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NEWSLETTER

# The Biggest Mistake in Selecting a Consultant

Getting poor or great business results from your leadership development program starts with your consultant selection process. Yet, the importance of the selection process is not included on any best practices lists. Furthermore, articles on the selection process rarely discuss the most important factor – involvement by the client's own senior line executives.

In my experience, the level of involvement of senior line executives is one of the greatest predictors of eventual program impact. While this may seem obvious, many senior executives resist taking an appropriate role in the process. And, unfortunately, too many HR executives are willing and even eager to allow senior executives to delegate the selection process to them. This is the biggest mistake you can make in choosing a consultant.

This is not to say HR does not have an extremely important role to play. HR should be trusted advisors, not the final decision maker.

This article will look at:

- The two key roles senior executives should play in the selection process
- Ways to help executives overcome their resistances to taking on their appropriate roles.

**The Two Major Roles.**

Executives have two key roles in the selection process:

- Collaborating with potential consultants to customize the initiative
- Leading the final decision process.

<u>Collaborating.</u>

Partnering with potential providers typically consists of:

- Allowing providers to do a needs assessment via interviews of key people (including the sponsoring executive) and/or a short survey
- Providing relevant, confidential data
- If appropriate, facilitating visits to field operations, stores, etc. to allow consultants to get first-hand exposure to the culture and a feel for the context for the program initiative.

Partnering with providers before a selection decision is made allows for each party to get invaluable insight into the other. For example, clients can get a feel for what types of questions consultants ask, what insights they can provide, and how helpful and practical their recommendations are. It is like getting free consulting while you are assessing them.

Providers get insights into the client that an RFP could never provide. Potential providers gain data from multiple perspectives, allowing them to get a better understanding of the client's needs and organizational dynamics.

<u>Leading the Final Selection Process.</u>

Choosing an executive education provider is a business decision. So why wouldn't a line executive want to hear, first hand, what consultants have to propose?

For example, in their study of top companies, in their book *Leading the Way*, Gandossy and Effron found that when CEO's are actively involved in talent development initiatives, their companies averaged a positive 22 percent total return to shareholders over a three-year period versus a <u>negative</u> 4 percent for companies where CEO involvement was low.

The sponsoring executive should be the primary decision maker and be present when the consultants discuss their final proposal.

<u>An Example.</u>

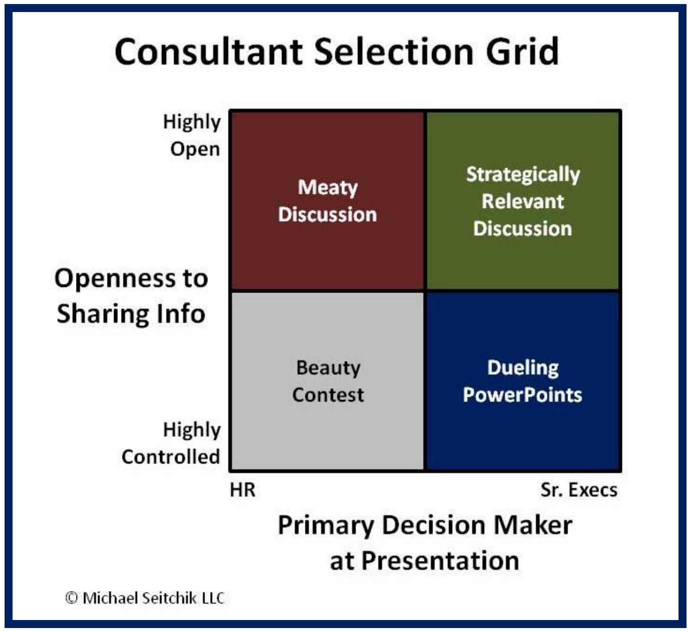
For example, recently a business partner and I presented a proposal that was based on interviews with members of the senior management team, potential participants, their bosses and the HR team. We were also given access to confidential data and allowed to visit their retail stores to get to know the business. Even though we were in competition with other providers, it was a true partnership where the goal was to learn as much as we could from each other in order to design the best program possible. It was a dialog about their needs, not a PowerPoint presentation about our products. Together we identified very specific, measurable outcomes that would indicate the program was a successful investment of everyone's time, resources and money.

**It was a dialog about their needs, not a PowerPoint presentation about our products.**

While HR was highly involved in the process, when it came time to make a decision, it was clear that the senior line executives were in charge. They asked the vast majority of the questions. It was their decision.

**The Impact of Delegating Their Roles.**

When executives partner with potential consultants and are present at and lead the final selection presentation, the outcome is a Strategically Relevant Discussion (see insert below). When these roles are delegated to others, you end up with a Meaty Discussion, a Beauty Contest, or Dueling PowerPoints.




Meaty Discussion.

When consultants are given the opportunity to collect relevant data, but the executives do not participate in the final presentations, you have great discussions but not with the key decision makers.

For example, I was once part of a consulting team that made a final presentation on a major leadership development program for high potential leaders for a Fortune 50 company. Only HR was present. While they were very knowledgeable professionals and we had an excellent discussion, their role was to give the CEO and his team a summary of what we and all the other consulting firms presented. There wasn't any chance to interact with the real client – the senior officers. How could a CEO and his team not be involved in hearing and questioning the consultants for a $500,000 program for their best and brightest? The final selection should not be based on what HR wants, but what the executives want.

Beauty Contest.

In a Beauty Contest, every competing consultant gets the same data (usually an RFP). While RFPs are often full of data, it is usually not the type of data that gets to the heart of the issues. Very few companies will put their real issues in writing and then broadcast them.

