / software, and insurance.

ITERATE AND FINALISE

Before finalisation you'll need to go through a process of budget review and balancing. Revenue, costs, and margins may need to be tweaked and targets perhaps moved between divisions or services as it becomes clearer which budgetary elements have not been optimised, are not realistic or might be more achievable with changes.

Building Intangible Assets

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Preparing for exit is something to be considered right from the beginning. Whilst this may be years or potentially decades away there are activities that you should always do to help make the eventual exit as easy, quick and lucrative as possible.

A company builds value with the four Capitals. These are intangible capital types which together make about 80% of the capital of the company.

- **Human**. Value of the talent and the management. The ability of the company to run itself.
- **Customer**. The depth or length and closeness of the relationships? Are they widespread and are the relationships transferable from individuals?
- **Structural**. The processes and the systems, which support the business. Transferrable and scalable processes are best.
- **Social**. The vibe of the business, as well as the internal and external reputation.

Demonstrating skills and capability. If you are a people-based business as PSFs are then buyers want to know what they are buying and potentially how the skillset compliments their own. CVs or resumes are one method but better still is a skills database.
Little reliance on founders. Founders will move on. The purchasing company will need confidence that the success of the company, whether that be sales, solutions or operational management are not founder dependent or alternatively they will expect a level of lock in for your commitment to ensure the value is realised.
Strong Management Team with succession plans. A strong management team provides potential buyers with confidence that the company will continue to operate smoothly after the sale and minimises risk the company is less likely to experience a decline in performance or the loss of key employees during the transition.

Business Processes. Clear repeatable processes show that you and your employees understand the role, that the role will be performed consistently that new employees will be able to match the effectiveness of current ones and that there is less reliance on specific employees. This leads to lower risk and greater certainty. Process must be kept up to date and adherence ensured.
Data for everything. Having great data analysis, means you understand your business and can continually monitor what is going on. In addition, it makes due-diligence on the part of any potential investor far easier, reducing the effort at sale time.
Good commercial governance. This signals lower risk that cashflow will be an issue and that revenue is of a high quality. This will include commercial approval processes, authority levels, managed aged debtor reports, cross checking mechanisms, to ensure little wastage.

Human Capital + **Customer Capital** + **Structural Capital** + **Social Capital**

Financial breakdowns by service and delivery types. Certain types of service or models are potentially more attractive, with managed service, or specialist service being potentially more lucrative than generic or time and materials. A financial history that shows things moving continually in the right direction is necessary. Consistency of growth and profitability over a longer period such as 5 years is a key marker.
CRM and pipeline. A clear and healthy pipeline of opportunity will show that your business development activities are mature as well as provide more assurance of the business trajectory.
High quality revenue. Good margins and good margin control give you room to grow and indicate good cost control. Costs of sale should be accurately recorded to include not just resource cost but management costs for the revenue too. This relies heavily on the processes that help you manage client rates and temper salary rises.

Building connections and relationships through active marketing means engaging with customers, stakeholders, and potential partners via multiple channels of communication. This could include social media campaigns, public relations initiatives, content generation for blogs or websites, attending networking events, etc.
Creating a vibrant external brand and reputation is essential for success as it can solidify customer loyalty and trust while also helping attract new business opportunities. Additionally, companies should look into ways of providing tangible evidence of success such as case studies or awards which can help build credibility around their brand name.
Developing a strong internal culture. Employees need to feel connected to the company's mission which leads directly into higher levels of productivity overall. Developing effective training programs can lead to improved employee morale by giving everyone an equal opportunity at learning new skillsets.

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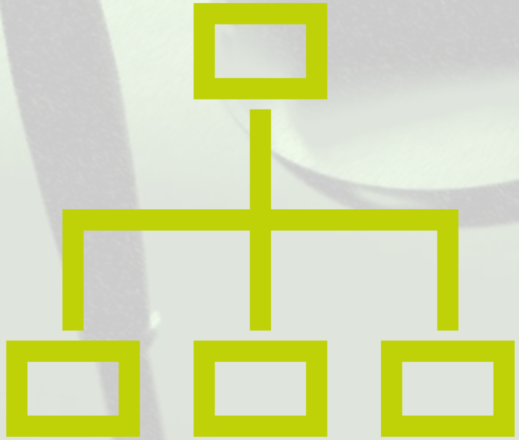
Structure



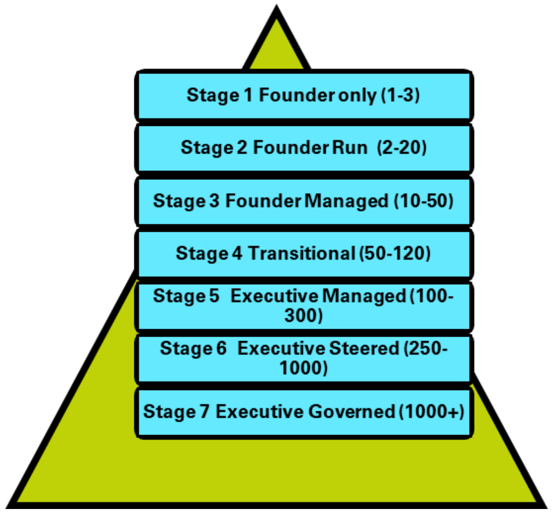
Structure

The Balanced Consultancy

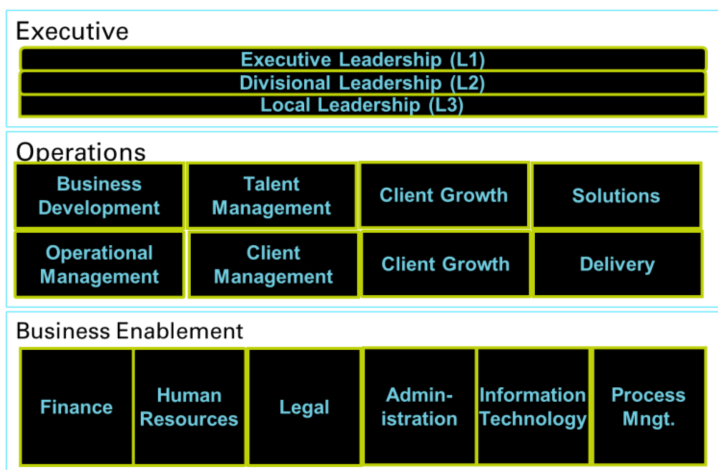
Leadership and organisational Structure for a consultancy are very closely related of course with one element having to reflect the other. In this section we look at how a consultancy organises itself, so that it can work towards the goals that the leadership sets.

We can look at a consultancy's structure from three dimensions:

- Firstly, we can classify the organisation along two key aspects, its scale and its model. These two aspects have a significant impact on how the consultancy operates and what it focuses on.
- Secondly, the functions of the organisation and how these functions are grouped into working groups and departments.
- Finally, the employee model, that is how employees are layered onto the functions and the model and the roles and responsibilities that are given to these individuals.



Scale



Function

Monolithic – contains all business functions under one single hierarchy

Geographic – replicates the monolithic structure as it expands into new areas

Functional – organises the company by business function

Practice – organises and builds business by focusing on areas of expertise

Domain – organises and builds business by focusing on industry sector

Partnership – organises and builds business around individual partners

Model

Level	Example Title
Executive Member	Chief X Officer, President, Executive Manager
Divisional Manager	Vice President, General Manager
Local Leader	Director, Controller, Head of
First line Manager	Manager, Leader, Lead
Operator	Partner, Administrator, Coordinator

Employee Model

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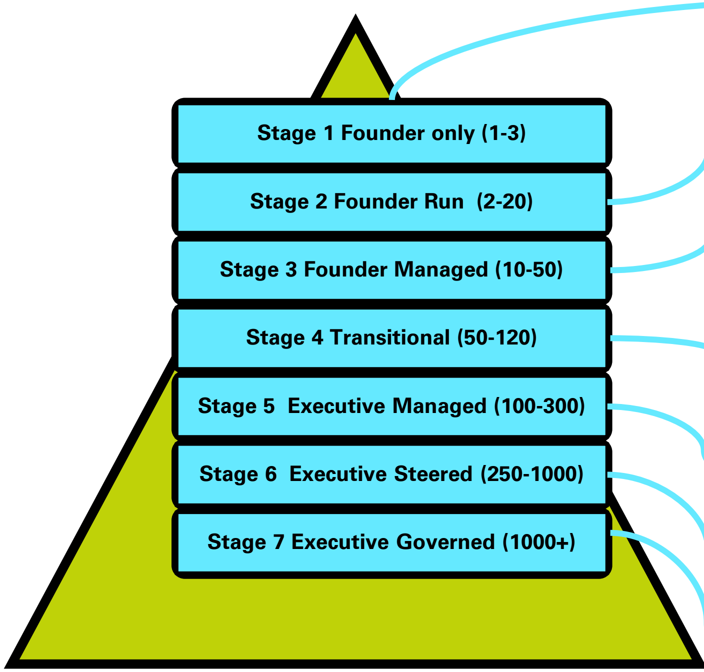
Organisational Scale

The Balanced Consultancy

Scaling from a single person business to consultancy is not a single one-off event. A consultancy will go through several stages of growth before reaching natural growth limits or otherwise reaching a terminal velocity. These different growth stages require focus on different things to optimise performance. The diagram to the right provides a visual representation of typical growth stages and the approximate number of delivery employees.

Some organisations have a very clear view of the optimum size that they would like to grow to. For many others however the decision is made to grow to a certain size or indeed limit to a size often not planned. Difficulty arises typically when growth outpaces the ability to mature the organisation.

The diagram shows a seven-stage growth model along with related characteristics for each stage which summarised the areas that consultancies should focus on when navigating growth. A key operational aim should be to continually align the optimum characteristics of the organisation with the actual size, being neither too mature or not mature enough for the growth stage.



What's important at each level

STAGE 1 – Founders do everything! Independence and positioning. Establishment of foundation clients.

STAGE 2 – The delivery team is built. Focus on values, fun and relationships with a small group of employees and clients.

STAGE 3 – Founders now manage managers. Focus on keeping specialism, building client lists carefully and building reputation.

STAGE 4 – The transition to the big time. Building the Executive team Focus on managing internal debate and finding the big goals. A moment of truth.

STAGE 5 – An Executive team runs the day-to-day business. Focus on building a great employee base and strengthening the divisional leadership team.

STAGE 6 – Executive Team steers a divisional management team. Focus on growing within clients, seeing long term possibility, considering strategic change.

STAGE 7 – An Executive team and boar, steps back from the business focusing on governance. Focus on efficiency, acquisition and being accountable to shareholders.

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Organisational Model

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There are several ways in which a consultancy might choose to organise themselves. Broadly, consultancies choose to organise themselves into one of the following five organisational models; Monolithic; Geographical; Functional; Practice Based; Domain Based.

Although five models are described, the implementation in a consultancy is rarely this well-defined and there is no right or wrong way to implement. Each model has advantages and disadvantages and in fact, the most effective choice for any individual company is highly dependent on the firm's scale, maturity, the capability of the employees within it and how they work best.

