BOOK REVIEWS

CURT KAMPMEIER
EDITOR

THROUGH A GLASS, DARKLY

House of Lies: How Management Consultants Steal Your Watch and Then Tell You the Time

Martin Kihn (Warner Business Books, New York; 2005; ISBN 0-446-57656-5) $24.95

Rip Off! The Scandalous Inside Story of the Management Consulting Money Machine

David Craig (Original Book Company, London; 2005; ISBN 1-872188-06-0) $21.85

The Quintessential Guide to Using Consultants

David Zahn (HRD Press, Amherst, MA; 2004; ISBN 0-87425-794-8) $24.95

Consultants and Advisers: A Best Practice Guide to Choosing, Using, and Getting Good Value

Harold Lewis (Kogan Page, London; 2004; ISBN 0-7494-4136-4) $45

REVIEWED BY FIONA CZERNIAWSKA

A couple of years ago, when I wrote a report on the impact Enron might have on the consulting industry, I was struck by clients' reactions. Consulting is different from auditing, we all agreed, because no one is required to hire a consultant; it is a discretionary expense. I asked who would be to blame if a large-scale consulting project collapsed in a highly visible, public fashion: the client or the consultant? The knee-jerk reaction would be to blame the consultant—but not a bit of it. Almost everyone argued that it is the client's responsibility to decide when and how to use consultants. Where they did feel more exposed was in the amount of information they had: the caveat emptor philosophy works well only where buyers can make an informed choice.

How clients view the consulting industry—the information they have at their disposal and the extent to which consultants educate clients about consulting—isn't just a question of reputation and winning pitches but a vitally important part of enabling clients to do their job, to make informed and intelligent choices.

Most books on consulting by consultants that are aimed at nonconsultants fall into one of two categories: revelations of celebrity-style bad behavior; and solid, practical guides to working with consultants. As practicing consultants, we'd naturally vilify the former and extol the latter. But perhaps the situation is a bit more complicated.

Not many books on consulting can boast an Emmy-nominated comedy writer, but that makes Martin Kihn's *House of Lies* a thoroughly lively and entertaining read. It's a bit of a guilty pleasure, like reading Harry Potter on the subway before it became fashionable for adults, but along the way Kihn delivers some scarily pointed comments. He notes, for example, "the brutal slap of 'passive conformity' in the professional services firm" and people's sense of helplessness when the firm's management ordered them to cut staff. He's merciless when it comes to the pointless team-building exercises that so many companies indulge in: "As you pack up the boards and disassemble the web of pain, you find yourself working behind the junior khaki man . . . and you venture: 'so what were we supposed to learn from this?' It was now a pile of aluminium poles and a mess of mesh in the dirt. 'I don't know,' he says not thoughtfully. 'I think you're supposed to tell us.'" Other points are pure entertainment: The odds of becoming a McKinsey partner: 488 billion to 1, roughly 1,000 times less likely than an extraterrestrial invasion before 2097.

In such circumstances, it seems churlish to complain we don't learn anything either. But it's true that clients, while undoubtedly getting a frisson of excitement from watching those manipulative consultants swallow their own medicine, won't be any better prepared by that to use consultants effectively.

David Craig (*Rip Off!*) does not have an award for comedy, and it shows. "I spent the last 10 years of my career collecting material for this book," he says. "This is not a book written in anger by someone who failed." That defensiveness is understandable as it becomes clear that *Rip Off!* is a relentless and occasionally unhinged diatribe about consultants, written by someone who, while revolted by the "money machine" he saw around him, was apparently not revolted enough to turn down the money he personally made from it. Indeed, the transparency he advocates isn't particularly obvious here: he doesn't name the firm he worked for; he doesn't even use his own name (ironically, it's Neil Glass).

Rip Off! purports to hold a mirror up to the consulting industry: more accurately, it extrapolates from some rather limited and clearly unpleasant experience in order to present a distorted picture of the industry as a whole. Many of the criticisms he makes could justifiably be leveled at the consulting industry of five years ago, puffed up by the dot-com bubble, not at the sober and serious business it has become since. Reengineering was a fad? Well, that's not a particularly original statement, nor does it do much to explain why clients would fall for it or whether the same boom-to-bust trajectory would apply today.

Rip Off! sees the consulting firm as the root of all evil. While the growth imperatives espoused by many consulting firms should rightly be the cause for debate, laying all the blame at the consultants' door is disingenuous at best; at worst, it's dangerously misleading. As the clients I talked to about Enron understood, clients also have a responsibility to make consulting a success.

