

WHY I DON'T DO MUCH FEDERAL CONSULTING ANYMORE

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I go to a faculty meeting of Rutgers' nationally ranked city planning department. We talk with academics' animation about ways to improve our program. The department head, a distinguished Egyptian who has worked mostly abroad, makes a suggestion: let's get more federal consulting contracts. They will increase our budget, please our administrators, allow us to support our graduate students better, give us more influence and visibility. Silence falls around the table. Senior colleagues make equivocal-professor noises, gurgle sounds of yes and no. Over the next half hour it emerges that the professors who have done the most federal consulting are the least enthusiastic about doing more. As battle-scarred pragmatists they would opt for valorous discretion, take contracts only with extreme selectivity. The department head withdraws his suggestion, which has first derailed the meeting and then ended it.

I lunch with an old friend who has risen to be staff director of a newly important U.S. Senate committee. The budget season is upon the committee, and many of the activities it oversees - especially defense ones - have become unusually controversial. The Re-

publicans and conservatives want to beef them up, increase their funding. The Democrats and liberals want to shrink them, if possible zero them out, not fund them. The disputants, my friend predicts, will have to compromise: they will end up funding only consulting studies of the activities in question. He says no senator, Republican or Democrat, will be happy with this solution,

Pity the consultant who takes on federal (U.S.) government work with high hopes of benefiting the country and advancing as a professional. Chances are that he will find himself in Mission Irrelevant, floundering through a morass of regulations, inertia, and a general lack of enthusiasm and understanding. This author found the experience so debilitating that he has quit.

the relevant federal agencies will dawdle in carrying it out, and the consultants' findings will be ignored. The true budgetary verdicts about the programs - whether up or down - will come three years hence, when all the players will have forgotten the consultants and their reports, which will be too long and unintelligible anyway. My friend's prophecies prove utterly accurate.

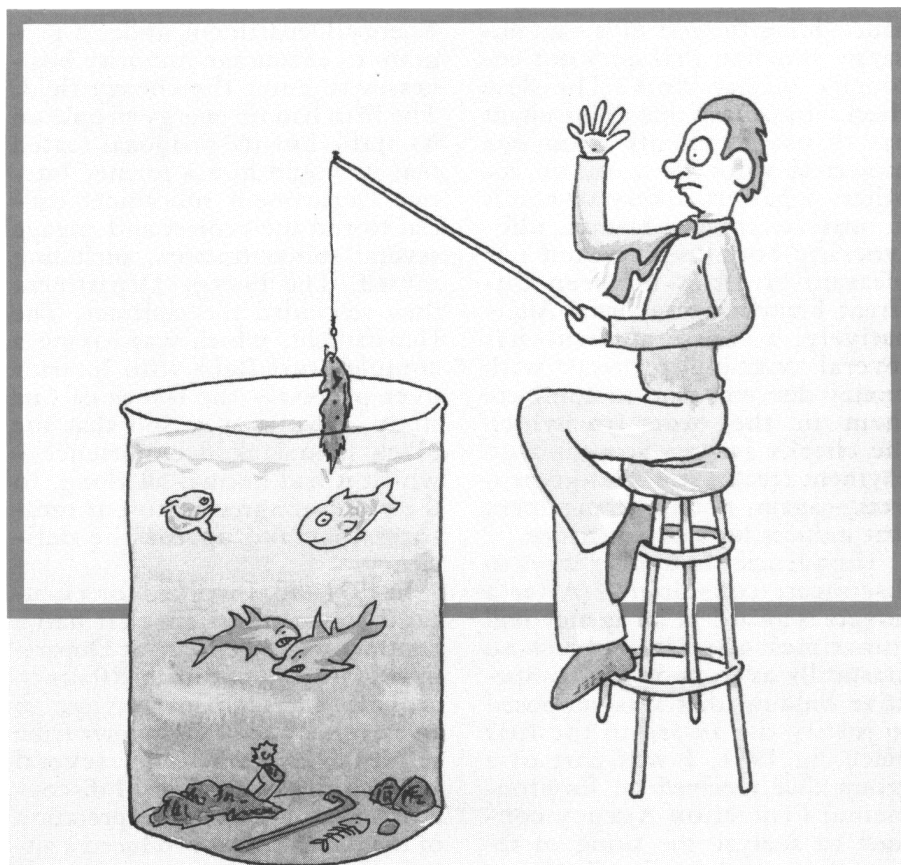
Most consultants who have worked with the federal government could tell similar stories. Most federal consultants have lived them. Most try to be detached and professional about their experiences, but the effort takes its toll, leads to cynicism and often burnout. Many competent people and firms that might stay in federal consulting choose not to, or to put the bulk of their consulting efforts elsewhere. The result is, I believe, a loss for the consultants and the firms, consulting as a field, and - not least - the public at large. I would like to explain why I, a city planner and political scientist with particular expertise in land use, natural resource, and environmental issues, no longer make most of my living from federal consulting - why, after fifteen years of dealing with the federal government as a free-