And consultancies will change their model over time as they grow. It's not unusual for a company to begin as a monolithic model, before moving to a geographical one and then on to a domain or practice-based organisation over time as they hit the higher scale levels.

MONOLITHIC – A monolithic structure contains all organisational functions in one or two areas. Rather than an effective split of responsibilities, all activities across the organisation are centrally and pragmatically performed. Early scale organisations tend to be monolithic.

GEOGRAPHIC – In this case an organisation replicates itself as it expands into new geographies (cities, states and countries). Each geographical unit performs its own general management, business development, account management and people management.

FUNCTIONAL – Firms which follow this model divide themselves primarily by organisational functions such as business development, people management and account management. This sometimes happens because of the geographical model resulting in inefficiencies.

PRACTICE – A practice is a way of organising people into areas of technical specialism. A firm which follows this model divides itself primarily into units grouped by technical expertise or technical service, with each unit looking after its own functions (business development, account management and people management).

DOMAIN – In this case a domain is typically an industry vertical or a technology type, with specific domains chosen because of their market impact and the skills profile of the organisation. Like the previous model, this model also allows domain units to look after its own functions.

PARTNERSHIP – A partnership owned by the individual partners, rather than individual or institutional How this is determined is documented in the partnership agreement. It may have elements of all the above models. The key role of an individual partner is to find and grow business and this is what they are typically chosen for their ability to do.

Business Functions

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The size and extent of any organisational structures can vary tremendously. But whether the organisation is two people or two thousand, it is useful to be able to think of the organisation in terms of functions that need to be performed. These functions may be shared across the organisation or replicated within the individual units. There are three broad groupings of function:

- **Leadership.** The role of the leadership is to steer the company towards the vision and set the strategy, for the Operations to follow.
- **Operations**. Business Operational functions are the engine of the consultancy, finding and delivering revenue and value to the company. They are the front office of the consultancy.
- **Business Enablement.** These functions provide internal support and consultancy and enable the smooth running of the business operations. They are the back office of the consultancy.

Leadership

Executive Leadership – Strategy, Improvement, Governance, Operating-Model and Structure, Representation

Divisional Leadership – Alignment with Strategy, Team, Evangelisation, Authority, Modelling Behaviour

Local Leadership – Atmosphere, Planning, Progress Monitoring, Communication, Checking Behaviour

Operations

Business Development – Activity which helps bring more business in to the company

Talent Management – Helping Employees make the most of their potential and have meaningful experience

Client Growth – Growing the relationship and footprint within the client to increase value for both parties

Solutions – Advisory and Consultancy to understand need and recommend solutions

Operations Management – Ensuring the right employees in the right assignment at the right time

Client Management - Delivering a positive customer experience while meeting organisational objectives

Practice – Internal services to drive forward the technical expertise of the consultancy

Delivery – Delivering quality solutions to meet consultancy recommendations and client needs

Business Enablement

Finance – Ensures commercial health and regulatory financial compliance

Human Resources – Strategic and tactical Activities to develop and manage the consultancy workforce

Legal – Ensuring compliance and best practice for internal and external contracts and legal dispute

Administration - A wide range of support activities to help the business run smoothly by allowing it to focus on core business

Information Technology – Provision of IT hardware, infrastructure, services and support

Process Management – Documenting and creating process in order to enable consistency and scalability

Employee Model

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A consultancy organisation can be considered a matrix of functions and seniority levels. The intersection of function and level results in a specific position with a specific title. Of course, titles can vary greatly across organisations for what is essentially the same role, but the concept in hierarchical organisations across the globe is identical. The functions are those covered in the previous sections. But what about the levels?

Organisations may choose to define their levels in varied ways. On the right is an example of a three-level approach for operational functions with a two-level organisational management structure on top (this might be suitable for a larger company but overkill for a smaller one). Example position titles are included.

LEVEL	EXAMPLE TITLE	NOTES
Executive Team Member	Chief X Officer, President, Executive Manager, Managing Partner	Level 5 on our employee model is the highest and is the executive level. Individuals here focus on strategy, governance and ensuring the operating model is defined so that the functions, units and divisions in the organisation are capable of working together effectively.
Divisional Manager	Vice President, General Manager, Partner	Level 4, contains the divisional or functional leaders. Their role is to assemble and lead an effective delivery team and achieve the organisation's goals through creating an accountable and empowered local leadership team.
Local Leader	Director, Controller, Head of	At level 3 are the most senior functional individuals who may also act as the local leadership team. Individuals at this level may straddle both leadership and delivery responsibilities, helping to ensure quality delivery (both client and internal), providing coaching and mentoring for employees as well as delivering the plan which aligns with the strategic direction.
First line Manager	Manager, Leader, Lead	At level 2 are the senior specialists, with titles that emphasise their expertise and progress within the organisation (such as manager, lead or senior). As well as delivering to their own key responsibilities, these individuals may supervise small teams and pass communication up and down the chain.
Operator	Administrator, Coordinator, Analyst	At level 1 are the individual practitioners and early career employees who focus on delivering tasks allocated by more senior individuals or as part of their position responsibilities.

Developing a Permanent Workforce

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Many consultancy firms begin as micro businesses where an owner or owners perform multiple roles.

This gives way to a more ambitious expansion phase as reputation and credentials increase.

For a variety of reasons, including the owner's experience, risk mitigation or availability of cash, expansion comes by contracting or subcontracting to individuals.

However, a contractor only model risk leaving money on the table and the financial benefits of having a fully or part permanent delivery model can be substantial.

In order to incorporate or scale permanent employees into your resourcing strategy and operating model, a Cycle of plan design and implement, such as the following can be performed.

PLAN

Buy-in → Get buy in from the management team to ensure concerns are mitigated.

Target → Decide on the right balance and level of employees and contractors for you.

TimeLine → Take your time to get to your first target state. This may be 1-2 years.

Financial Plan → Work out your financial model including external rates, costs (salary bands) and margins.

Budget → Implement your financial modelling into your budgets. Cashflow considerations are critical.

Communicate → Communicate to your existing contractor workforce especially who is being ringfenced.

DESIGN

EVP → Attracting and retaining employees requires delivering a great employee value proposition.

Culture → You'll need to think about what a hybrid culture means to you.

Value Chain → Your permanent employee (proactive) value chain is different from your contractor (reactive) value chain.

Recruitment Framework → Your recruitment framework needs to take everything you need from an employee into account.

Talent Management → Talent Frameworks cover onboarding, performance management, career development, and succession plans.

Workforce Management → A workforce management framework covers assignment, workforce planning, and bench management.

IMPLEMENT

Recruit → Set up a recruitment plan that aligns with your crossover plan.

Change the Mix → Look for opportunities to change the mix at contract renewal for new clients and when clients are going through growth.

Monitor → Keep your eye on the hybrid culture. Take feedback regularly through an employee and contractor engagement survey.

Govern → Watch out for the comfort zone, such as finding reasons to return to a contractor first model or shadow recruitment taking place.

Assess → Check that the balance and levels are correct for the current business situation. Adjust if necessary.

Leverage Model & Ratios

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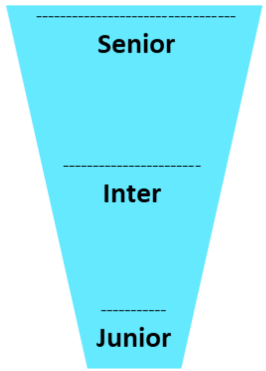
The fundamental strategy behind consultancy is the sale of expertise, knowledge, or skills in the form of services.

Simplistically therefore finding more and more experts will give you greater capacity and provide more services. This is a perfectly valid model but there are limits to how much this is practical as organisations grow.

- It is difficult to find the right skills in the market especially at a price that is acceptable.
- These experts may not want to spend all their time on delivery, and you might not want them to.
- This may not be all that profitable as rates often don't rise at the same pace as salaries.

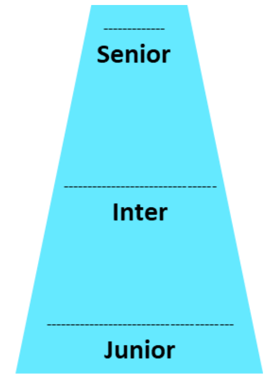
A leverage model can be used to approach this differently. This is based on the assumption that a small amount of personal effort in the form of direction from senior experienced people can be turned into a large amount of team effort when other individuals are used as levers to magnify the output.

TOP HEAVY



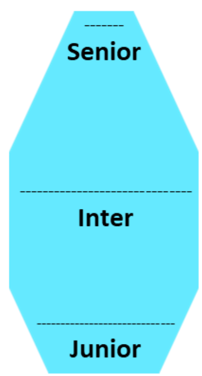
This model is prevalent in niche consultancies. It provides high expertise to clients and high satisfaction to the senior team. However, it provides the most limited organisational growth opportunities and may be difficult to maintain as senior resources are often difficult to find in the market.

HIERARCHICAL



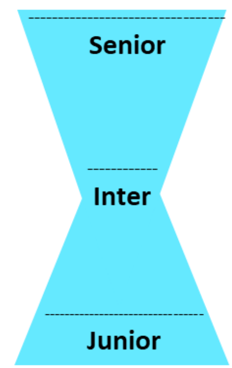
This is the most common model and allows a small number of seniors to leverage their experience using a hierarchy of intermediate and junior resources. This allows for more growth and high profit if well done. This may however limit growth opportunities at the senior level and may take seniors away from the technical work that they enjoy.

PEAR-SHAPE



Technical consultancies or those with a heavy time and materials bias may choose this model. This is useful where clients demand a certain level of skill where they are managing the team member more directly or wish for independent work from the individual.

EGG TIMER



The egg timer is a shape that develops if senior members fail to push sufficient work down the hierarchy. It leads to reduced development opportunity for intermediate resources and a ceiling for juniors, leading to attrition at these levels. This leads to less growth and less profitability.

Talent Management

Talent Management

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Talent Management is how consultancies make the most of their employees potential by helping their career journeys and creating meaningful experiences.

Talent Management has three dimensions within a consultancy and should be considered from the ground up.

- An employee has a responsibility for their own career and should be encouraged and empowered to create their own path.
- A well-established career leadership function with processes and support should be constructed around this.
- Finally, Activities need to be considered from an overall employee management perspective.

CAREER LEADERSHIP

Career leadership structure, which includes a method of grouping employees, appointed career manager, and clear reporting lines.

Career management process designed to function when much work is delivered out of view of consultancy management.

Performance management process for when performance is not up to scratch and may affect delivery or client reputation.

Wellbeing Management for being able to identify and mitigate the particular stresses that come with consultancy work.

EMPLOYEE MANAGEMENT

- **Promotion**, including the timing, process and number of promotion availabilities.
- **Remuneration,** including yearly and ad hoc processes to make sure that salaries are market aligned but also controlled.
- **Reward and Recognition**, in order to recognise positive behaviour in individuals and groups.
- **Leave management**, including consideration backfill and cashflow as well as the individual's requirements.
- **Absentee management** to ensure that frequent or disruptive absences are recognised and managed.
- **Attrition strategy**, to help keep attrition of employees to manageable levels.