That's certainly the starting point of David Zahn's book, *The Quintessential Guide to Using Consultants*. He says: "projects that go over budget, deliver poor results, and lead to less-than-satisfactory feelings about the experience are as much a responsibility of the client as the consultant." Zahn has plenty of good points to make here; he also refreshes some well-established parallels—such as the consultant-as-general-physician—by expanding on their practical implications. All told, the first half of the book, which offers guidance on when to use consultants and how to choose between them, provides an admirably clear starting point. Less useful are the later sections, which look at how best to manage ongoing consulting projects—partly because much of what is offered is simply good project management, and there is not enough discussion of the differences in managing outside advisors.

In *Consultants and Advisers*, Harold Lewis takes us through similar ground: handy checklists and sound advice aimed at the first-time buyer of consultants rather than the more experienced, sophisticated purchaser. Again, most of the advice is focused on how to hire consultants.

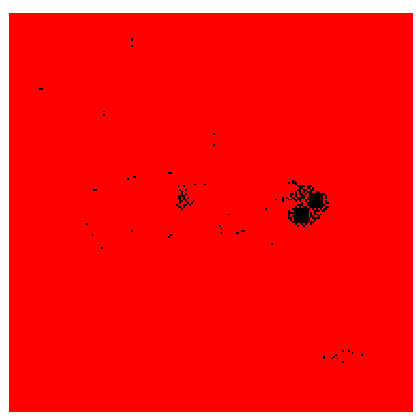
I'd be the first to accept that many of the problems that arise during consulting projects have their roots in the way clients think (and don't think) about why they might benefit from having consultants' input and what kind of firm they need. But surely we should also be trying to educate clients about what actually happens during projects.

Perhaps the problem lies in the nature of consulting itself. If only all consulting projects were as neat and tidy as they appear to be on the pages of Zahn's and Lewis's books! When talking about how best to maximize the results of a consulting engagement, Zahn reasonably suggests three things clients should do: assume control of the project, do not become dependent on the consultants, and spread the word internally when a project has gone well so that everyone can learn from it.

So why are there still problems? The reality of consulting is far messier and more complex than clean-cut guides to using consultants suggest. It is misleading to present consulting as an entirely predictable activity, in which even changes are controlled. It is surely just as dangerous to present clients with a simple checklist as it is to write a kiss-and-tell-all story of consulting.

None of the books reviewed here holds up a mirror to the real challenge of consulting for clients, which is knowing how to react to change and how to put things right when they go wrong.

Fiona Czerniawska (fionacz@arkimeda.com; www.arkimeda.com) is the founder and managing director of Arkimeda, a firm that specializes in researching and consulting on strategic issues in the consulting industry. Last May, The Economist *published her most recent book,* Business Consulting: A Guide to How It Works and How to Make It Work, *coauthored with Gilbert Toppin.*



Make Your Own Luck: 12 Practical Steps to Taking Smarter Risks in Business

Eileen C. Shapiro and Howard H. Stevenson (Portfolio, New York; 2005; ISBN 1-59184-077-5]) $23.95

REVIEWED BY FORD HARDING

Make Your Own Luck is a book that will help you develop Predictive Intelligence, which the authors define as the ability to act in the face of uncertainty to bring about desired results, or in other words to make good bets. In it, authors Eileen Shapiro and Howard Stevenson pose the following question: An up-and-coming NFL quarterback and an up-and-coming McKinsey & Co. consultant are seen as superstars by their employers. Which one has higher Predictive Intelligence in their respective fields of football and business?—(a) the quarterback, (b) the consultant, or (c) the two are just about equal in Predictive Intelligence in their fields.

The answer, they say, is the quarterback, because he must live with the consequences of his frequent bets and so develops betting skill, whereas the consultant merely advises others.Makes sense to me. (The rest of the test from which this question is excerpted can be found in the book or on the authors' website: www.shapirostevenson .com.)

If you like practical books on how to think about problems, as I do, *Make Your Own Luck* is worth your attention. As a layman's guide to risk analysis, it provides a simple, 12-step approach to making business bets. Starting with the critical but helpful advice to know what your goals are when you make a bet, and ending by advising us to know when to call it quits, these guidelines set a clear path for making decisions. Because all of us are prone to stray from the path, the 12 steps provide helpful reminders to keep us on track, along with simple tools to guide us in doing so. The authors reinforce the points they make with convincing examples from recent business history and less compelling and overly cute examples from military history. They also make extensive use of brainteasers and unexplained case studies to reflect upon.