lance consultant and as an employee of consulting firms, I prefer to take refuge in academia.

The Misfunctioning Market

Any executive or economist can spot the basic flaw in the federal consulting market: it is characterized by incentives unlikely to produce good, publicly worthwhile work. Most consulting firms are small, thinly capitalized, often ephemeral operations, one or a few persons scrambling to survive in a buyer's market. In any one field, there are many consulting firms and few federal agencies to hire them. The agencies can pick and choose among firms – which naturally tend to exaggerate their abilities and overpromise on what they can deliver.

Because they are largely freed from the market discipline that constrains the firms, the agencies become sloppy – poor at preventing projects from going awry. The contract officers are slow to react to draft or interim products of projects, especially in ways that allow timely adjustments in the consultants' efforts. Many agencies have mechanisms for change orders, but these are used more to extract additional work from consultants than to focus, refine, or deepen their work as fruitful directions emerge. The agencies also lack specific devices to abort projects where the consultant performs inadequately, events outrun the project, or the concept behind the project turns out to be misguided for reasons that are nobody's fault. In early 1973, I was part of a large team, sponsored primarily by the



Council on Environmental Quality, that was to examine the environmental and economic impacts of second-home developments in rural areas. But, by 1974, the oil embargo and a recession had nearly destroyed the market for distant leisure homes. In 1976, our study was published nonetheless, and almost no one noticed.

Needless Paperwork Is a Drain

Federal paperwork requirements –

despite some recent reductions – compel consultants to submit frequently, lengthy, often meaningless progress and financial reports. Their production and review tend to interfere with the real work of the projects. The paperwork slows payment for completed work; many agencies, in the face of specific regulations to the contrary, take at least three months to send checks – a tardiness I have rarely found in private-sector clients. The late payment sometimes forces hard-pressed consultants to dun agencies for past work on a project in order to fi-

nance doing the rest of it – an unhappy situation that does not encourage quality work. The slow checks may mean that a consultant has to use payments from one project to subsidize work on another, a pattern likely to result in intricate cross-subsidies, idiosyncratic bookkeeping, and unpleasant rivalries between different branches of a firm. Alternatively, a consultant who has several ongoing projects with money due will tend to complete them in the order in which the checks arrive. Stop-and-go payment creates stop-and-go projects – again, not an arrangement that induces high performance.

The agencies find other ways to disconcert consultants. After a project is awarded, an agency will sometimes alter its subject so drastically as to undo the competitive bidding that was supposed to justify the award in the first place. In 1981, I was part of a group that received an Environmental Protection Agency contract to analyze the siting of regionally needed, but locally objectionable land uses such as nuclear power plants and hazardous waste facilities. After an obscure struggle between two EPA branches that lasted well into 1982, the agency decided that our main assignment would be to make estimates of the future production of hazardous waste – quite a different task, for which another group might have been more qualified.

Perpetrating Lack of Experience

In a 1980-81 case, a black-owned firm received a contract from the

Energy Department under a program to encourage minority businesses to enter the energy field. The firm had no energy people on its staff, but its proposal stated that it would hire a former Interior Department subcommittee official to run the project and engage several subcontractors, including myself. The Energy Department then rescinded the contract. The Department, which was having a complex turf fight with Interior over precisely the issues of our study, gave as a reason that the black firm lacked experience – which it had known all along, to the point of agreeing to our measures to make up for the deficiency.