EMPLOYEE EMPOWERMENT

If you are Progression focused, you want to climb the career ladder.	**If you are Learning focused, you want to expand skills and knowledge.**	**If you are Discipline focused, you want to specialise in one topic.**	**If you are Domain focused, you want to specialise in one domain.**
If you are Staff focused, you want to help others develop their career.	**If you are Business focused, you want to help commercially.**	**If you are Mobility focused, you want to experience working in multiple locations.**	**If you are Profile focused, you want to become recognised in your company or outside.**

Wellbeing Framework

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A **client wellbeing framework** is a graded response system, based on the premise of early intervention preventing more serious issues later.

Sometimes in professional service firms we default to a customer first mentality, beyond what is always healthy.

In order not to risk key clients, or key projects we ask our employees to put up with expectations we know to be unreasonable or pressure that is unsustainable.

We don't intervene or confront our client until it is too late; performance is affected, and employees go on stress leave. Everyone loses in the long term.

There are four stages:
1. **Early Intervention** flags reminds everyone of their responsibilities.
2. **Course Correction** focuses on working in partnership with your client to improve the situations.
3. **Significant Action** requires the client to make immediate adjustments to their environment.
4. **Exit** puts your money where your mouth is, puts your employees first and ends the engagement.

1. Early Intervention

Key message: We have some early indications of stress; we would like to raise your awareness of them. We will continue to monitor.

1. Initial email sent
2. Client response is assessed
3. Employee kept updated
4. Situation is monitored

2. Course Correction

Key Message: We have significant concerns regarding consultant wellbeing and will investigate further to take action to resolve these.

1. Pre investigation, email sent
2. Investigation
3. Post investigation email is sent
4. Client response is assessed
5. Employee kept updated
6. Situation is monitored

3. Significant Action

Key Message: We must take substantial, and far-reaching action to resolve these actions immediately.

1. Immediate action required, email sent
2. Client response is assessed
3. Employee kept updated
4. Situation is monitored

4. Exit From Client

Key Message: We have not been able to resolve these issues. Our employee wellbeing comes first, and we will be exiting from the work.

1. Legal assessment
2. Financial assessment
3. Executive Decision
4. Exit Plan created
5. Communicate to Client
6. Communicate to onsite team
7. Exit plan delivered

Lattice Career Leadership

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Lattice or matrix models provide growth opportunities by allowing upwards, sideways and downwards change, often in pursuit of a long-term aspiration. This differs from hierarchical models which provide a single channel and provide limited growth angles The following career model has eight dimensions and encourages employees to think how their career might develop across multiple facets.

- If you are **Progression focused**, you want to climb the career ladder.
- If you are **Learning focused**, you want to expand your skills and knowledge.
- If you are **Discipline focused**, you want to specialise in one topic or generalise in many.
- If you are **Domain focused**, you want to specialise in one domain or experience many.
- If you are **Staff focused,** you want to help others develop their career.
- If you are **Business focused**, you want to help commercially.
- If you are **Mobility focused,** you want to experience working in multiple locations.
- If you are **Profile focused**, you want to become recognised in your company or outside.

PROGRESSION FOCUSED individuals strive to advance their career. They have ambitions of taking on more responsibilities and higher pay grades, and are willing to go the extra mile in order to achieve this.

LEARNING FOCUSED individuals seek out new knowledge and skills that can benefit them personally or professionally. They constantly read up on topics related to their field and actively pursue self-development opportunities.

PRACTICE FOCUSED individuals prefer specialising in one particular topic rather than generalising across many different fields. Depending on how specific they want their focus to be, they will invest time into researching the nuances of a certain field until they become an expert at it.

DOMAIN FOCUSED people look for areas where they can specialise but instead of looking at individual topics, they consider domains as a whole such as finance or marketing. By doing so, they gain a greater understanding of the industry while still having plenty of room for growth within each domain.

PEOPLE FOCUSED individuals are all about helping others grow their own careers; whether that's through providing guidance within an organisation or mentoring those who could benefit from their knowledge and experience outside of the company.

BUSINESS FOCUSED individuals are driven by commercial success; therefore, these types tend to look for ways that will help businesses flourish financially such as introducing cost efficiency measures or expanding current customer bases etc.

MOBILITY FOCUSED professionals enjoy working in multiple locations as it brings diversity when it comes to experiences both inside and outside the workplace environment which adds value.

PROFILE FOCUSED means striving towards becoming recognised within your company as well as externally – whether that is through awards, recognition, success stories etc – anything that will help elevate them further in their field and profession.

Succession Planning

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Succession Planning is the process of identifying key organisational positions and putting in place mechanisms and identifying individuals who can perform these roles in the future. This is important to many organisations but is particularly important to consultancies for a number of reasons. Consultancies often have high turnover of individuals compared to other organisations, so succession management is needed to reduce and mitigate the risk of key loss of individuals, this allows for more opportunities at the senior level and has a role in encouraging internal change in consultancy organisations.

9-GRID BOX FOR INDIVIDUALS

Performance

Potential

5 Flashes of Potential	2 Emerging Leader	1 Future Leader
8 Scope Change	6 Transitional	3 High Impact contributor
9 Under Performer	7 Effective	4 Specialist

IDENTIFY CRITICAL ROLES

Candidates include roles that are critical for future goals, require specialist hard-to-replace knowledge, roles which are hard to recruit due to current or future shortage trends, roles that would cause organisational damage if they were absent and roles that give commercial or competitive advantage for the future.

CREATE ROLE FRAMEWORK

For each critical role, a framework should be created, including a competency model, a support structure of coaches and mentors, and identification of the foundational, management and leadership competencies needed with clear descriptions and measures for each.

CREATE SUCCESSION PLAN

Using the Role Frameworks you created, you now go through a process of assessing company individuals in a 360° format, collecting data against the competency models and using a 9-grid box such as the one on the bottom left.

IDENTIFY LEARNING GAPS

Once the group is identified, you need to look at the learning gaps. Which skills are fully mastered within the group, and which are being developed? You may use this information to recalibrate the talent grid. This then allows you to consider the organisational training needs and training plan.

CREATE INDIVIDUAL PLANS

Next you create individual learning plans based on the learning requirements from the competency frameworks and the individual's current skillset. The learning plan is then implemented using the coaches and mentors identified.

MEASURE OUTCOME

Once the organisational and individual succession and learning plans are in place and implemented, you can measure the overall success of the programme with KPIs. These include successors identified, people who are ready now, number of plans implemented, and reduction in turnover in this key group.

Operational Management

Operational Management

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Operational management ensures consultancies have the right employees in the right assignment at the right time.

Operational management divides into three:

- **Workforce Management** which encompasses a number of activities concerned with selecting and governing both internal and external assignments, including recruitment resourcing and bench management.
- **Workforce Planning** which aims to optimise demand and supply in the short and medium term by numerical analysis processes.
- **Capability Enhancement** which is a set of activities which ensure that employees have the right skills for their assignments and for the market in general.

WORKFORCE PLANNING

1. Forecast Upcoming Demand

Upcoming demand is calculated and recorded by taking input from current clients, new business plans and large opportunities such as bids or RFPs.

2. Analyse Current Trajectory

Current trajectory is a prediction of where you would end up, assuming that you continued with no changes to your current plan.

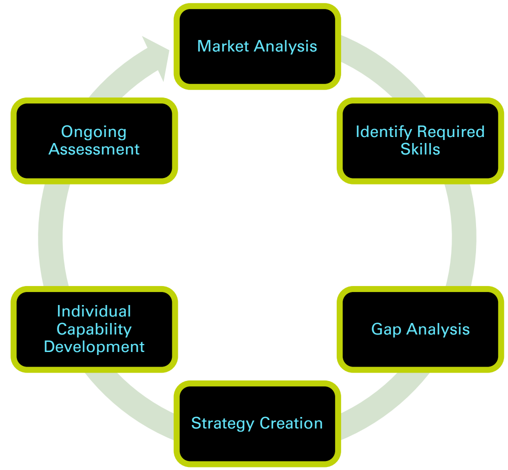
1. Forecast Upcoming Demand

This is done by comparing the summary figures for each month in the current trajectory against the demand forecast.

2. Analyse Current Trajectory

If demand outstrips supply you will need to either look at ways in which to increase future capacity, such as additional recruitment, partnerships or sub-contracting arrangements.

CAPABILITY ENHANCEMENT



This is the process of implementing plans to meet long term skills requirements for the organisations. It differs from workforce planning in its longer-term horizon and focus on skills and talent rather than capacity.

WORKFORCE MANAGEMENT

Recruitment

Finding and hiring the people the consultancy needs in order to meet workforce plans.

Induction

Receiving and welcoming employees when they first join the company.

Resourcing

Identifying and assigning the right employees to meet client requirements.

Assignment Management

Onboarding to assignments, assignment delivery, and assignment offboarding, to maximise efficiency.

Post Assignment

Managing delivery employees immediately after and in between assignments.

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Client Resourcing

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Client Resourcing is a key part of workforce management and is the process of finding and assigning individuals suitable for and available to deliver a client requirement. This stage that leads into further Workforce Management steps which includes onboarding and offboarding as well as what consultants do between assignments.

A robust consistent resourcing process enables objectivity and includes a process for managing conflict where individuals are suitable for multiple roles.

The resourcing process followed by a consultancy may vary depending on the nature size, and specific requirements but includes:

- Receiving the request
- Selecting the right match
- Communicating options
- Agreement confirmation
- Managing change

Request

Once a sales opportunity reaches a certain stage of development, there is usually a requirement to allocate resources for delivery in the event of a successful contracting phase. A resource request or specification should be created, which includes enough data to be able to select appropriate resources. A single point of entry to the process for all specifications is advisable as this will give a single view of all current resource requests. The requestor is typically a client, service or delivery manager.

Select

The selection process involves understanding who has the right skills for the role and who is or may be made available, then potentially going through a number of steps to further judge suitability. A list of potential matches is generated by accessing data from resumes and skills databases as well as other informal sources. This is further refined by confirming who is currently available, is soon becoming available or could be made available by moving resources around existing work.

Communicate

Communication between a number of parties takes place. Firstly, the available options from the selection process are communicated to the requesting party and feedback on suitability may be given. A process of iteration ends when the requestor communicates with the client to put forward options or to inform them of who will be performing the role. In parallel there is communication with the employees about upcoming client opportunities and client meetings.

Confirm

Once confirmation (or sign-off) of the assignment has happened decisions are then communicated back to the resourcing team and to the employee. Final confirmation that the resources are still available should be sought before commercial agreement to ensure any conflict is managed, if a resource has multiple proposed assignment, especially if there has been delay between the initial request and the confirmation.

Change Management

Where changes occur to resourcing requirements prior to confirmation, such as changes to scope, timeline, resource level or numbers, requirements should be re-assessed against the current situation and may require alternative resource proposal. Whereas delay or other change of requirements after agreement from the client side may have financial, contractual or resourcing consequences.

Workforce Planning

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Workforce Planning is the process of ensuring your company has sufficient capacity and capability to meet current and future requirements. This is done by comparing demand to supply for an upcoming window and making any necessary adjustments.