The book has relevance to consultants at two levels. First, we are all in business, and business requires betting. Most of us could improve the important bets we make with a little reflection, and most of us have one or two specific areas where our bets fall short. This book will help identify and deal with those areas. For example, my own goals have shifted over time, and my inability to recognize that fact has resulted in some poor bets. Shapiro and Stevenson provide good, simple advice on how to improve. To ensure clear and correct goals, they show how to create a list of alternatives and how to narrow it down to the right one(s). They show how to take into account the critical fact that goal setting is laden with emotions. Similar straightforward advice is provided for each step in the 12-step process.

The second reason why this has relevance to consultants is that we all help our clients make bets. All too often, consultants give out advice as if we know what the future will bring. We don't, and this book provides useful techniques for helping us help our clients realize and deal with the risks inherent in our recommendations. That will help bring our Predictive Intelligence closer to that of a quarterback.

In layman's language, Shapiro—who built a reputation as a debunker of consulting fads through her earlier book, *Fad Surfing in the Boardroom*—and Stevenson—a Harvard Business School professor—show how to apply clear thinking to risk. If we do the same for ourselves and for our clients in every major decision, we will without doubt be more successful and effective.

Ford Harding CMC (fharding@HardingCo.com) is the president of Harding & Company, which helps professionals learn how to sell. He is the author of Rain Making: The Professional's Guide to Attracting New Clients.

Doing Business in the New China: A Handbook and Guide

Birgit Zinzius (Praeger, Westport, CT; 2004; ISBN 0-275-98031-6) $65

REVIEWED BY PRESTON G. SMITH

The giant is no longer sleeping! China, which for centuries has shunned foreign involvement and economic progress, is now racing to become the number one economic power and trading partner in the world. This will have implications for management consultants whether or not they actually deal with China themselves.

Several books cover this transformation in the People's Republic of China (PRC), but *Doing Business in the New China* lays out the economic changes exceptionally well. According to Birgit Zinzius:

- From 1978 to 2000, China's economy grew at a compound rate of 9% per year, outstripping the celebrated growth rates of other "Asian Tigers" such as Taiwan and South Korea, and this growth continues unabated.
- China's foreign trade has risen from US$20 billion in 1978 to US$840 billion in 2003, causing it to go from 32nd to 5th largest among the world's trading powers.
- Cumulative foreign direct investment in the PRC has grown from US$5 billion in 1979 to over US$500 billion in 2003.

■ China now has 400 million consumers with purchasing power roughly equivalent to consumers in the United States, Europe, and Japan.

■ Today, the PRC is the world's largest mobile phone market, surpassing the United States in 2003 with over 200 million mobile phones.

The turning point was around 1978. Chairman Mao's death in 1976 marked the end of the Cultural Revolution, and two years later Deng Xioping was announcing plans for economic growth that have carried through to today. His motto: "to get rich is glorious." Since then, the objective of the Communist Party of China (CPC) has shifted radically. As Yin Mingshan, China's motorcycle manufacturing tycoon with a net worth of US$113 million, states, "The Party is evolving in line with the changes in China. It is no longer interested in making the whole world believe in communism. Today, the main aim of the Party is to make the country and the people prosperous."[1]

Zinzius's driving assumption is that the reader plans to start a business in China. If this is your goal, her book is perfect. If instead you simply wish to understand what is happening in China and how it might affect you, the book's organization is awkward. For instance, the essential concept of *guanxi,* roughly translated as relationships and networking, is not covered until page 182, and then only briefly. But *guanxi* is at the heart of the powerful connections between businesspeople in mainland China and the so-called overseas Chinese—those in Taiwan, the Philippines, Canada, and elsewhere. Thus, *guanxi* fuels the huge foreign direct investment that is enabling China's growth. Consequently, if your goal is more to understand current Chinese business thinking and values so that you can work effectively with any Chinese you encounter, Ming-Jer Chen's excellent book *Inside Chinese Business*[2] will be more useful.

Zinzius is a German management consultant, now residing in Jakarta, who has authored several other books about China (all in German). Although the current book is well researched and her writing clear, the book suffers some from poor copy editing.

The first chapter, "Going China," starts with 40 pages of somewhat dry statistics explaining China's growth and the economic motivation for doing business in China. Its remaining 40 pages round out the background material with clear explanations of Chinese values; for instance, the pervading influence of Confucian philosophy. She also covers Chinese names and forms of address, topics of conversation, the role of gifts, and the Chinese view of contracts. Many of these subjects illustrate viewpoints quite contrary to Western norms. For example, a Chinese will think nothing of asking your age or income upon first meeting you, but the weather or politics are taboo subjects. Contracts are never intended to be followed to the letter, but the relationship developed in negotiating the contact and the oral statements made during that process guide their execution.

