

The Art Of Consulting: A Taxonomy Of Experts

By Michael Richarme

One of the most vague and widely misunderstood professions is that of consultant. We undertake years of formal training to become professionals in our fields, yet there is no defined training for consultants. The purpose of this paper is to add definition to the field of consultancy, identifying some of the major types of consultants. The conclusion contains a brief checklist to help you decide which type of consultant would work best for your company.

Some people believe that consultants are people with extensive *industry expertise*, hired to provide a better understanding of a specific business sector. Typically, this type of consultant has been actively engaged in the specific business sector for decades and very clearly understands the rules of the game for that particular sector. The consultant has extensive contacts throughout the sector, having either worked with, or competed against, most of the key figures in the sector. Often, these people have completed successful careers in that sector and have retired to a role of consultancy to stay active and involved in the business that played a major role in their lives. This type of consultant can be particularly helpful for a firm that is considering entry into a new business sector. This type of consultant will tend to focus on strategic positioning, competitive advantage, degree and intensity of competitive forces in the sector, and similar top-down considerations. One must take care, however, to insure that the industry expertise of the consultant is not dated.

Another type of consultant is someone with a focus on *process expertise*. Most common during the major business restructuring activities of the 1980s, the focus of these people was to identify more efficient and more effective means for businesses to conduct business. Unlike the

external focus of the industry-expertise consultant, this type of consultant has a highly inward focus. However, this type of consultant will similarly tend to focus on top-down considerations, such as outsourcing, organization structure and alignment, and work flows. This type of consultant is particularly helpful for a firm that needs to reduce its cycle time or become more efficient in delivering product to market. One must take care that the consultant recommends process modifications that are tailored to the specific business and not derived from a stable of generic solutions.

A third type of consultant is one who possesses a high degree of *functional expertise*. Specializing in a functional field, such as marketing or accounting, this expert is useful in setting up a new department within an organization, and identifying the tasks, responsibilities, and outcomes of that department. One must take care that the consultant develops a functional unit that is well connected to the other elements of the organization.

A fourth type of consultant is very similar to functional experts, but is more engaged in a narrow subject or technology. Called a *subject matter expert*, this consultant has comprehensive knowledge about the specific subject matter at hand. Often associated with technology, this consultant is found where specialized knowledge is critical. Examples from the marketing research field might include multi-variate statistics experts or research methods consultants. Because the knowledge they possess is so specialized, only other subject matter experts in their field are able to tell if they are correct or not. Also, one must take care, particularly with volatile fields, that the subject matter expertise is current.

A fifth type of consultant is one who provides reflection and insight. Called *sounding board* or *critical thinking consultants*, these are the rarest of consultants. These consultants may or may not know anything about your industry sector, the characteristics of your business, how your products function, or how your organization is structured. But they are able to listen carefully to these descriptions and determine whether the arguments are logical and consistent. They can ask questions and test assumptions that persons within the organization take for granted. They can provide an alternative perspective on situations that may not be immediately apparent to insiders. And, possibly most important to senior executives, they may offer a willing ear for highly confidential concerns that the executives don't wish shared within their own organizations.

One reason that these are the rarest of consultants is that these consultants offer only themselves to an organization—they do not bring a finished product, like a new organization chart or acquisition strategy. Unlike engagement-oriented consultants, this type of consultant is most effective over a longer period of time, gaining the trust and confidence of the executive team. In return, critical insights are given time to develop as well. One must take care, however, that the consultant is providing enough value to justify the significant expense involved.

Of the tens of thousands of consultants roaming the landscape, most tend to fall into one of the above categories. Often, their business cards or prior consulting projects speak clearly to their specialty. Occasionally, however, one can find a consultant with capability in two, or even three, of the above categories. These are not common, and one should take care to understand the tradeoffs being made by gaining breadth of consulting knowledge over depth of expertise. Generally, a combination expertise will involve an industry or subject matter expertise with a functional expertise, producing someone who had been employed in a specific industry for several decades, who also understands a specific technology or subject.

Sometimes, the combination involves an industry or subject matter expert who also has sounding board or critical

thinking expertise. These consultants are rare and valuable, because people with this combination of characteristics tend to be running organizations rather than consulting for them.

So where does one go to find good consultants? Typically, businesses are besieged by consultants every day, and one needs only to go to a conference or trade show to attract swarms of eager experts. But there are some other alternatives available as well.

The United States government's Small Business Administration (SBA) has a group of retired executives who provide consulting to small businesses. Often, these executives have skills in this area that are very helpful. Another source of this type of consulting can come from your suppliers and vendors, who may have people within their organizations who have either latent or active capabilities in this area. Building long-term relationships with one's suppliers and vendors can provide an environment in which this capability can flourish. If more businesses adopted the latter approach, perhaps there would be less need to bring in expensive and ephemeral experts to help run the business. Unlike the SBA approach, this approach takes time to grow and nurture, and requires a shift of perspective from utilizing suppliers, to working with business partners. In this partnership environment, collaborative problem-solving will flourish, and business partners will flourish.

How do you decide which type of consultant to utilize for your business situation? The following checklist might provide some guidance.

Consultant checklist

1. Are you entering a new business sector or facing stiff competition in your current sector? If yes, an industry expert would work well for you.
2. Are you trying to take costs out of the business or reduce delivery cycle time to your customers? If yes, a process consultant would work well for you.

3. Is one of your company's departments struggling to meet objectives, not communicating with the rest of the organization, or floundering in the delivery of its services? If yes, a functional consultant would work well for you.
4. Are your employees great with general information, but not up to speed on the latest technologies or techniques available in the market? If yes, a subject matter expert might help bring them up to speed.
5. Are you thinking about making some radical changes to your management team or making strategic moves in the market that you don't want to share with the rest of your management team just yet? If yes, a sounding board consultant might be a good solution.
6. Are you stymied with new concept or product development? A subject matter expert probably knows too much of the nuts and bolts, so a sounding board consultant would likely work better here.
7. Do you want to make sure that the company is sending out a unified message through its brands, its advertising, its website, and other communication avenues? Again, a sounding board consultant would work well here. The information isn't necessarily confidential, but this approach helps provide an unbiased look across some of the communication venues mentioned above, which typically would fall in different functional areas in the organization.
8. Are customers and noncustomers providing feedback that your pricing is too complex, too onerous, too rigid, or otherwise not matching up with their needs? A critical thinking consultant can help sort through the complex issues and reduce them to simpler, yet effective, packages.
9. Are your distribution channels from production through enduser customer clear and free-flowing, or is there overlap and confusion about how the enduser gets the product and what is the best channel structure for managing this process? A critical thinking consultant can talk with the channel members, including your distribution partners, and sort through the problems and provide some recommendations to clean up the channel.
10. Are you losing proposals to key competitors or not even getting your share of the requests for proposals? A critical thinking consultant can get to the bottom of your acquisition process, finding out the real story behind your positioning relative to competitors and the reasons why your company may be losing critical share points.

About the Author

Michael Richarme is a Senior Vice President at Decision Analyst. The author may be reached by emailing mrichar@decisionanalyst.com or by calling 1-800-262-5974 or 1-817-640-6166.

Decision Analyst is a leading international marketing research and analytical consulting firm. The company specializes in advertising testing, strategy research, new product ideation, new product research, and advanced modeling for marketing-decision optimization.



604 Avenue H East • Arlington, TX 76011-3100, USA
1.817.640.6166 or 1.800. ANALYSIS • www.decisionanalyst.com