In 1971-73, I worked for a Chicago consulting firm that had a contract with the Interior Department's Bureau of Indian Affairs to provide management services to an extremely poor Chippewa tribe in North Dakota. Over several visits to the reservation, I discovered that the BIA's interpretation of the contract had produced a situation where white management consultants from New York and Pennsylvania were teaching a time-consuming course on public administration to a busy tribal council. They were using a textbook intended for advanced college students, but most of the council members could not read at the eighth-grade level. The council responded with yawns, Uncle Tomahawk mannerisms, and large intimidating shotgun shells left around the classroom. On one occasion, the consulting firm's office manager had to fly up from Chicago to put the tribe's files in order according to BIA standards. On another, a white Yale Law School graduate from Ohio wrote

the first (and final) draft of the tribe's constitution without leaving Chicago. He mailed it to North Dakota for translation into Chippewa by those it would govern. It was defeated in a violent election.

Ways to Demolish Morale

Federal consultants compete ferociously, struggle to prove themselves in desperately chancy circumstances. Perhaps 30 firms will write proposals to do a given project, and 29 will have to absorb the costs of writing them. All the firms have to weigh the effort they put into a proposal against the (usually) small likelihood of its success – a nerve-jangling, essentially impossible managerial task that leads to shoddy, superfluous, no-hope proposals, occasional frenetic attempts to write a good one, and the bittersweet letdown surprise that comes when a firm learns that it has survived the cut from 30 to 5, but must now write another proposal for a second round it hadn't anticipated. (Because the agency hadn't mentioned it, or decided on it only last week.)

All the firms have to cope with the persistent suspicion – often justified – that by the time a project is advertised in the *Commerce Business Daily*, the contracting agency has already decided who is going to get it. (In such a competitive market, most competitors would – if given a chance – wire a contract, simply as a matter of self-defense.) The firms also have to provide for the unpredictable, but unavoidable

periods when many of their employees have no paying work.

The turbulence of the firms' market affects their internal life. The prized employee is not the one who conceives, carries out, or supervises publicly worthwhile projects. It is the one who gets new business – work whose actual performance is left to others. Another valued employee is the one who routinizes the work by selling what is essentially the same project to a whole series of agencies – an employee who in effect turns individual retail consulting projects into a standardized wholesale operation.

These deformations do not help morale in the firms. Staff turnover and job-hopping are high. Few federal consultants feel they have good job security, and many cannot discuss the subject without a nervous warble in their voice or manner. (How many consultants are there over 50?) All federal consultants know that they are only as good as their latest project – more exactly, only as good as their prospects for getting the next one. They are hired and reasigned and fired with great alacrity as projects come and go, specialties bloom and fade, and national concerns wax and wane, leaving as footprints only worn-out buzzwords. Eight or ten years ago, the hot projects among environmental consultants, for instance, were energy studies and estimates of the benefits of air and water pollution regulations. Today they are hazardous waste studies and “regulatory reform” – that is, devising ways to simplify and often undo the 1970's pollution regulations. For these projects the 1970s could be termed ancient history, except that the

new studies recall them with regret.

Not every consultant or firm can adjust to such wrenching transitions, or wants to. Moreover, the transitions – along with the daily intensity of consultant competition – mean that almost no one has time, inclination, or reason to delve deeply into their fields. A consultant's real field is lining up a new project. The quality of consulting work suffers. The consultant with a genuine knowledge of a particular subject – too great an interest in it – can become a liability rather than an asset, a person who may prefer not to shift with the market, may resist going with the competitive flow. These people are typically encouraged to resign. Resilience is paramount, and they lack it. In this high-velocity setting, organizational memory deteriorates. In 1981, I worked for a relatively small firm that submitted a project proposal to the EPA, not knowing that it had done three quite similar EPA projects between 1976 and 1979. The firm found out only when the EPA contract officer called to find out why the projects were not mentioned as experience in the otherwise meritorious proposal.

Prescriptions to Ensure Failure

The sheer riskiness of the market may sap morale. Few good livings can be made year after year in federal consulting. Few people who were doing it in 1970 or 1975 are doing it now. Few people can see much future in it without deluding themselves. Yet the suburbs of Washington crawl with

answering-machine, shared secretary, and office-in-the-home-basement operations run by nearly insolvent contract cowboys and cowgirls: preternaturally hopeful can-do kids and elders who had a few projects a year or so back or have some minor ones today. They still haven't realized that they are now and forever in consulting's oblivion, aspirant Beltway Bandits who blew it, once-productive workers who retired without knowing it. There used to be a company on Long Island that preyed on such people's ambitions and fears by charging stiff fees to market them, send them referrals, and print their names and qualifications in a roster that did not circulate far beyond them.