Chapter 2 describes how to set up your Chinese company and covers many important points for dealing with the Chinese. For instance, Zinzius explains the importance of building, maintaining, and losing face. One implication is that it is pointless to ask a Chinese a question that requires a negative answer, because answering "no" would mean a loss of face for both parties. Similarly, other questions and requests should be phrased to include an "escape hatch" so that the Chinese can respond in a way that does not involve a loss of face.

Chapter 3 moves on to running the business you have created in China. Financial control systems are one area that may be of interest to management consultants. These tend to be pretty leaky, due to a weak legal system and the granting of favors, which is connected with *guanxi*. Another interesting topic is intellectual property, which the Chinese view completely differently from Westerners. "It is difficult for Chinese to appreciate that immaterial things, including intellectual property, can be the possession of a single person, if he or she is the creator or originator. It is not immoral or even illegal for Chinese to obtain ideas, concepts, methods, or designs and use them. On the contrary, it shows one's eagerness to learn and improve." Zinzius states further that this viewpoint is pervasive and unlikely to change soon.

China is a power to be reckoned with. Back in the 1970s we dismissed Japan as a serious industrial competitor because it produced cheap, low-quality goods. As Japanese quality improved, that role fell to Taiwan. Now China is making the transition to quality goods that command a position in the world market. Virtually every personal computer made today incorporates parts made in Dongguan, an area that was farm country back when we began to appreciate Japanese quality. However, the important difference between Japan and China is that China is ten times larger than Japan. While the eastern provinces are moving up the economic ladder to approach Japan, the western hinterland will remain a source of inexpensive labor, unlike Japan.

With all that China has going for it, it does have some serious hurdles ahead. Its banking system is saddled with a large proportion of nonperforming loans. As the economy becomes

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DAFFYNITION

Passion: A persistent preoccupation with an idea your client considers unreasonable.

Who's Who in China

Gerald Leong, Editor (Inspire Publishing, Singapore; 2004; ISBN 981-05-0509-4) $99.95 (info@inspire-publishing.com)

REVIEWED BY CURT KAMPMEIER

Hsieh Tsun-yan is director and chairman of Asia for McKinsey & Co. In the foreword to *Who's Who in China,* he says that China's transformation from a planned to a market economy is beyond the point of no return. Since reforms began in 1978, the state's share of China's economic activity has dropped from 80% to less than 30% (FY 2000). Enterprises large and small are forming, restructuring, and equipping themselves for market competition.

Which of these companies will become global champions? Will they surpass incumbent multinational corporations to be leaders in their respective industries? If so, when? Although it's difficult to bet on specific answers, we can be a lot more certain in predicting that a generation of global champions will emerge from the Chinese economy in the next decade or two. Far more impressive than the growth rate of their revenues and their ambitious plans are the vigor and rigor with which these enterprises and scores of others like them are systematically reforming their business processes, expanding their product lines, and building the capabilities needed to win in the global marketplace.

Behind this driving energy is a new generation of business and business-related leaders who are dedicated, with the zeal of missionaries, to the task of transforming their enterprises into global champions. *Who's Who in China* is an extensive, maybe even exhaustive, introduction to the leading men and women behind these enterprises and a description of their already impressive accomplishments. Consultants to management who are advising potential partners on ventures in China, on competitors, or on related subjects will profit from knowing who they are dealing with. This book is a valuable source for that information.

more entrepreneurial, some state-owned enterprises have been privatized; but since these were viewed formerly more as social support systems for employees than as profit makers, some entity now has to take over this social burden. Politically, the ruling CPC faces an interesting dilemma: as the people become better educated and affluent and have better access to the outside world, they may wish to have some say in their government. But the CPC—although it is leading the shift to a market economy—clearly intends to remain in control: witness the brutal repressions in Tibet, in Tiananmen Square, and more recently of the Falun Gong.

Zinzius discusses all these problems, but she omits another serious one. China is highly polluted today; as it grows, as people move into cities and acquire cars and appliances, and as it continues to ramp up production, these environmental problems will mushroom.

In short, China has considerable momentum today as well as some serious obstacles. But when 1.3 billion residents of this planet wake up and decide to join the party, the world business community cannot afford to ignore them. This book will help you to assess how China might affect your practice and your life.

Notes

1. Gerald Leong (Ed.), *Who's Who in China* (Singapore: Inspire Publishing, 2004, p. 49).
2. Ming-Jer Chen, *Inside Chinese Business: A Guide for Managers Worldwide* (Boston: Harvard Business School Press, 2001).

