

## intelligence vault

### MANAGING A PROFESSIONAL SERVICES FIRM

## engineering rules for managing a professional services firm

~ Mark Healy / Partner / Torque

I have bad coffee lid karma. Every morning I religiously spread my coffee allegiance to one of three coffee shops which I refer to in my head, as I'm getting off the subway, as 'cheap', 'expensive' and 'I'll contribute to my RRSP next month'. The same two thoughts occur to me everyday: 1) why are there differently sized lids? Why don't the cup companies make different volume cups, only with a uniform circumference opening? It would save everyone money. Ah. 2) Why do I always get the defective lid, or the stuck-together lids?

Definitions: a defective lid is one (available only at 'cheap') where you have to carefully tear open a section of the plastic lid (spilling hot coffee on your fingers), before bending it back and notching it onto itself (spilling more hot coffee on your fingers) – only it won't properly notch and stay closed. The challenge is now to use your burned index finger to hold the bent back lid open enough slurp coffee through the square opening in the round lid. The condition known as stuck-together lids occurs (at 'expensive' and 'I'll contribute...') when you attempt to pick a lid from the top of the stack and end up with two. The quagmire you are now facing is – do you pull the bottom one out and put it back, knowing your fingers have touched the inside of that lid (where coffee will go)? Or do you pry off the top lid and put it back, knowing your fingers have touched the outside of that lid (where lips will go). The answer is of course to throw one away – but how wasteful, how un-AI-Gore!

In either event, the real answer is engineering. Engineering, likely specifically the disciplines of Higher Quality Engineering or Teflon® Engineering, would solve these problems. Engineering holds a lot of answers, and lessons, for us. Here are some that apply for businesses, specifically if you are managing a professional services firm.

### 1. You can have it fast, good or cheap. Pick any two out of three.

This is a well known rule from engineering that carries over into business. If one of your customers calls and wants to place an order or talk about a project, aren't these the parameters you really consider in the end when returning the spec, timeline and price? If you run a business and you're evaluating a new vendor, isn't this your mental checklist? If your boss asks for the world, isn't this your pushback?

### 2. Build in a healthy safety factor.

I'm going to let you in on an engineering secret. Engineering, real engineering, is imprecise. How do you think the engineers that built the Confederation Bridge calculated the force of waves it would withstand before being knocked over? The same way the engineers sort out how much power is required from turbines to keep improbably heavy airplanes in the sky. They take their best shot, using sophisticated models. And then they double it. At least. Just to be sure. Many jet engines are so powerful they could propel a square block off a runway.

Imagine you are trying to project demand for your product or service, during your busy season. Would you rather carry some excess inventory or stock out? If you are projecting your cash needs in advance of a fundraising round, would you rather ask for too much or too little? When planning a business trip, do you expect the customs agents and baggage handlers and pilots and meteorologists to stick to your itinerary, or not. The concept of lean has gone too far. Which leads to...



### **3. There is never time to do it right, but there is always time to do it twice.**

Right-the-first-time is a much talked about and rarely practiced concept. In engineering, right-the-first-time requires rigorous process and exacting quality standards, bolstered by a strong management culture.

In business, right-the-first-time requires, well, exactly the same thing. Have you nailed your processes – I mean really nailed them, to a level of detail that would impress your accountant? Can you define high quality in a way that everyone in your organization understands and buys in? Do you or does your management team hold the line at 100%, and hold people accountable for anything but stellar performance?

### **4. If you have trouble spelling it, it's probably too complicated.**

Does anyone really understand fugacity? Or nanotechnology? Of course not. Well maybe some of you do, but you're probably reading the wrong column.

It's the same in business. Does anyone really get paradigm shifting strategy? What does that mean? Isn't the answer to the problem normally simple? Like your price is too high, or low. Or your costs have crept up. Or you've neglected your brand for too long. Or your culture is unattractive to new graduates. The best solutions to business problems are usually simple ones. And the answers are usually sitting there – in the market – or with your people – you just have to go get them, and have the courage to act on them.

### **5. Donuts are the universal lubricant.**

There is very little that you can't get done with a box of donuts in tow. I used to show up at pulp mills with two boxes of donuts – one for the operators and one for the managers. Different apparel, different salaries, same appetite.

When I started in business, I did the same thing with receptionists and suppliers and even employees from time to time. If you need a favour, honey crullers and Boston creams are your best friends.

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