This process is typically a centralised one and should be performed on a regular basis, so that those who are responsible can ensure that the consultancy has the right number of correctly skilled people available to meet demand.

It is a key indicator of maturity, signposting a change from reactivity to proactivity, reducing commercial risk and enabling the company to become more efficient at scale.

1. Forecast Upcoming Demand

Upcoming demand is calculated and recorded by taking input from current clients, new business plans and large opportunities such a bids or RFPs. This is a granular activity performed by entering data for each upcoming period and for individual clients, prospective clients and other sources. For known clients this is done by estimating the effect of upcoming programmes as well as typical historical trends. For prospects, the best guess is collected and a likelihood is applied to create an overall moderated demand for all possible new business. The output from this state is a demand forecast.

2. Analyse Current Trajectory

Your current trajectory is a prediction of where you would end up, assuming that you continued with your current plan. It takes into account todays position, known factors of hiring rate and attrition, any recruitment planning, and extrapolates this out. This trend analysis then gives a future state for every period in the analysis. This is a heavily assumption-based process for which direction and trend are important. As resources are rarely 100% available over a period. It may be necessary to apply a utilisation factor at this point, to account for leave, sickness or training.

EXAMPLE: Demand Forecast

		Month 1	Month 2	Month 3	Month 4	Month 5
Total		**18**	**17**	**19**	**25**	**30**
Total BAU		17	15	14	15	16
Total Weighted Growth		0	0	2	6	9
Client 1	**BAU**	10	8	8	10	10
	Growth				2	4
Client 2	**BAU**	2	2	2	2	2
	Growth					1
Client 3	**BAU**	1	1	2	3	4
	Growth					
Client 99	**BAU**	4	4	2		
	Growth			2	4	4
New Client	**Growth**	1	2	3	4	5

EXAMPLE: Workforce Gap Analysis

	Month 1	Month 2	Month 3	Month 4	Month 5
Total Demand	18	17	19	25	30
Starting Headcount	20	21	22	23	24
New Hires	2	2	2	2	2
Attrition	1	1	1	1	1
Ending Headcount	21	22	23	24	25
Demand vs Headcount	3	5	4	-1	-5

3. Perform Gap Analysis

The gap analysis is done by comparing the current trajectory against the demand forecast, and if desired the enhanced demand forecast for completeness. The summary figures for each month from the demand forecast and the summary figures for each month from the workforce projection are individually compared. You are looking to ensure that each month the demand and supply are within an acceptable percentage of each other. Where this is not the case you have identified a gap and will need to make adjustments to your business plan and into your capability enhancement.

4. Adjust the Plan

If demand outstrips supply you will need to either look at ways in which to increase future capacity, such as additional recruitment, partnerships or contract arrangements. Alternatively, you may wish to put in steps to temper demand. If supply outstrips demand, you may wish to halt recruitment activities or perform other activities to generate additional demand, such as campaigns or discounting. The output from this stage is an updated workforce projection and an updated recruitment plan and other actions.

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Capability Enhancement

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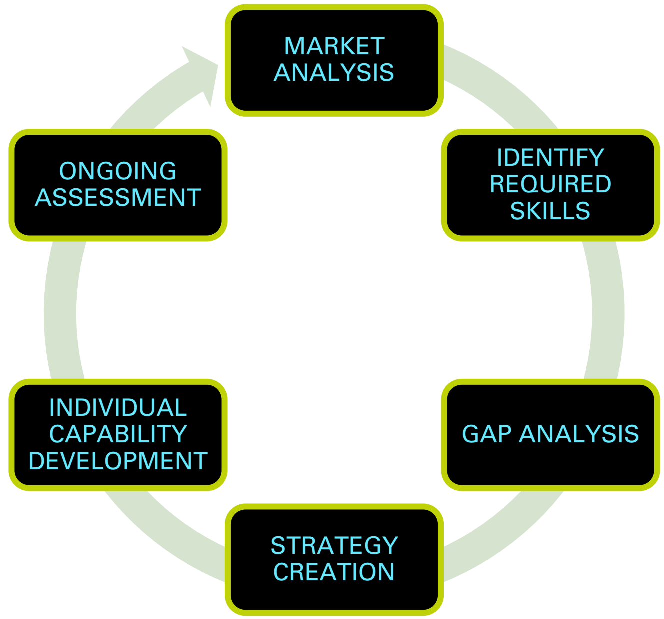
Capability Enhancement is the process of implementing plans to meet long term skills requirements for the organisations. It differs from workforce planning in its longer-term horizon and focus on skills and talent rather than capacity.

Continual change means it is a challenge to always have exactly the capability that is needed to deliver to all clients and to your market base. Capability, therefore, has to be assessed and developed continually to remain relevant to the varied roles and requirements demanded of you.

Capability development enables you to execute your strategy, deliver your services, and keep up with the market. It is key to your reputation.

Future talent requirements are assessed by going through an analysis of external factors and trends. This includes gathering information from your customer base, talking with advisory groups, media analysis, competitor actions, surveys (your own and industry ones) and customer or industry focus groups.

Every month reassess how much you have and publish success internally and externally. It is important to maintain a regular cadence to assess progress, but not too regular as to become burdensome or disheartening if progress has been minimal.



Once information is gathered, a process of translating this into meaningful objectives is performed. This might include a top-10 of required skills, including not just expert or technical skills but also process or soft skills needed and importantly how much coverage of each skill you believe is necessary in your workforce.

The organisation capability strategy needs to feed down into individual upskilling plans and objectives. In this way career management and organisational capability enhancement are brought in line.

The next stage, the gap analysis an assessment of how you compare against the required skills list. This requires an objective measure of both target state, and current state. This is best done with a numerical analysis including the number of people with a certain skill, the levels of their skill and the respective target figures.

You then put in organisational strategies, plans and activities to achieve that goal including:

- Upskilling – structured learning and development initiatives for groups of identified individuals
- Recruitment – targeting and interviewing for identified skills
- Partnerships – identifying and partnering with organisations who have the required skills
- Acquisition – purchasing companies with the required skills.

Operational Leakage

The Balanced Consultancy

Consultancies can leak money if they are not managed well. Leakage occurs when a consultancy does not use the resources it has efficiently or effectively. As the primary resource in a consultancy is its employees, then leakage is mostly a problem of poor use of people.

There are many things that you can do in order to manage costs. This can be done in three ways:

- by being more effective, and having a bigger impact
- by being more efficient, and being able to do more
- or by stopping doing something altogether.

Most instances of leakage will have a direct impact on the bottom line. This is a particular problem for time and materials engagements which still make up a large proportion of consultancy engagements.

LEADERSHIP

1. Leadership Structure not optimised for the size of the organisation.
2. Leaders don't stay in their lane, making decisions that are not within scope.
3. Leaders doing support work means time spent on low value activities.
4. Top technical experts are not delivering sufficient business focused value.
5. The permanent / contractor ratio results in lower than optimum gross margins.
6. Abundance of meetings or reporting requirements cause overwhelm.
7. Strategic activities do not deliver the benefit they promised.
8. Money is wasted on non-authorised, vanity or non-beneficial projects.
9. No defined financial delegation framework leading to poor spending decisions.
10. Senior Management incentive scheme is not well defined or too easy to achieve.
11. If goals are too easy or too hard for the individual, then performance may be affected.

TALENT MANAGEMENT

1. The Employee Value Proposition is not quantified.
2. There is unfocused Learning and Development delivering low value to the company.
3. Reward Processes are uncontrolled.
4. Attrition is not measured or is too high.
5. Poor performance is not dealt with.
6. There is no system to deal with individuals with a history of insufficient utilisation.
7. Poor absenteeism management has an impact on revenue and potentially consultancy reputation.

WORKFORCE AND CAPABILITY PLANNING

1. Insufficient use of contacts or relationships to recruit.
2. Excess reliance on agencies for mass recruitment.
3. No Workforce Planning leading to famine and feast resource availability.
4. No Knowledge management leads to reinvention every time.
5. No template leading to reinvention every time.

LEAVE MANAGEMENT

1. Taking leave at an inappropriate time resulting in revenue loss.
2. Not taking leave while not on assignment.
3. Poor leave timing whist not on assignment.
4. Not backfilling where a contract allows a replacement consultant affects revenue.
5. Leave without pay is used excessively with insufficient operational consideration.
6. Client shutdowns do not align with consultant leave plans.

ASSIGNMENT

1. Resources are tied up due to no client response, extended client assessment, extended client approval or sign off and long lead time for assignment commencement.
2. Post contract drift means you are asked to delay commencement.
3. Not working the full hours available in a contract.
4. Bringing people back to bench at short notice.
5. Not recording all time worked.

RESOURCING LEAKAGE

1. Not using people on the bench productively to add value to the business.
2. Targeting a bench size which is too large.
3. High time to billable from employment start.
4. Recruitment in one area while resource excess exists in another area.
5. Planning for long gaps between assignment.
6. Not using multi-skilled consultants effectively.
7. Poor mobility management where appropriately skilled people are available but in the wrong location and unwilling to travel.

BUSINESS ENABLEMENT

1. Expense policy is poorly defined leading to incurring unnecessary or unauthorised expenses.
2. Travel Policy is poorly defined leading to poor value.
3. Contractors have been used for support services by default.
4. Inefficient systems for support, lead to poor productivity.
5. No or ad-hoc processes, leading to inefficiency.
6. No re-usable templates, so time is wasted on reinventing the wheel.

CONTRACT MANAGEMENT

1. Not putting rate increase clauses into service agreements.
2. Not applying contractual inflationary rate increases.
3. Not applying role level rate increase regularly.
4. Payment terms are unnecessary long.
5. Payment terms are not adhered to by clients.
6. Not charging for allowed expenses.
7. Poor margins or margins not measured.
8. Not having a standard rates strategy lead to ad-hoc pricing which is not optimised.
9. Poor rates control. Rates cards exist however they are subjugated on the ground.

CLIENT STRATEGY

1. Client rates pressure is not managed well.
2. There are no targets or incentivisation for Client Account Manager to grow the account.
3. Client Account Manager Incentives are too easy to achieve and do not enable growth.
4. No growth or cross sales mindset in Account Managers, leads to inertia.
5. No commercial awareness in delivery employees so opportunities are missed.
6. Maintaining non-billable value add longer than agreed, without qualitative benefit.
7. Maintaining non-billable value add when a paid assignment is available.
8. Maintaining a non-billable value add when the client may be willing to pay.

BUSINESS DEVELOPMENT

1. Marketing Return-on-investment is poor nor not measured.
2. Marketing is unnecessary as there is more work than is manageable.
3. Poor Pipeline (CRM) management means opportunities are unnecessarily lost.
4. Poor qualification leading to chasing unprofitable or unwinnable opportunities.
5. Poor RFP with poor qualification leading to considerable wasted effort.

Utilisation

The Balanced Consultancy

Utilisation is the percentage of time that a person or group of people are on billable work. High utilisation means that the helps optimise the financial performance and affects the P&L in the by returning a higher gross revenue and lower below the line costs. This leads to a higher Net Profit. A High utilisation is the element of running the business over which significant control can be exerted and is an absolutely vital measurement of the health of the company.