Preston G. Smith CMC (preston@NewProductDynamics.com), a principal at New Product Dynamics in Portland, Oregon, is coauthor of two books: Developing Products in Half the Time *and* Proactive Risk Management. *For over 20 years, he has been helping manufacturing managers build a sustainable capability for accelerated product development and has taught these techniques in China, Hong Kong, and Singapore.*

Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant

Chan Kim and Renee Mauborgne (Harvard Business School Press, Boston; 2005; ISBN 1-59139-619-0) $27.95

REVIEWED BY SARAH LAYTON

If you ever hear your clients whine about the competition, you will want to read this book. It is about how a company can do things so differently that it moves into an entirely different marketplace, even a different industry. The authors have been called "two of Europe's brightest business thinkers," have written for all the major business publications, and are distinguished professors at INSEAD.

In *Blue Ocean Strategy,* they describe the red ocean as where most companies compete, seeking customers from the same market as their competitors. Kim and Mauborgne suggest that companies break out of the red ocean of bloody competition by creating uncontested market space in the blue ocean that makes the competition irrelevant. Red Ocean Strategy focuses on existing customers, and has the following traits:

- Compete in existing market space
- Beat the competition
- Exploit existing demand
- Make the value-cost trade-off
- Align the whole system of a firm's activities with its strategic choice of differentiation *or* low cost.

Blue Ocean Strategy focuses on noncustomers and demonstrates these traits:

- Create uncontested market space
- Make the competition irrelevant
- Create and capture new demand
- Break the value-cost trade-off
- Align the whole system of a firm's activities with its strategic choice of differentiation and low cost.

Successful blue ocean companies include Callaway Golf, NetJets, and Cirque de Soleil. But companies have been creating blue ocean strategies for decades. Callaway went after nongolfers intimidated by the sport, gave them a club head so huge they couldn't miss the ball, and won over duffers in the process. NetJets took the speed and flexibility of the corporate jet and the lower cost of commercial travel and offered the best of both industries in fractional "time-share" jet ownership. Cirque de Soleil redefined the circus by eliminating the animals, the travel, and the three rings, thereby appealing to an upscale market looking for entertainment.

Guiding Principles

As you create your blue ocean strategies, be aware of four guiding principles. The first is to break from the competition and reconstruct market boundaries.

Example: Novo Nordisk looked past the red ocean of doctors as the market for insulin to the blue ocean of diabetics and became a diabetic's care company rather than just a producer of insulin.

The second guiding principle is to focus on the big picture, not the numbers. As a strategist, I have long tried to convince clients that when the strategy is right and implemented, the numbers will happen. The right strategic planning process is critical to developing a good strategy. Unfortunately, old habits die hard, and planning processes become mired in the numbers.

The third guiding principle is to reach beyond existing demand. Historical strategic planning processes encourage focusing on current markets and further defining niches, thus continuing a red ocean existence.

To have a profitable and robust strategy, you must follow the fourth guiding principle: get the strategic sequence right. The right strategic sequence of buyer utility, price, cost, and adoptions will ensure commercial viability.

Business models usually start with the cost and build the price based on how much profit they want to make. Blue ocean strategies suggest starting with the utility to the customer and then setting the consumer price and designing the model so that the cost allows the profit desired. My experience is that companies juggle cost and price, trying to decide the highest price the market will bear and adding or subtracting features until they get a nominal product they think they can sell at the highest profit. Many times they never even get around to the subject of value to the customer.

How to Create Blue Oceans

Value innovation is the cornerstone of blue ocean strategy and is not new. Porter and others have espoused innovation for decades. What is new is how Kim and Mauborgne suggest that innovation align with utility, price, and cost positions while overcoming the execution hurdles. They decry the value cost trade-off so common today and provide useful tools that encourage you to think alternatives instead of competitors, and noncustomers instead of customers.

One tool is the strategy canvas used to create value. This is a diagnostic and action-oriented chart that plots the current state of play (low vs. high activity) in the known market against the range of factors used to compete. The resulting value curve shows where the competition is currently investing and what they offer buyers. This creates the current value curve. Once you have created that, look at each factor and decide which of four primary actions (eliminating, reducing, increasing, or creating) could be taken to create value to noncustomers. These actions will dramatically change your value curve.

Example: What factors on the strategy canvas should be eliminated that don't add value? Casella Wines eliminated the aging and tannin qualities, two factors that intimidated customers.

What factors should be reduced below the industry standard to avoid overdelivering? Casella Wines limited its offerings to just one white wine and one red wine (Yellow Tail) to avoid customer confusion.