As a result, consultants have to make an educated guess about a client's real, underlying needs and the day-today reality of participants.

For example, I recently received an RFP from a global financial services company to design and deliver a program to prepare their high potential managers to open up new offices in emerging markets. The RFP contained a tremendous amount of data, but not much of the data I needed to design a customized response. As is common practice with an RFP process, I was able to email questions to HR and the answers would be shared with all competing providers. I asked several questions including:

- What was the international experience of each of the participants?
- Were participants screened on their willingness to move to a country with an emerging economy?

Aside from learning that the participants had little international experience (unfortunately, not a big surprise), the company did not expect the participants to move from headquarters in the US. They would work virtually to create and manage these banks.

Not only was this a surprise, but to me, I felt it was a major strategic mistake. According to my knowledge (which I checked out with several experts in the field) to successfully start a bank in an emerging economy you have to live there in order to build the necessary relationships with local business and government contacts, let alone to understand the local market and customers. I felt that if I delivered the program they asked for, it would not help them successfully expand into emerging markets.

The HR contact, who admitted she was not knowledgeable about how to start a bank in an emerging country, was unwilling to let me speak to any company executives about this issue. As a result, my proposal had two options. One gave them what they asked for and the second presented what I thought would be a more successful option.

My proposal never made it past the HR contact because it didn't fit the guidelines of the RFP. HR went with a firm that gave them what they asked for.

**Sometimes you cannot stop clients from making poor business decisions, especially when the business leaders are not involved.**

I'm sure the other firm's proposal was much "safer" than mine. I had no chance because the decision was based on what HR felt most comfortable with rather than who had an understanding of their strategic needs and how to best meet them.

The client probably got a program that looked good, but had no chance of helping them successfully expand into emerging markets. While this may be an extreme (but true) example, the point is that sometimes you cannot stop clients from making poor business decisions, especially when the business leaders are not involved.

Dueling PowerPoints.

While Dueling PowerPoints are better than Beauty Contests since the senior executives are involved in the final presentations, there is still a lack of in-depth knowledge available to consultants prior to the presentation.

As with Beauty Contests, consultants have to make educated guesses about the client's true needs. With limited substance to go on, consultants put their effort into a knock-out PowerPoint presentation to dazzle the client. It becomes a contest of who can best guess how the executives like their data presented to them. It is a higher level Beauty Contest.

**Why Clients Don't Do It.**

So why don't so many companies do the obvious? Why do executives delegate the selection process entirely to HR? Why are they reluctant to take the time to share the data needed for potential consultants to really get to know their needs and to customize what they offer?

There are numerous reasons why executives do not do it the way that increase their chances of getting business results including:

1. <u>Development is Not a Priority.</u>

   Senior executives are busy people and many do not see leadership development as a top strategic priority. They do not see the value in spending time with consultants.

2. <u>The Desire for A Quick, Simple Fix.</u>

   Needs assessments and data gathering can reveal unexpected and even unwanted issues. For example, it is not unusual for a consultant to be called in to "fix" the lack of some skill in participants while a consultant's interviews reveal that other issues beyond the control of the participants are major contributing factors to the problem.

   Executives often feel they know what the problem is and are not interested in collaborative problem solving. They just want you to fix it – and quickly.

3. <u>It's Not My Place to Decide.</u>

   Some executives feel that HR is better at making consultant choices.

   It is true that HR may know more about designing programs, but senior line executives know more about the business. Selecting the right consultants is a business decision.

**What Can be Done**

To be honest, if your senior executives really don't value talent development, there is probably little you can do to change them.

However, if they actually value it, but have concerns about protecting their time or do not feel competent in selecting consultants, there are some things you can do including:

1. <u>Protect Their Time.</u>
    - Let your executives know that the needs assessment process does not need to take a great deal of anyone's time.  An interview can be done in 30 minutes.

2. <u>Clarify Their Role.</u>
    - Be clear that your executives do not have to be involved in the entire process. They just need to help determine the indicators of success and take the lead in the final selection decision.

3. <u>Get Them Up To Speed Quickly.</u>
    - Have the providers create short 1-page executive summaries of their major findings so your executives can review them ahead of time if they want to.

4. <u>Set the Stage for a Strategic Discussion.</u>
    - Help them understand that the meeting should not be a one-way PowerPoint presentation, but a dialog about your needs and underlying issues. The goal is to determine who would be the best partner, not who presents the best show.

5. <u>Make the Business Case.</u>
    - Above all else, be sure to explain that involvement in the selection process increases the chances of a positive return of their investment.

6. <u>Make Sure the Right People are in the Room.</u>
    - If you are an HR executive, above all else, make sure line executives play their appropriate roles and engage in discussions with the finalists.  While it is tempting to take the lead, your role is to be a trusted advisor and not the primary decision maker.

The selection process can be and should be an exciting and valuable process for both parties. Once, a prospective client said they would pay me for one day of my time to do a needs assessment that included interviews of key stakeholders, an analysis of the data, and a set of recommendations based on my analysis.  It was a tremendous opportunity for them to see my skills in action and to see what it would be like to work with me, as well as for me to get to know them and see how they open they were to change.

They did not have to pay me. I would have done the work anyway.  But, by offering to pay me for my work, they were clearly stating that this would be a partnership. They were setting up a classic win-win relationship in which they expected me to provide something of value and in return they would compensate me for providing that value.  That is, the final selection process was based on an example of the actual work they were considering me for.

Why would you want to do it any other way?