It's very closely related to chargeability, the difference being it is possible that employees are utilised but not chargeable. There can be many good reasons for this including value add or trial services. Efficient utilisation allows consultancies to make the most of their resources. Since consultants are often the most valuable and expensive assets in a consultancy, it is crucial to utilise their time effectively.

Definition

Operational utilisation is defined as the percentage of *available* working days worked, where available time does not include externally mandated public holidays, shutdowns or any internally mandated downtime such as shutdown period of minimum training periods. These periods are in effect unavailable for consultants to work and are therefore excluded.

Financial utilisation on the other hand includes these unavailable times because there is still a financial cost around these elements even if people cannot physically work. It is therefore defined as the percentage of *all* working days worked.

Impact

Example 1 has an optimised utilisation of 75% for the company, **example 2** has a below optimal but still probably still acceptable utilisation of 67.5% and **example 3** has a below target utilisation of 60%. You can see the significant difference between a target utilisation of 75% and a utilisation of 60%. 15% higher utilisation leads to more than 1000% more profit.

This is because of the amount of fixed salary cost in a consultancy services business. In all the examples above the breakeven point for the business where money is not lost is just about 58%. Above this utilisation figure, every single dollar in additional revenue adds to the net profit of the organisation almost on a one to one basis.

Why Not 100% Utilisation?

Difficulty. It is very difficult if not impossible even at small scale to have no downtime between projects or no upskilling or closedown time for example. This becomes more complex at higher levels of scale.

Flexibility. Having a bench of immediately available resources gives a competitive advantage for supplying short notice requirements, leading to increased revenue and higher customer satisfaction.

Leverage. The concept of leverage means that senior resources are needed to manage junior resources if the organisation wishes to scale. Full time delivery work is unlikely to be desirable for all individual consultants, especially at the senior level.

	Example 1 - 75%	Example 2 - 67.5%	Example 3 - 60%
Gross Revenue	$1,000,000	$900,000	$800,000
Cost of Sales	$480,000	$432,000	$384,000
Gross Profit	$520,000	$468,000	$416,000
Gross Margin	52%	52%	52%
Unbilled Labour	$300,000	$348,000	$396,000
Net Profit	$220,000	$120,000	$20,000
Net Profit %	22.00%	13.33%	2.50%

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Business Enablement

Business Enablement

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Business Enablement is the invisible backbone of any consultancy firm, providing a broad range of invaluable functions and foundations. A consultancy typically makes use of five critical support services:

- Finance
- Human Resources
- Administration
- Legal
- Information Technology Services.

Although Business Enablement encompasses a seemingly disparate set of activities, they in fact are tied together by one foundational purpose: to enhance the performance of the core business. Business Enablement empowers employees and frees up their time, enabling everyone to work more efficiently and effectively to achieve business goals. Business enablement is a classic implementation of people, processes and technologies to support and improve the organisation.

THE FINANCE TEAM

Financial Accounting – the practice of recording transactions in order to provide information for management, public, shareholders and legal authorities. Much Financial accounting is externally focused.
Management Accounting – providing financial information in order to aid the management team in running the business successfully. Management accounting is internally focused.
Taxation Administration – to ensure that local and international taxation regulations are being adhered for individual employees and for the company.
Payroll Administration – generating payslips and paying employees, and ensuring benefits are recorded and ensuring that payment complies with local regulations.
Corporate Financing – the process of raising money to fund their operations and growth.

INFORMATION TECHNOLOGY

Asset Management – this includes providing, tracking, fixing and replacing equipment such as laptops, tablets and mobile devices.
IT Support – providing support or issue resolution for employees using equipment, software or infrastructure.
IT Systems Management – this means supplying, maintaining, and securing the company's information systems.
IT Policy Management – the IT department will have a role in the creation, implementing and enforcing of IT policies and procedures, such as bring your own device (BYOD), data security, and equipment request.

HUMAN RESOURCES

Strategic HR – where the team act as strategic planners for people related matters.
Legal and Compliance – to keep the business compliant and up to date with government regulations, overseeing Individual Employee Agreements, and considering health and safety.
Privacy and Confidentiality – to ensure employee privacy is protected and personal data managed responsibly.
Organisational Design – to provide career paths for all individuals (not just consultants) as well as facilitate internal change within the company's organisation when this is needed.
Employee Experience – to create a workplace where employees feel engaged and valued.

LEGAL

Provide Advice – to ensure that the consultancy follows applicable laws and regulations.
Perform Contractual Quality Activities – review contracts, agreements, and other legal documents.
Conduct Legal Research – to help the consultancy understand the statutory and regulatory landscape.
Handle Legal Matters – this includes lawsuits, arbitrations, or other legal proceedings that the consultancy is party to.

ADMINISTRATION

Management of the Physical Office – ensuring the office functions run effectively.
Departmental Support – in order to assist with the local execution of shared support service activities.
Administrative Assistance – for corporate or management functions.
Additional Responsibilities – such as performing quality review of documentation.

Consultancy Processes

The Balanced Consultancy

The Consultancy Process Wheel has the seven pillars at the centre split into 23 systems with 134 processes.

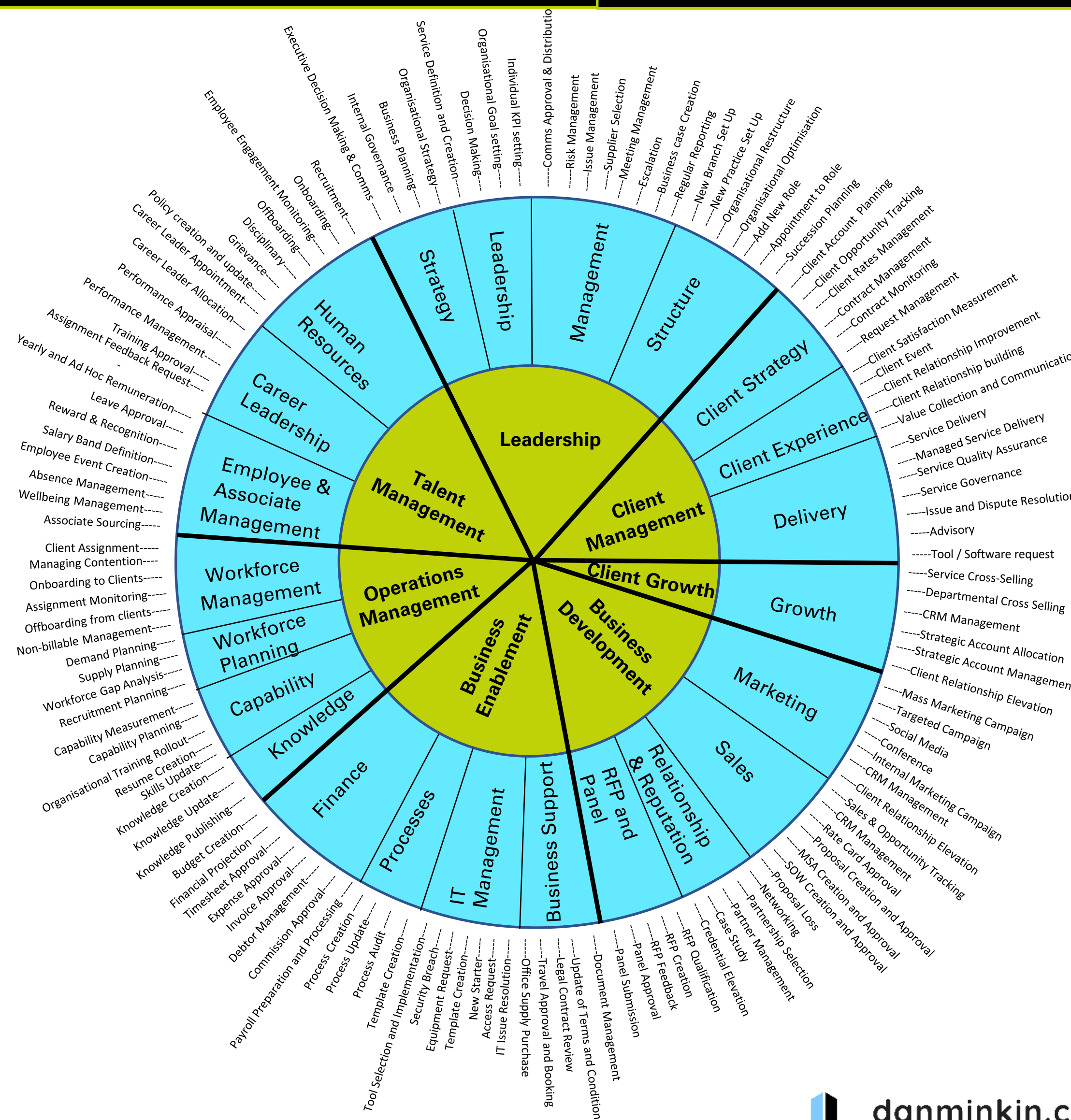
The actual number of processes that would be documented and used in any consultancy is highly dependent on many factors.

As you grow you will need more processes. It's also therefore true that many processes are irrelevant to many consultancies at a given time or not worth the effort of formalising.

Nonetheless, this wheel gives a flavour of the complexity of running a successful firm at a high scale.

Consulting firms can gain a variety of advantages from building processes and systems:

- They help the business's leadership manage the management team consistently.
- There is agreement about what best practice is in a given area and standards are therefore raised.
- Progress can be managed and reported, and bottlenecks and improvements can be identified.
- It helps if personnel leave the organization as knowledge may not go with them.
- Employee engagement rises; attrition is reduced.
- Training and learning curves are simplified.
- Individuals don't have to depend on their own knowledge and can tap into the combined years of organisational knowledge.
- Employees are aware of the expectations placed on them and role conflict is minimised.



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Consultancy IT Architecture

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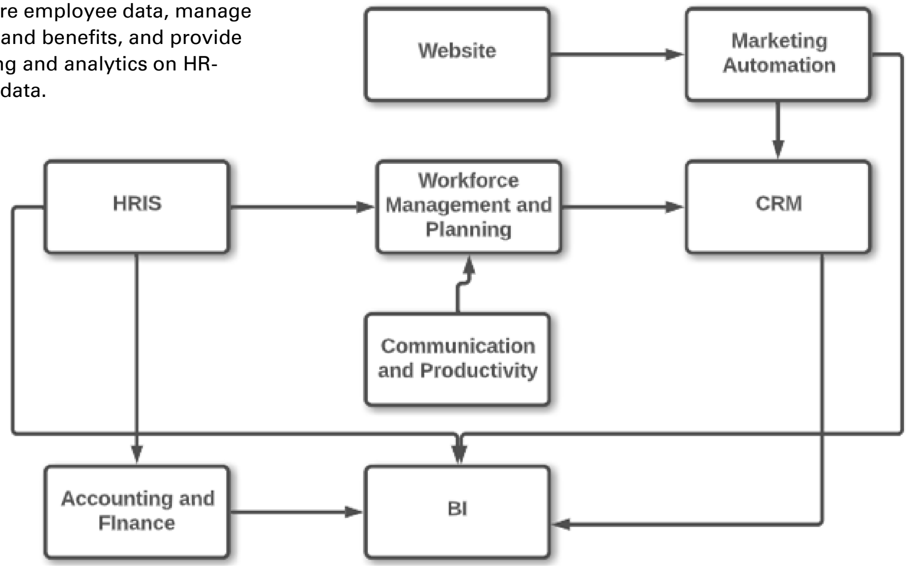
An IT department in a consultancy company typically provides support and services for employees in areas such as computer hardware and software, network infrastructure, and data management. They may also be responsible for maintaining and securing the company's information systems, as well as implementing and enforcing IT policies and procedures. Additionally, they may provide guidance and assistance to employees on how to use technology effectively to support the company's consulting activities.

