

Hans Peter Bech

# MANAGEMENT CONSULTING ESSENTIALS

Finding, winning, making and keeping happy clients.  
A practical guide for the independent management consultant.



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First edition

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# Management Consulting Essentials

Finding, winning, making and keeping happy clients

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## Introduction (Supply and demand)

I have been using management consultants for more than 30 years and in 2003 I became one myself. For four years I worked as an independent management consultant until 2007 when I founded TBK Consult, which is a rapidly growing network of independent management consultants.

When I started as an independent management consultant in 2003 I thought that my consulting services should be based on my experience from my career as an international sales and management executive. I quickly realized that being a management consultant requires much more than just practical operational domain experience.

As I embarked on the TBK Consult business development project I learned that most independent management consultants are working many hours for little pay.

Why?

I am an economist by education and an international businessman by trade. I have learned and experienced that *when demand increases with supply fixed the price should increase*. Then why is it apparently so difficult for independent management consultants to increase their prices, when they are so busy? I have made a small collection of reasons or “excuses” from the answers I received on my questions above and from my observations in general.

I'd like to share my observations and recommendations with you in this eBook with the title “Management Consulting Essentials – finding, winning, making and keeping happy clients”.

I have chosen the title of this eBook for good reasons and the sequence of the verbs are not random:

As an independent management consultant you must master all functions of running a business. In some functions you can survive being

a yellow belt. In sales and delivery you must be black belt.

I do hope this little eBook will give you inspiration and ideas you can implement in your own independent management consulting practice. If you can make it work it gives you access to one of the most awarding professional careers you can imagine: No boss, no staff, always interesting and challenging projects and an exceptional source of income = FREEDOM.

# Positioning

Take a look at the web sites and blogs of independent management consultants and you will find some of the answers to their troubles.

*One of the most important parameters in conveying the value of your services is associated with your positioning or your brand.*

Most independent management consultants choose **a very broad positioning**. They work across industries and try to master many



areas such as strategy consulting, executive recruitment, coaching, interim management, sales optimization, mergers & acquisitions, Go-To-Market strategy development, channel development, IT procurement consulting, vendor contract review consulting and even more.

The reason for applying a broad positioning is to appear relevant for as broad an audience as possible. The consultant believes that the broader his brand the more consulting assignments he will be considered for.

Unfortunately reality works in exactly the opposite way.

The broader you position yourself the less “special” you are. You appear to do what many others consultants can do and you will be compared with consultants who are exactly specialized in each of the areas you pretend to cover.

*By applying a broad positioning you dilute your brand value.*

Your current clients and people you already know may engage you because they are familiar with your personal qualities, but they will most likely not pay premium prices.

New clients will find you uninteresting. You appear as a “jack of all trades, master of none.” Some may engage you if your price is substantially lower than the “specialist” and that’s exactly the trap. You’ll get low paid assignments and you will need to work many hours just to make a reasonable income.

## The sharp positioning

Applying a sharp positioning obviously requires that you are sharp. If you claim to be a specialist in a certain discipline and/or in a certain industry, you must be able to back it up with your résumé and client references.

Most independent management consultants are previous middle managers, sales executives, country managers or CEOs. Their challenge is that they are not really special, nor are they consultants.

My recommendation is to look at what you have done so far. Look at your previous experience (your résumé) and your clients. Look at what you really like to do. Spend some time considering what your speciality should be in the future – based on those areas where you can best prove it.

Don’t rush. Take your time.

Talk to your spouse and close friends about it. Download a couple of books on the subject and read them. Check the web.

When you are ready fill in these two sentences:

1. In the future my speciality will be to help clients [max 20 words and

only ONE specialty in ONE industry]

2. That I am a specialist in this area and this industry is proven by [max 20 words]

From this day on you are going to build your position and reputation as a specialist. You will find LinkedIn groups where this speciality is discussed. Your web site will be about this speciality, your blog will communicate that this area is your passion and focus; you will join associations and network communities where this speciality is exercised.

The consulting assignments you will get from now on will reinforce your position as a specialist.

### How long does it take to become a specialist?



Well, maybe you are already a specialist. If you truly are a generalist I will say **3 months!**

Too good to be true?

If you choose an area where you have more than 5 years of operational experience, if you download and read 5 books on the subject, if you subscribe to Google Alerts on the subject and if you mix with the subject community I will guarantee you that within three months you will know more about this subject than 99% of the potential clients you will meet.

You will not become a recognized specialist in 3 months, but you will be on your way.

### The opportunity (and danger) of the sharp positioning

When you get assignments as a specialist you can command higher rates. When working on client assignments you will discover consulting opportunities in areas outside your speciality. Your clients will even ask

you to provide consulting on urgent issues, which are not within your field of expertise. And they will even be prepared to pay your specialist fees for the additional services.