The federal contracting agencies have their own morale problems. With a few exceptions – for example, the Housing and Urban Development Department – federal agencies rarely assign their best people to manage consulting contracts. For most civil servants, contracting is not a fast track. The contract officers often know little about the subject matter of their projects, and don't worry about their ignorance. They tend to issue vague unfeasible specifications that provoke vague unfeasible proposals from consultants, who simply cannot tell what the contract officer has in mind. I just returned from a fascinating pre-proposal information session with the Agriculture Department's Forest Service, where none of the fifteen consultants in the room could figure out what the agency wanted. I suspect nearly all of us will submit proposals anyway.

The contract officers are heavily enmeshed in paper. In particular, the federal rules for competitive

bidding seem to require endless reviews, concurrences, and signatures that will frequently delay the starting date for even a short, simple project until many months after the specifications said it would begin. When the contract finally does come through, the people in the firm best suited to perform it are often unavailable, overcommitted, or on new jobs elsewhere. The firm's reaction to the actual award and inauguration of the contract is likely to be shock and surprise: what do we do now? Further startup delays become inevitable.

The consulting firms and federal agencies continually ruffle each other in ways that do not exactly advance the public interest. The agencies never understand that the firms value employees who get contracts more highly than those who do them. The contract officers enjoy the intensity with which the firms compete (it makes them feel important), but never grasp its wasteful side. They are not bothered, for example, if the nebulosity of project specifications persuades dozens of firms to bid on a project for which only a few are truly qualified. Nor does it bother them that even apparently successful projects can be wasteful. I have twice participated in exercises where it took over three months to write proposals for projects that barely lasted six.

It does bother contract officers, however, that after the project is awarded the lucky firm almost seems to lose interest in doing it. Contract officers are frequently put off when the credentialed, experienced people the proposal promised never devote much time to the project. The people who do show up are distinctly second-

line. The real job of the first-liners is to get another project.

They Made Us Fly Blind

All these deformations and disincentives came together for me in extreme form on an EPA project I worked on in 1979-1980 as an employee of a Washington firm. The project was generally intended to devise new ways to manage water quality in the Chesapeake Bay, but the agency could not specify its objectives further. Its request for a proposal was page after page of bureaucratic double-talk; when asked for an explanation (or clues), the contract officer gave hour after hour of more double-talk. Our firm never understood what was wanted, but the EPA apparently liked and wanted us. The contract officer ended up essentially writing our proposal, which we still didn't understand (and probably don't to this day).

In retrospect this behavior was irresponsible all around. But our firm was happy to get a contract of over three-quarter of a million dollars, and the contract officer was happy to award it, for it made him look good to his superiors

He kept dangling in front of us the possibility of future large contracts if this one went well.

We and the EPA then did everything wrong. We assigned a project director who didn't know what a shellfish was. We held many meetings with the EPA that conveyed nothing to anyone. We hired over a dozen research assistants, mostly law students; our executive director, awed by the size of the project and the thought of others to come, had said "Be extravagant." Because we couldn't figure out what to do with them, we gave the research assistants no effective supervision for several weeks until we hired an assistant project director who understood that "My job is to keep saying 'On, you dwarfs'." (She had to stop when we hired a project secretary who was a midget.)

The EPA could never describe what it sought. After three months of night-and-weekend work, the research assistants produced a 700-page legal description of some of the Maryland and Virginia local laws that affected Bay water quality. The tome was of no interest, especially to the Maryland and Virginia governments that had always resisted the project. They felt threatened, believed that the project might be

Please Tell Us Your Experiences

The Journal last touched upon the subject of consulting for government in Volume 2, No. 2. As this article makes clear, working with branches of government presents problems not encountered within the private sector - problems that many of our readers can probably shed light on.

We'd welcome more articles of this sort, devoted to consulting at all levels of the government - state, county, and local as well as federal. And we suspect that it would be interesting to analyze the problems encountered in many countries outside the United State. If you want to contribute, please send an outline.