A Human Resource Information System, is a software application that helps manage and automate various HR functions and processes, such as recruitment, onboarding, employee records, benefits administration, performance management, and compliance. It can be used to track and store employee data, manage payroll and benefits, and provide reporting and analytics on HR-related data.

A Website (or Content Management System) is a platform that allows multiple users to create and run a website without needing to code it from scratch or know how to code. It is hard to exist as a viable company without a website presence, but with the proliferation of website creation tools and relatively easy hosting options, this is not an onerous requirement. Alternatively, there are countless digital creators that can create a website for you for a few thousand dollars.



Accounting and Finance software is used to manage financial operations, such as invoicing clients, tracking expenses, and generating financial reports. Additionally, consultancy firms may use the software to provide financial services to their clients. For example, to help their clients with budgeting, forecasting, and financial planning, as well as to assist with bookkeeping, tax preparation, and other accounting tasks.

A Business Intelligence (BI) system is a specific type of IT system that is focused on providing insights and intelligence to support organisational decision-making. BI systems typically include tools for data mining, reporting, and analytics, and they are used to analyse large amounts of data from various sources in order to identify trends, patterns, and other insights that can inform business decisions.

Marketing Automation refers to the use of software and technology to automate and streamline marketing tasks and processes. This can include tasks such as email marketing, social media management, lead generation and management, and analytics and reporting.

The goal of marketing automation is to improve efficiency and effectiveness in marketing by automating repetitive tasks, personalizing communication with customers, and providing valuable insights through data analysis. This allows marketers to focus on more strategic and creative tasks, and to better target and engage with their audience.

A CRM system is software that allows you to record and track your relationships and touchpoints with leads, opportunities and customers. CRM systems help you organise and, in some cases, automate your business growth activities but also demonstrate your pipeline strength to interested external parties, such as banks or potential purchasers. Your pipeline is one of the most important indicators of financial and company health as a consultancy.

A Workforce Management System (WFM) is a software system designed to help organisations manage and optimise the use of employees' time and skills and can be used to forecast future workforce needs and plan accordingly, such as by scheduling employees in advance. It can include features such as scheduling and time tracking, resource allocation, project management, time and expense tracking, forecasting, and reporting and analytics.

A Communication and Productivity suite, often referred to as an Office suite, is a collection of software programs that are designed to help individuals and organisations communicate, collaborate, and manage various tasks and processes. Some common features that are typically included in an office communication and productivity suite include word processing, spreadsheets, presentation software, email, instant messaging, calendar, video conferencing, and file sharing.

Client Management / Business Development

Client Management

The Balanced Consultancy

Delivering a positive customer experience while meeting your own objectives is the key to successful client engagement. In this section, we explore how best to achieve both of these outcomes. This includes the following dimensions:

- Client Strategy
- Client Experience
- Client Growth

A strategy for how you relate, and intend to partner, with your client is a dependency for successful client management. Account plans, stakeholder mapping, customer relationship management processes and software are used. Clear plans allow you touchpoints with the client, such as meetings and reports to have maximum effectiveness. These in turn helps build a great client experience and allows you to focus on ensuring you are doing what you are supposed to be doing – delivering a quality outcome with the expectation this will lead to commercial growth.

STRATEGY

Map the Client

Collecting information about your client to understand the structure, stakeholders and values of the client.

Apply the Go-to-Market

Your go to market strategy is your general approach to define how you will communicate with current and potential clients to promote your services.

Price

Pricing strategy, which may vary between clients dependent on closeness, scale of service or industry that the client is in.

Implement the Plan

The account plan is the central document that explains how the consultancy and the client will operate in order to maximise that value that both parties receive from the relationship.

EXPERIENCE

Touchpoint

This includes regular account meetings, engagement reports. And an effective issue resolution processes.

Demonstrate Value

Value is what clients expect in return for their investment. This means collecting and sharing how engagements have delivered value and how current engagements will deliver even more value.

Measure

Client satisfaction measurement, such as CSAT or Net Promoter scores are designed to evaluate the level of satisfaction and happiness that clients experience with an overall business relationship.

GROWTH

Maximise the Opportunity

Chasing harder than others, responding fast, producing more and better options and solutions, finding a bit more value and sometimes sharpening your pencil to win the work.

Go Beyond the Contract

Refers to providing services or delivering results that exceed the specific terms and obligations outlined in the contract. To provide additional value to the client.

Expand the Matrix

Increasing the number of services sold within a client and increasing the number of separate departments within a client that services are sold.

Climb the Ladder

Forming relationships higher up the client ladder by adapting the message to suit the audience.

Value

The Balanced Consultancy

Consultancy is fundamentally a **value-based activity**; a client expects benefit in return for investment, usually a greater value than the initial outlay.

Value builds throughout the consultant lifecycle and beyond, into each subsequent engagement. The ability to demonstrate value at one stage is valuable at a later stage. Adding value is therefore a cyclical activity where even at the end of a relationship with a client, the realised value can be used to demonstrate potential value to subsequent clients.

At all stages, the value proposition is more convincing if a hard currency amount can be attributed to it. This is quantitative benefit. The alternative to this is qualitative benefit. This includes things that are more difficult to measure in purely financial terms, such as increased quality or improved reputation.

MAKETING

Within marketing activities, as well as explaining the service or offering, you should refer to the benefit that could be realised if the client were to take up the service. This should be backed up by metrics you will have gathered during previous engagements and detailed in case studies of similar implementations.

SALES

Early in the Sales phase, previous successful examples of where value has been added should be quoted. At this point, every effort ought to be made to understand what the customer values. As talks progress to a more advanced stage, you will need to quantify how much value might be achieved for the customer.

ANALYSIS

Within the Analysis phase, more precise figures are put on the expected benefit to correctly assess and recommend the effectiveness of the various options. The assessment of both tangible quantitative benefit and less tangible qualitative benefit is a key part of the decision process.

SOLUTIONS DELIVERY

Although benefits are primarily achieved after a solution is delivered, this period needs to maintain a constant focus on value in each of the constituent steps. This is done in the following four high performance ways. First, by communication and reporting. Second, by value control activities and change management. Third, by quick wins. Fourth, by “value-add” activities.

POST-DELIVERY

It is in the Post-Delivery phase that most value is realised, and the success of the project can finally be completely and accurately measured. Value is a cumulative phenomenon, and it may take a number of years to fully assess the change.

$

Invoicing

This section covers the contract, timesheet and invoicing process. It is important that consultants have an overview of how these three elements fit together because they are a critical part of how consultancies manage their cashflow, which is of course necessary to pay the employees and remain a viable business.

Every company's commercial management will be different but will include the following high-level activities within the process. The process can be divided into three, the activities that happen before contract signing, those that happen after and those that happen at the end of each period, typically the end of each month.

Pre signing

1. The contract is generated, usually by the consultancy although sometimes by the client. A template is used.
2. A quality check and approval process is completed before a version is sent off to the client for signing.
3. Negotiation of price or specific terms and conditions will need to be completed prior to both parties signing.
4. The client should accept and sign first, without this you run the risk of committing to delivery but not having yet received agreement.
5. Once the client has accepted then the consultancy can countersign.

Post Signing

1. Additional information is collected and stored to prepare for generating effective invoices – email addresses, detailed client company information or client generated purchase orders.
2. Timesheet codes are generated and communicated, for consultants to record the time spent on the assignment.
3. Timesheets are then typically submitted on a weekly or monthly basis.
4. Timesheet checking is performed regularly to reduce the chance of incorrect timecode allocation and chasing up of missing timesheets.

End of Month

1. Timesheets are submitted, and checks are made that none are missing so that invoicing starts promptly.
2. For healthy cashflow, the finance or management team will then look to generate invoices as quickly as possible.
3. Invoices are checked if necessary and then sent to the client at the agreed address.
4. Daily checks are made to see which payments have been made.
5. A report is produced of overdue invoices and a graded process of reminders and chasing up is put into place.

T&M Rates Management

The Balanced Consultancy

It's a fact of business, that salaries increase, both for the individual as they gain more experience, and for the whole company as inflationary and competitive pressures are exerted. In order to maintain healthy margins, which lead to a viable company, client rates need to increase. It is important that this is done in a planned and transparent manner, to minimise any disruption to the client and allow them to plan accordingly.

6 KEY PRACTICES

1. **Communicate your rises.** Clients do expect regular rises. However, notice is really important as is a justification.
2. **Perform regular rates assessments.** Every six months' rate cards should be reviewed comparing rates at a given client with the standard rate.
3. **Be granular.** It's also important to consider an individual's rate. As people spend more time at a client, or as they are promoted then they are of greater value to the client and have a greater cost to employ.
4. **Consider NOT raising rates every time.** In certain clients any rate rise may trigger significant work in internal systems or may trigger a full commercial negotiation.
5. **Have a clear communication trail.** Whilst you may wish to make the initial communication of changes verbally this must be followed up in writing.
6. **Expect and manage pushback.** Some client reasons are justified, and it may be the right decision not to increase rates, for example where clients have financial problems.

RATE MANAGEMENT PROCESS

List Clients → Define Anchor Roles → Document Current Anchor rate → Document last rise date → Document contractual considerations → Identify low anchor rates → Identify overdue rate rises → Document target rates → Communicate rate rises → Identify Individuals rate rise → Communicate individual rate rises → Document outcome

CLIENT RATES MANAGEMENT

When managing rates at a client level, defining your **anchor level** and rate helps to simplify the planning exercise. An anchor level is simply the most common role and rate across your business. This both simplifies and allows you to compare across clients easily. The table below provides an example of what a client rates management output might be.

Date: 1st January 2023

Client	Anchor Rate	Date of Last rise	Status	Next Anchor rate	Date next rise	Date Client Informed	Contractual considerations
Aardvark inc	750	1/7/21	Amber	795	1/1/23	10/9/22	Max 795 rate allowed
Bottleco	770	1/7/22	Amber	795	1/4/23	1/12/23	None
Charlie Consulting	810	1/7/22	Green	820	1/7/23	1/4/23	Yearly rate rise only

INDIVIDUAL RATES MANAGEMENT

When managing rates at an individual employee level, you are looking to ensure that value and experience that the client receives match the rate you are earning as well as the internal cost. A regular exercise focuses the mind and reduces margin slippage. An example output from the individual rates exercise for one client is below.