What factors should be raised above the industry standard so that customers won't have to make compromises? Casella Wines raised the involvement of Yellow Tail retailers by providing them with Australian outback clothing, which helped make the wine seem friendly instead of intimidating.

What factors should be created that are new to the industry? Casella Wines created new customer experiences for wine drinking: easy drinking, ease of selection, and a sense of fun and adventure.

Characteristics of Blue Ocean Strategy

Once these actions have been taken, look to see if your strategy has the three characteristics of a good blue ocean strategy. Does it have focus? Does it diverge from other players? Does it have a good tag line? Look to alternatives rather than the competition.

Example: Southwest Airlines chose to look at automobile transportation, not other airlines, as the alternative for comparison. By focusing on friendly service, speed, and frequent point-to-point departures, they were able to price against car transportation. They diverged by eliminating, reducing, raising, and creating value that differentiated their profile from the average airline. Their tag line, "the speed of a plane at the price of a car—whenever you need it," was very compelling, and sales took off.

Execution Is Key

The final section of the book goes into detail about how to execute the blue ocean strategy. This is an important section that covers overcoming the organizational hurdles: how to build execution into the blue ocean strategy, and how to sustain and when to renew the strategy.

How do you get employees to be aware of the need for the new strategy, abandon the status quo, and jump on the execution wagon? How can you accomplish each phase without increasing the resources needed? How do you motivate employees to become enthusiastic supporters rather than reluctant participants or, worse, saboteurs? Tipping point leadership—popularized by Malcom Gladwell's book, *The Tipping Point*—in which leaders mobilize a company by flipping conventional wisdom on its head, is necessary to overcome these hurdles quickly at low cost, winning support for the strategy in the process.

"What do you think . . . should we get started on that motivation research or not?"

Before people will execute a new strategic plan, their minds and hearts must align with the new strategy. Then they willingly go beyond compulsory execution to voluntary cooperation in implementation. Fair process is vital here. When management has engaged employees in pertinent aspects of the strategic decision making, explained the strategic choices, and effectively communicated the new rules of the game—then employees will judge the process as fair. A blue ocean strategy successfully implemented provides strong barriers to imitation, giving a 10- to 15-year lead over the competition.

There are some great ideas in this book that consultants can adapt and apply to their practice. For example, drawing a strategy canvas could be very useful to any strategic-planning process—your own or your clients'. Or, if you are working on strategic planning with your clients, it would be interesting to look at the concepts of eliminating, reducing, increasing, and creating as part of the thought process that will drive your client toward the value innovation so critical in blue ocean strategy.

Management consultants who become familiar enough with the concepts to be able to adapt and apply this information to the needs of their clients will add great value for their clients. But beware; it is unrealistic to think that all companies will be able to successfully create blue oceans at the level of Cirque du Soleil or NetJets. The job of the management consultant is to improve the condition of the client, and with proper planning and implementation, all companies can improve their condition with these concepts.

Sarah Layton CMC (drsarahl@corporatestrategy.com; www.corporatestrategy.com) is managing partner of Corporate Strategy Institute, Windermere, Florida. She works with senior executives and boards of directors to develop strategies that will ensure the future of their organization.

RECENTLY PUBLISHED & RECOMMENDED BOOKS ON CONSULTING

REVIEWED BY REES MORRISON

Deep Smarts: How to Cultivate and Transfer Enduring Business Wisdom

Dorothy Leonard and Walter C. Swap (Harvard Business School Press, Boston; 2005; ISBN 1-59139-528-3) $29.95

Deep smarts, according to the husband and wife professor-authors, is a special form of experience-based expertise that is crucial for consultants and managers to understand and appreciate—for their own benefit and that of the organizations they serve. It includes intuition, judgment, knowledge, experience, and expertise that a re based on a cognitive structure of frameworks, concepts, and mental models. This review pitches its main points at consultants, who should continually strive for deep smarts. This impressive book will enjoyably and thoughtfully help us, while benefiting anyone who reads it.

When you have repeatedly worked with various clients on certain kinds of problems, you develop receptors, neurological cachements that accelerate and fix future learning. Chapter 2 emphasizes how much experience matters to deep smarts.

The next chapter teaches that proficient consultants rely heavily on intuition, which is swift pattern recognition, based on experience. Veterans not only know more but also use their knowledge diff e rently from less proficient consultants.

Much value in consulting comes from seeing patterns in all the facts that are gathered by interviews, surveys, document review, and observation. Experts have more fully developed receptors—"neuro structures that are the physical representation of frameworks, domain knowledge, or prior experiences." After all, information does not become knowledge until it connects with something we already know. Receptors are necessary for accurate pattern recognition and effective decision making.

