

## fundamentals of consulting PODCAST TRANSCRIPT

Hi. My name is Mark Healy. I'm a partner at Torque Customer Strategy in Toronto. I often get asked by clients who are looking to work with us, and by students who are looking for a job, to talk about consulting as a profession, and shed some light on an industry that is cloaked a little bit in mystery. I've been asked to reveal some of the mysteries and that's what I'm going to talk a lot about today. I'm going to talk about how this industry and this profession is based a lot more on fundamentals and common sense than it is on fancy frameworks and models which the media tend to portray.

So, I like to always start these with the first rule of consulting. The first rule of consulting is: whether you're in the marketing consulting game, or the strategy game, or the operations game, it doesn't really matter, there are only two reasons that a client, at a fundamental level, is going to come to a consulting firm. The first reason would be that the client has a problem, or in some cases an opportunity, that they've looked at and cannot solve themselves. And the second is the corollary of that: the client has a problem or an opportunity that they could tackle or solve themselves, but they're choosing not to for whatever reason. Perhaps they want an outside opinion, or they want a fresh perspective on a long-held corporate belief or myth, but the implication is the same either way:

- The first is, in terms of implications, trust is a huge component, and if you as a consultant can't get over the trust barrier with the client that you're trying to work with, there's no reason for that client to choose to go with you and hand you their problem. It is after all very sensitive and very personal.
- The second, and maybe more importantly, is this profession fundamentally is based on problem solving. Is research a component of this? Absolutely, and it's critical. Analysis frameworks, are they part of this? Sure, and they come into the equation, but fundamentally it is about an ability to problem solve, and to do so uniquely for each client situation, which of course, *is* unique. Every time you're working with a client you're facing a different problem, or at least a slight variation on something that's similar.

And so that maps into the second rule of consulting. The second rule of consulting is that the process or the game that we are all in is the same. And here is the game that we're playing, or the process that we're following: 1) find a client and convince that client that we can solve "the problem." There are a lot of components that come into this – anything from expertise and credibility to relationship management, and just the way that first interaction is handled. 2) The second step is to then solve the problem – that's the easiest part of the whole equation. 3) The third step is to convince the client that you have solved the problem, and this is the toughest part of the whole equation, and actually requires a lot more thought and time and consideration than I think a lot of folks in this field give it. 4) And the fourth is to convince the client that you can solve multiple problems so that you develop a long-term relationship.

Alright, so we've talked about the process or the game of consulting. We have an expression that we use a lot, and it's "so what?" Who cares? You know, why do I care? And the reason that's important is, if you're dealing with a firm or you're thinking about going and joining a firm that hasn't been in market for a hundred years and hasn't built up a massive brand, and you understand that that firm is competing against firms that *have* been in market a long time, then the implication here is: those firms had better be working *really hard* in making sure they understand one of the tenets of the profession, which is you are only as good as your last project. You want



to make sure you're dealing with a firm that understands that, and will kill themselves on every single engagement because they understand they are competing against (potentially) bigger, well-established brands.

The third rule of consulting is that there are, fundamentally, only four areas of any value in a consulting firm. Those four areas are: people, intellectual capital, client relationships and brand. I'll start with people, the most important of the four.

If you walk into a consulting firm and ask for a tour, you're not going to see any racks, you're not going to see any inventory, you're not going to see any work-in-process, you're not going to see a shipping and receiving department. What is ultimately bought and sold are ideas; it's output, it's thought leadership, and all of that comes out of the heads of the folks that are in the firm, so having a strategy around talent – both acquisition and retention – is extremely important.

Intellectual capital, simply put, is the learning's that are held within the firm that are not owned by clients; things that are learned throughout the course of a number of projects or just through doing core research. That intellectual capital has value in that it can be translated into strategies or plans or ideas for clients.

Client relationships have a ton of value in that they are what lead to repeat business and cash flows.

And then finally brand presumably has some value, otherwise consulting firms wouldn't invest in it. I personally think it might be lowest on the list of the four but it is a crucial piece. The implication here is that, whether you're a student and you're trying to choose who you're going to go and work for, or you're a client trying to select a firm, it's worth noting, or at least trying to investigate, whether the firm your dealing with has written down - consciously, or at least unconsciously - a strategy and has some good thought around people, intellectual capital, client relationships, and brand. Because chances are if they have put a lot of thought into these four areas they are really on top of their game, and they really understand the fundamentals of the profession.

I hope that sheds some light. There's no magic bullet here but I hope that does help to shed some light on the industry, and give you a little bit of a behind the scenes look at what consulting is all about.

If you'd like to hear more or talk more about this you can reach me at [mhealy@torquecustomerstrategy.com](mailto:mhealy@torquecustomerstrategy.com).

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