Client: Aardvark Inc

Date: 1st January 2023

Consultant	Role	Current rate	Standard rate	Status	Date last rate rise	Next Proposed rate	Next Proposed rate rise	Date client informed
Anna	L3	700	770	Amber	1/3/22	750	1/3/23	1/12/22
Brian	L5	1200	1250	Amber	1/7/22	1250	1/7/23	TBC
Chloe	L2	540	650	Red	7/8/21	650	1/2/23	1/10/22
Deepak	L1	500	450	Green	1/1/23	TBC		

Managed Service

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The desire to move from a resource provider to a managed service provider is a common driver for consultancies who may be primarily providing augmentation to the client. The extreme of a managed service is a fully outsourced arrangement where accountability sits fully with the consultant and fully away from the client. But this type of arrangement can frighten many clients who may be afraid of losing oversight and control. It may also frighten some consultancies who may not feel they have the experience to accept this type of risk. So, considering a managed service from only this viewpoint can distract from valuable conversation. If you instead think of providing a fuller service, then you can have more success in presenting what you do as part of a managed service delivery.

The way in which this is done is by offering individual options or elements of what a full managed service might contain, which may appear less confronting. The diagram on the right contains eight alternative offerings alongside key customer focused messages that might help you emphasise this perspective.

TEAM: 'We can provide a full team of professionals to help you with whatever project you need assistance on. We offer discounts for larger scale projects so that you can get the most out of your budget. Our team is highly experienced and knowledgeable, so you can be sure that the work will be done to the highest standard possible.'

VALUE: 'We realise the importance of providing added value to our relationship, which is why we are committed to delivering that extra something for example access to our knowledge repository.'

PACKAGES: 'We understand that it can be difficult to keep track of costs when working with outside companies, which is why we will agree on a price for our package of work upfront. This way, you know exactly how much the project will cost and won't have to worry about any hidden charges or additional fees due to us spending more time than anticipated.'

PLANNING: 'At our company, we understand that planning and delivery can be daunting tasks. To make the process easier, we will provide a service manager to help you with every step of your project. Our service manager is an experienced professional who can guide you through the entire planning and delivery process from start to finish.'

OUTCOME: 'We understand that you need more than just people to help you reach a desired outcome. That's why we are offering our services, so that we can provide the guarantee that by working collaboratively with us you will receive an outcome rather than just people to help deliver it.'

KNOWLEDGE TRANSFER: 'As part of the delivery, we will provide a knowledge transfer to client employees in order to ensure that they are able to effectively use the systems and processes that we have delivered. There will be no Intellectual property loss when we hand over to you.'

ACCELERATION: 'At our company, we understand the importance of timely delivery and are committed to providing you with the fastest solutions possible. To ensure that your project is completed quickly and efficiently, we have a selection of already developed and tested solutions that will accelerate your delivery.'

COST REDUCTION: 'At our company, we understand the importance of cost savings while still maintaining a fast and high-quality service. That's why we offer different service delivery options that can help reduce costs without sacrificing speed or quality. We have streamlined processes to ensure maximum efficiency with minimal time and resources invested.'

Business Development

The Balanced Consultancy

Business development is a term which is used in many different ways. It is often synonymous with sales but in its widest sense it can mean any continual improvement activity which improves how a company operates. New clients, new services, new processes all help to keep the consultancy growing and improving as consultancies cannot stand still for too long. There is a narrower definition which is any activity which helps bring more business in to the company. This includes the go-to-market strategy, marketing and sales activities.

GO-TO-MARKET

A Go-to-market strategy is the consultancy's plan to present the company and services to the market to demonstrate the benefits of what they do and the value that clients will get.

- What is the need that the market has and who has that need?
- What is the response that we are proposing to meet the need?
- Why would clients want to engage specifically with us?
- What are our key messages and how do we best deliver the messages?
- How do we best deliver these key messages?
- What are the client's options other than us?
- How much will it cost and how much will the market pay?
- How do we distribute the service or product?
- What do we need to enable the successful delivery?

MARKETING

Marketing is proactively promoting yourself, your services and your capabilities.
Benefits of marketing include:

- Highlighting who you are
- Increasing your visibility
- Increasing your perceived value
- Engaging with current and potential clients

There are several different ways of marketing that consultants can consider:

1. Website
2. Content
3. Conferences
4. Training courses
5. Networking
6. Campaigns
7. Brochures
8. Social media
9. Mail
10. Case studies

SALES

Lead Generation

A lead is an individual or an organisation that might be interested in your services. The three categories of leads are classified as "reactive", "proactive", and "competitive".

Opportunity Management

Once a lead is generated, that lead needs to be followed up to explore if there is a real need for any of the services you provide.

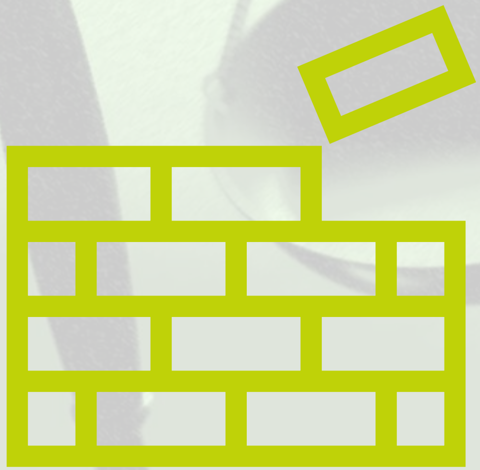
Qualification

Understanding whether you are capable of, and willing to provide a solution, and whether the consultant believes that the other party is committed to the process.

Contracting

Working with the client to finalise the agreement to work together. The proposed agreement is documented, reviewed, and signed.

Client Delivery



Acquire – Advise – Act

The Balanced Consultancy

The Acquire – Advise – Act Cycle is the end-to-end process of finding work and delivering solutions and change.

Acquire is the point that you articulate your services, and the benefits they can deliver, to eventually reach an agreement with a client to work together. The Acquire process includes two core elements – Sales and Contracting.

Advise is a three-step consulting process which takes up after the initial Contracting step. In this process you derive true need through analysis activities, design potential solutions, and validate these with the client.

Act is all about delivery. Not all engagements go further than the Advise phase, but for those that do, in order for them to be successful, it is recommended that well-managed initiation, delivery, and ending activities be executed.

The following three slides dive into each of the three activities in detail.

ACQUIRE

Sales

1. Lead Generation
2. Opportunity Management
3. Qualification

Contracting

1. Document the Proposal
2. Create the Statement of Work
3. Consider Price and Rate Card / Commercials
4. Sign off

ADVISE

Analysis

1. Connect
   - Clarify with Interviews
   - Clarify with Documents
   - Clarify with Data
2. Challenge
3. Categorise
4. Present Findings
5. Contract

Design

1. Create the Longlist
2. Match Options to create solutions
3. Craft a Joint Solution
4. Create the Shortlist
5. Check Options are Valid

Validation

1. Prepare to Present
2. Create the Draft Presentation
3. Deliver the Presentation
4. Rework
5. Contract

ACT

Initiate

1. Consultant Onboarding
2. Client Onboarding
3. Delivery Setup

Solutions Delivery

1. High Performance Delivery Behaviours
2. Delivery Management
3. Dealing with Problems
4. Client Management
5. Building Relationships

End

1. Delivery Breakdown
2. Consultant Offboarding
3. Client Offboarding
4. Moving to the Next Engagement

'Acquire' Process

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SALES

Lead Generation

- **Reactive leads** include an incoming enquiry, introduction via a contact, introduction or referral via an existing client, a call from a previous colleague or relationship, or introduction via a partnership.
- **Proactive leads** include, a cold call, a call to a previous relationship, a contact at a conference stand, a contact from a campaign or a contact because of a speaker slot.
- **Competitive leads include** government and supplier panels, marketplaces and requests for proposals (RFPs).

Establishing Opportunity

1. Arrange to meet
2. Perform necessary groundwork
3. Meet
4. Build Trust
5. Explore the situation
6. Establish a Potential match
7. Agree the next steps

Qualification Checklist

Criteria	Y/ N
Is this the " real" client and are they empowered to make decisions?	
What are the immediate opportunities?	
What is the overall size of the opportunity in the long term?	
What is the likelihood of converting the opportunity to paid work?	
Is there budget to start?	
Is there current or future potential to cross-sell (other services)?	
Is there current or future potential to up-sell (other departments)?	
Is there current or future potential to on-sell (next part of the cycle)?	
How much effort is required to win? Is it a reasonable amount relative to potential opportunity and chances of winning? (The reasonable effort test).	
Is there a sense of any resistance? Is this resistance likely to add to the effort to win?	
Is there 50/50 participation? (Too much of an imbalance indicates a potential unequal relationship).	
Is this work within core capabilities?	
Is there the capability to deliver when the client wants?	
Do I or we have experience of dealing with this client?	
Does this work fit with the agreed consultancy strategy and plan?	
Does this client have similar values to allow us to work together?	
Will working with this client harm or enhance your reputation?	

CONTRACTING

Document the Proposal

The proposal has to be well pitched. A successful proposal:

- Acknowledges and shows understanding of the client's problem.
- Demonstrates a detailed knowledge of how to approach the problem.
- Indicates implicitly or explicitly that you have solved similar problems before.
- Demonstrates control of timing and resourcing.
- Is pitched at the right level of detail for the client.

Create the Statement of Work

A Statement of Work will typically include:

- **The solution.** A high-level description of all elements of the solution, including the inputs and the interrelationships of the elements. Include the benefit and how this addresses the need.
- **Deliverables.** This may vary from individual items, such as documents and products, to entire outcomes.
- **Cost.** The total cost to deliver the solution and deliverables, broken down so that the calculation is clear.
- **Timescale.** Any key dates agreed to by both parties, such as product delivery dates, and how long resources will be assigned.
- **Key personnel.** Any named key personnel, with roles and responsibilities.
- **Terms and conditions.** Including working hours, payment terms, terminations, IP, confidentiality and dispute processes.

Consider Price and Rate Card / Commercials

- **Timing.** The time to talk price is when the value is clear to the customer.
- **Market-based pricing.** This is where you price your services in line with current prices for similar services in the market.
- **Cost-based pricing.** This is where you price using the margin of profit.
- **Value-based pricing.** This is where price is set based on a percentage of the perceived benefit.
- **Price maximisation.** In order to maximise price, you may wish to start high and be prepared to be negotiated down.
- **Rate card.** A rate card is a list of your services with the price to the client.
- **Quality guarantee.** If the client is uncertain, you may try a guarantee.
- **Fixed pricing.** The price is a set figure, irrespective of the effort or timescales.
- **Capped pricing.** Capped pricing also provides a level of certainty for the client.
- **Discounts.** From time to time, you may wish to offer, or clients may request, a discount as part of the contract.
- **Value-add.** Providing additional benefits for no additional cost.

Sign off

When there is no longer any debate about the content of the contractual document or the agreement to go forward, the consultant then presses ahead to ensure the document is signed and countersigned. If earlier qualification is effectively performed and the signing authority is both identified and aligned, then this process will go smoothly.

'Advise' Process

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ANALYSE

1. Clarify by Connecting with other parties

Clarify with interviews so that you gather information from a wide pool.

Clarify with Data from client, internal and external sources.