The book discusses simulations to build receptors; but for us, lacking simulations of projects, perhaps the best we can do is learn from case studies, conference anecdotes, publications, and project postmortems. We can also develop scenarios of how a project could have proceeded or keep diaries of project activities as a form of simulation. Above all, consultants need to have performance feedback if they are to develop their deep smarts.

Chapter 4 makes the point that we may be called on as consultants to develop or find deep smarts in individuals and organizations, and it is sometimes impossible or undesirable to grow all the needed expertise in-house. When that's so, we can assemble the experts we need from elsewhere and pull them together as a team, much as many of us are used to doing in pro j-ect work.

Thus, a key asset of good (deeply smart) consultants is their network, their "know-who," which obviously is necessary to assemble a good team. We all should deliberately assemble a network of consultants or people working both in and outside our areas of expertise. This "knowledge-once-removed"—when well cultivated—can be invaluable to our clients and thus to us. After all, knowledge networks are communal banks in which social capital is often the coinage of the realm.

Chapters 5 and 6 are also useful. They deal with the beliefs, assumptions, and social influences that contribute to deep smarts—for better and for worse. Few of us articulate and challenge our organizational and personal assumptions frequently enough. If we did, we would become more flexible in meeting the needs of our clients.

Each of us needs to recognize that our own strongly held beliefs are "lenses that refract a view of the world and define what is real—even when objective evidence is to the contrary." We need to try to surface and counterbalance our personal beliefs, our consulting-discipline–based beliefs, and the organizational beliefs of the firms in which we work. The essence of consulting is separating false beliefs from reliable facts.

Consultants who do well challenge their assumptions and do not take things for granted. They may change frames of reference, such as looking at a problem through the lens of economics. They may consider an issue f rom the standpoint of the factory worker. They may create experiences that counter the received wisdom. They may go out and talk to actual customers, rather than staying entirely with the marketing staff. They may have someone serve as devil's advocate. In these ways, they raise deeply held beliefs to consciousness and improve their ability to help change those beliefs to smarter ones.

Chapters 7 and 8 deal with ways to transfer deep smarts from those who have them to those who don't. The authors explain the role of *knowledge coaches* and assert that "guided experience is the most powerful transfer method" for deep smarts. Chapter 7 has an excellent hierarchy of modes of knowledge transfer, which culminates in the next chapter on the power of guided experience. We should seek out knowledge coaches and colleagues who can shape our learning. The authors explain that mentoring implies more personal counseling and socialization, whereas coaching implies more knowledge and skills training. They discuss extensively how to set up knowledge coaches. They even write that "a consulting company we know encourages coaching by promoting only those employees who have trained someone to take their place." As we work on more projects, a knowledge coach can help us extract the most from the experience.

The authors recommend that organizations such as consulting firms use *competency maps* to think deeply about what specific training consultants need in order to develop the firm's overall capability. They claim that it takes at least ten years of concentrated study and practice to become an expert. Expert consultants show their investment in time and practice when they recognize pending problems, make decisions swiftly about what to do next in a project, take into account the contexts of different clients, extrapolate rules of thumb, and generate and evaluate hypothetical alternatives for recommendations. Expert consultants make fine distinctions between facts, and they know better than novices what they do not know.

The book has wonderfully succinct summaries of the key points at the end of each chapter. Moreover, in most chapters the authors honestly describe the limitations of their material and expertise.

Insights abound. For example, we should be aware that people, when pressed to explain decisions that they made based on unconscious reasoning, will give rational explanations that sound more sensible. Instead of, "I fired Chris for his bad personality," the person will reel off post hoc justifications. To the degree true, this observation shakes hard the foundations of interviewing and questionnaires.

Another example: "One of the biggest paradoxes in importing 'best practices' is that those most easily imitated are least likely to provide a competitive advantage, and vice versa." Another nugget is the applicability of the Myers-Briggs Type Indicator to styles of knowledge transfer.

Overall, this book is impressive, thoughtful, research-based, and very useful. *Deep Smarts* draws extensively on the dot-com boom and its lessons. The authors have been jointly researching the subject of deep smarts for many years. They provide many telling case studies to illustrate their points and include extensive notes and references for further research. I wholeheartedly recommend it.

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DAFFYNITIONS

Stupidity: A preexisting condition not covered by your insurance.

Attention spam: The time it takes to decide whether an e-mail is worth reading.