Clarify with other sources, including questionnaires, observation and workshops.

2. Challenge the client on the stated need and the status quo

Challenge the stated need by proactive suggesting enhancements.

Challenge collusive requests by calling out political, non-beneficial or incorrect statements.

3. Categorise your findings

Strategy. Am I doing the right things?

Operational. Am I doing things right?

Solutions. How can I change things to do them the right way?

Advisory. How do I achieve the changes required?

Delivery. How do I implement the change plan?

Review. What can I learn?

4. Present Findings

- Firm your ideas.
- Confirm your understanding.
- Gain the client's confidence.
- Keep the client "on the journey".

5. Contract

For further design and validation work:

- Document your proposal.
- Consider your pricing.
- Put in your Terms & Conditions.

DESIGN

1. Create your longlist of options

Use **Prior Experience** of previous solutions.
Use **other's experience** of similar problems.
Use **client experiences** and their ideas or research.
Brainstorm to stimulate lateral thinking and spark creative solutions.
Research. Use your own and publicly available knowledge bases.

2. Match Options to Services to Create Solutions

A **service** is something that the consultant provides. It is the set of visible activities and steps that are performed.
A **solution** is the specific and tailored matching of a service to a need.
An **outcome** is the effect of implementing the solution.

3. Craft a Joint Solution

The benefits of jointly creating solutions include:

- Buy-in and increased confidence from the client.
- Improved relationships between the parties.
- An understanding how working with the client during the main delivery might go.
- Reduced client fears about engaging.

4. Shortlist so as not to overwhelm

- Is the proposed option simple?
- Have you or your colleagues experience in delivering this solution?
- Is the cost likely to be acceptable?
- Is the implementation timescale likely to be acceptable?
- Does it meet the need?
- What level of risk is there with any potential implementation?

5. Ensure your solutions are valid

- Have you confirmed it matches the need?
- Is it described in a straightforward manner?
- Have you identified and documented the pros and cons of each option?
- Have you identified and documented key risks and a plan to mitigate them?
- Are the assumptions understood and documented?

VALIDATE

1. Prepare to Present

- Deciding on your key messages.
- Understanding who will be in attendance.
- Deciding on your presentation approach and team.

2. Decide on Key Messages

Your key messages are the themes and ideas that you believe are most important to communicate and for your audience to understand.

3. Decide on your approach

The choice of how you present will be heavily influenced by the client's preferred communication style, what the agreed process is, and your own strengths.

4. Create your presentation

Step 1 – Create the Structure.
Step 2 – Create the Draft Presentation.
Step 3 – Rehearse.

5. Present and Recommend

Greetings and introductions.
Deliver a recap.
Deliver a strong introduction.
Deliver the presentation.
Questions and discussions.
Agreement for next steps.

6. Rework and Decision

Green light – Proceed. The client wishes to go forward.
Amber light – Wait. Consideration time or further client analysis is necessary.
Red light – Do not proceed. The client does not wish to go forward with the recommendations.

7. Contract for delivery work

- Document your proposal.
- Consider your pricing.
- Put in your T&Cs.

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'Act' Process

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INITIATE

Consultant Onboarding

Client Onboarding Duties. These will include completion of client onboarding processes, such as security awareness training, security checks, and site education.

Alignment with Client Policies. These will likely include health and safety, diversity, security, wellbeing, complaints, and many others.

Arranging Accesses. This includes access to physical sites, IT systems, and information you may need for the engagement.

Role Refamiliarisation and Validation. The engagement may have developed since sign-up This should be redocumented and validated.

Client Onboarding

Create Client Management Mechanisms. This should include an engagement report, regular client meetings, and the setting up of your account plan for the client.

Set Up Client Knowledge Repository. This includes the following: contracts, deliverables, processes, templates, presentations, meeting minutes, notes, and communications.

Document Engagement Rules. Once the initial engagement starts, document what has been learned so that future contractual interactions are clear, timely, and efficient.

Meet Contractual Obligations. These might include putting in place any of the specific measures, KPIs, or reports that you have agreed and are documented in the contract.

Delivery Setup

Document the Project Structure. You need to integrate yourself into the client environment whilst maintaining independence.

Set and Agree KPIs for Success. This includes Scope –Cost –Time –Quality –Benefit –Satisfaction.

Governance Set-Up. This ensures all parties are acting within the contracted agreement and are aligned with both client and consultant business objectives.

SOLUTIONS DELIVERY

High Performance Delivery Behaviours

1. Delivery focus – deliver what was agreed.
2. Focus on the value of the engagement.
3. Stress your expertise and differentiation.
4. Be consistent and reliable.
5. Deliver quick wins to provide confidence.
6. Use leverage to get things done.
7. Communicate, communicate, communicate.
8. Be a change champion for your client.

Delivery Management

The five key areas are:
1. Planning.
2. Change control.
3. Risk and issue management.
4. Reporting.
5. Stakeholder management.

Dealing with Problems

Typical Problems to be aware of include:
- the client does not want you there
- ineffective client employees
- the client already knows the answer
- you cannot get enough internal support
- the assignment does not match strengths
- poor working conditions.

Client Management

Account Meetings. Topics include a reminder of current engagements, a summary of the value provided, upcoming client change pipeline, and any potential services not currently provided.
Engagement Report. It should include key discussions held, delivery updates, costs of engagement, benefits realised, and any value-adds to the provided service.
Account Plan. Included in the plan may be client budgets, media releases and company information, contact information, upcoming projects, and any pipeline of potential work.

Building Relationships

Six Rules to Build Relationships
1. Spend time with people.
2. Use the client's preferred communication style.
3. Show vulnerability.
4. Show interest in others.
5. Give them the right kind of appreciation.
6. Remember them.

END

Delivery Breakdown

- Identifying handover audience and sign off authority.
- Comparing the deliverables produced with the deliverables specified.
- Creating educational material for the client.
- Presenting the educational and handover material.
- Performing any knowledge transfer.
- Asking for (and achieving!) sign off.
- Measure the value delivered.

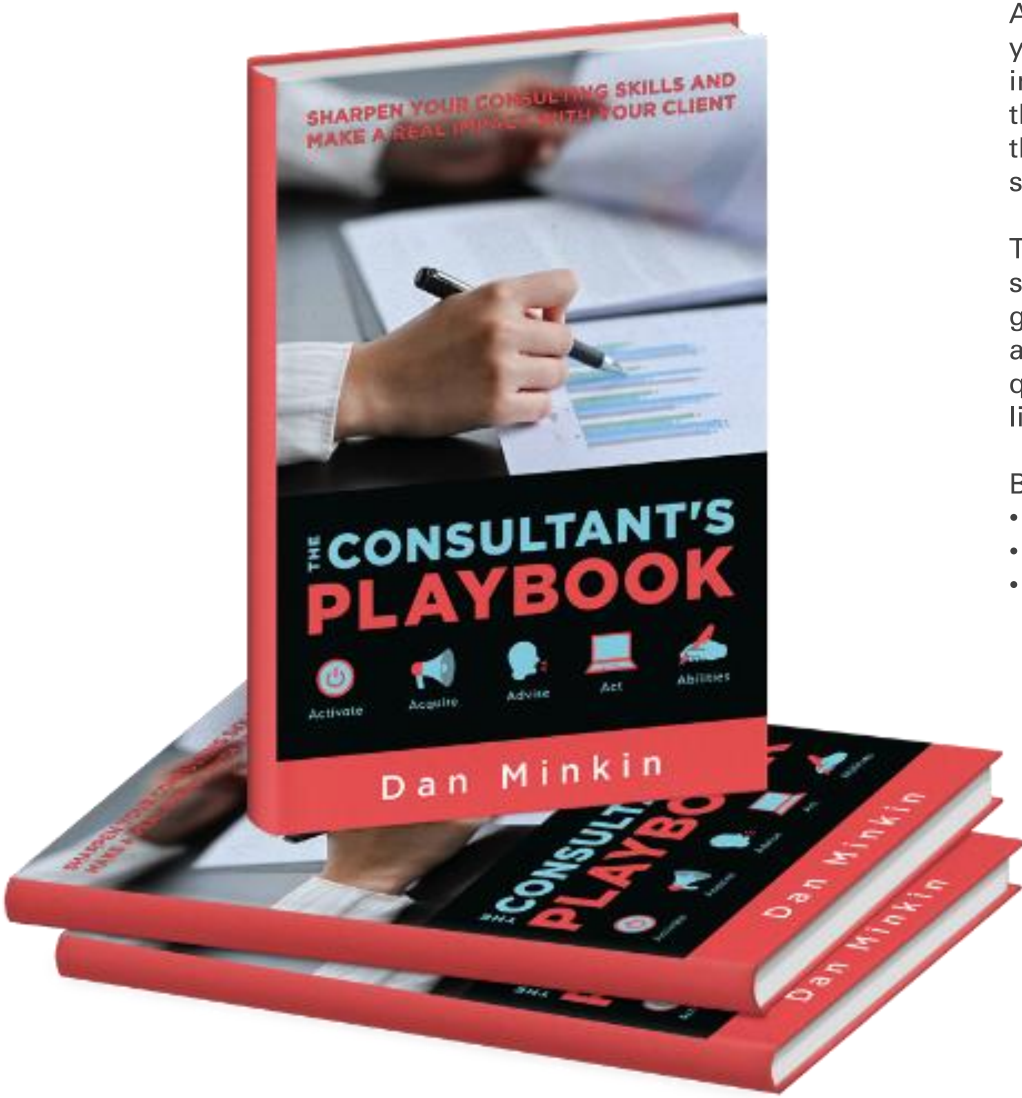
Consultant Offboarding

- **Create a next steps plan** to help maximise the chances that the deliveries are embedding within the organisation.
- **Be clear on the value-add** that has been delivered, to fortify the benefits of working with you.
- **Tie up any loose ends** to leave the best possible impression with the client.
- **Keep in touch,** in order to leverage all these successes so you achieve your own goal of growing your business.

Client Offboarding

- **Recording Achievement** by collecting or updating your skills if you have a skills profile, updating your CV or profile, updating your LinkedIn or other social media profile, and documenting a formal or informal case study or providing a social media update.
- **Measure personal success** covering the following three areas: personal performance - Impact on the client - Business growth.
- **Knowledge Collection** including Client documents if allowed, Generalised or desensitised documents and processes, your personal lessons learned and a client engagement summary.

THE CONSULTANT'S PLAYBOOK



As a career consultant, you have a lot of ground to cover. Over time, you may work with hundreds of organisations, thousands of individuals, and across multiple industries. You need to work both in the business, delivering to clients, and on the business, ensuring that you remain up to date, sufficiently well known, and financially successful enough to meet your goals.

That is where The Consultant's Playbook comes in. It is your go-to source for how-to activities. It includes processes, activities, guidelines, and checklists. It advises you on actions that are appropriate for a given situation or scenario, and it answers the question "What do I do when ...?" across the entire consultant lifecycle.

By investing in The Consultant's Playbook, you will be able to:

- Successfully deliver on your engagements more of the time.
- Grow your reputation through improved successful delivery.
- Add real value to your engagements and for your clients.

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