The Professional Services Firm Bible

John Baschab and Jon Piot, Editors
(Wiley, Hoboken, NJ; 2005;
ISBN 0-471-66048-5) $75

Compiled and in parts cowritten by two technology consulting firm executives, this 500-page tome addresses all aspects of running a professional services firm. It is targeted at companies that are neither solo consultancies nor large ones—midsized professional services consultancies employing five to 250 professional staff. The authors claim that there are approximately 210,000 such U.S. firms in 12 different segments of professional services. Of the 18 authors who collaborated on the book, five have consulting backgrounds, eight have law backgrounds, and the others vary.

Despite its multitude of contributors, the book has a consistent tone. Each chapter explains why the topic is important and then parses through various elements. Each chapter closes with a list of Internet resources and published resources, many excellent.

Several of the chapters stand out. They offer clear, conceptual models, use graphics to make their points, offer specific suggestions, and support their observations with good references. I particularly liked the chapter that combines sales management and benchmarks (because it makes a persuasive case for using a professional sales force) and the chapter on risk management (because it has data and research galore). Other chapters are noteworthy because they cover topics that are not normally included in books about running a consultancy—managing vendors, using information technology, and leasing offices. There are also three strong chapters about talent management, a crucial need for a professional services firm.

Weak chapters, by contrast, tend toward bland generalizations, which is partly a result of trying to cover the waterfront of professional services firms. These less useful chapters address governance structures, the very important subject of strategic partners, organization structure, and service delivery. I was particularly disappointed in the service delivery chapter because this subject is paramount to professional service firms.

The Professional Services Firm Bible can serve as a much-consulted reference. If you want a solid grounding in a particular topic that it covers, you are likely to learn much and come away with a solid framework. Supplementing all of this, the book includes a CD-ROM that includes diagrams, spreadsheets, checklists, and other useful tools.

Practical Management Consultancy, 4th Edition

Calvert Markham (Croner CH Group, London; 2003; ISBN 1-84140-329-6)

Calvert Markham is the managing director of Consultancy Skills Training Limited and has consulted with and trained consultants for over 20 years. This latest edition of *Practical Management Consultancy* methodically treats the consultancy sales and delivery process.

Markham covers what he claims are the five steps of the delivery process, which include entry (establishing a relationship with the client), contracting (agreeing what you are going to do and how you do it), diagnosis (fact-finding and analysis), intervention (changing something about the client), and closure.

For consultants who have not read a few books on consulting, the book's framework is solid and the observations and practical tips useful. If you are experienced and think about what Markham has written in terms of your own projects, you are likely to come away with new learnings. Consistently, Markham's book urges consultants to make explicit the models and beliefs they bring to their projects.

Some of the strongest material covers change management. Markham maintains that projects that change systems and structures are less difficult—in terms of bringing about change—than projects affecting more entrenched aspects of an organiza-tion, such as its goals and culture. "Research shows that change in organizations occurs discontinuously—periods of upheaval are separated by interludes of relative stability." To assist with the discontinuities, Markham offers several useful techniques for assisting change. These include kickoff meetings and training courses (he says that workshops should be away from the workplace, last at least a whole day, and be intensive), having a pilot trial, creating a project team of client staff, and giving plenty of feedback.

The real cream in this book rises to the top in the 26 pages of Chapter 9. It excellently covers analytical tools and techniques. Markham gives pros and cons and pointers about interviewing, focus groups, and surveys—with plentiful examples. Among the structured data collection tools he covers are the critical incident technique, the Delphi technique, stakeholder analysis, and repertory grid technique. The repertory grid is a method of finding out how people look at the factors they use in making judgments about differences between things. For example, in interviews about client satisfaction, you could use a repertory grid. He then covers data analysis techniques such as the Pareto principle (the 80/20 rule), paired comparisons (a method for rank-ordering items), force-field analysis (to show obstacles and inducements to change), and cause-and-effect diagrams (a TQM technique).

If that's cream, a fair amount of the book, unfortunately, is skim milk. Like skim milk, it's good for you, but lacks flavor. *Practical Management Consultancy*'s style is close to academic, there is little supporting data, no case studies, and an abundance of generalizations appropriate only for rank beginners. Markham's practical tips are like keep-your-shoelaces-tied: "keep the initiative"; "keep documents secure." There are only eleven references at the end and no index.

Practical Management Consultancy brushes broadly over consulting. Its strengths are the chapters on analytic techniques, change management, and training.

Rees Morrison CMC (rwmorrison@hildebrandt.com) has been consulting with law departments for 18 years to help them manage better. A former practicing lawyer and the author of six books, he is a director of Hildebrandt International based in Somerset, New Jersey.