But don't give in to the temptation! There are good reasons why you should never accept any assignments outside your area of speciality:



1. You cannot provide top quality performance outside your speciality. You risk doing a mediocre job and ruining your reputation.
2. Assignments outside your speciality dilute your position.
3. You miss an opportunity to pass the lead to someone you know and who has this area as his speciality. You collect a finder's fee or a commission. You now have someone working for you, where you make money without spending hours!
4. Declining an assignment and referring to someone else is probably the strongest signal you can send a client that you care about his business.

# The #1 skill to master: Networking

- How do you find potential clients with a desperate need for what you do?
- How do clients, with a desperate need for what you do, find you?

*Networking is the ultimate skill required in generating a pipeline of potential leads for the independent management consultant*

## Social Media Networking

Yes, social media networking and communication work. However, you are most likely not an expert in this field. Unless social media networking is your domain expertise, I will advise you not to invest your precious time in becoming one. Engage someone who is already an expert in social media networking and communication, and let them do the work for you.



I have engaged Mediavine Marketing in Chicago to help me increase the visibility of my company and myself on the www. We have agreed that I focus on my clients and on generating content in my areas of expertise. Mediavine Marketing will help in getting my name out there. Now my mailbox is cluttered daily with notifications from new followers on Twitter.

Social media networking is a long-term strategy. Don't expect results overnight. However, social media networking has the benefit of the long tail. The effects are accumulative.

## Personal Networking

Getting long-term and profitable client engagements comes through personal contacts. Clients engage with people they know and trust or with people they have been recommended to by someone they know and trust.

Networking means inviting people for “a cup of coffee.” Participating in networking events in your industry association, in the industry association of your clients or in other physical contexts where you meet other executives should eventually lead to “coffee” meetings.

### Never sell at a networking event.

You don't go to a networking event “to be sold” anything, neither do the other networking parties.

So the one thing you don't do when networking is “selling”.

It is VERBOTEN.

There will be more about “selling” in the next chapter, but let me just repeat:

{ *No “selling” at networking events.* }

## Networking behaviour

Networking events are opportunities for maintaining relationships with people you already know and for making new contacts.

Your primary objective when making new contacts is “filtering”. You meet people and you let them talk. You make a very brief introduction of yourself (no selling!) and then you ask questions. Your questions will make people talk. What people say and how they say it will give you

the opportunity to determine if this is a person you would want to “do business with” in the future. Whether or not they are potential clients is irrelevant at this stage. The question is can they win your confidence?

*Isn't it the other way around? Shouldn't I win their confidence?*

I assume you are who you are, and that you are not playing a role. I also assume that what you do can be explained in a few seconds. Leave it to the other person to make his judgement. If he finds you and what you do interesting, he will let you know.

## A cup of coffee



Invite people you find interesting for “a cup of coffee.” “A cup of coffee” is a 45-60 minutes informal introduction. The “cup of coffee” typically takes place in a café, but sometimes also in your office or the other person’s office. I prefer the café, as it is less binding at this stage of an acquaintance.

A “cup of coffee” meeting is introductory (no selling!). There is no formal agenda and there is no prior commitment to a next step. However, as you have taken the initiative you must be prepared to give a helping hand to your “coffee” fellow if you can.

You can also “meet” with people virtually. Having a cup of coffee with someone in Frankfurt, Auckland or Chicago can be accomplished through Skype.

## The objective of networking

Most of your business will come through your network, either directly or through recommendations.

The objective of networking is to get to know interesting people. Some of these may become your clients some day, while others may become your partners, your vendors, your sources for inspiration and so on.

### Give and don't sell

The #1 rule in networking is your preparedness to give and your ability to refrain from selling.



Be prepared to give to people you find interesting. I'm not talking about free consulting hours. I am talking about references to other people in your network or material to read or some other information or contacts, which could be valuable for the other party.

Don't expect anything in return, but I can assure you: The more you give, the more you will receive.

And finally, networking is a long-term effort. Stay true to your networking activities; filter your contacts and give, give, give. People you meet today will most likely not engage you as a trusted advisor tomorrow. Be patient and act naturally. Stay in touch and they will come to you when the time is right for them.

## The #2 skill to master: Sales Skills

Books about selling can fill an entire library. I assume you have read some of them. Most of the literature is about selling products and services. Is selling management consulting any different?

Not really. B2B selling is always about facilitating a purchase decision. Nobody engages a management consultant unless there is a major challenge and/or a major opportunity, which the client cannot handle internally.

*Management consultants are engaged when there is a lot at stake.*

## The four types of consulting

Are you familiar with the four types of consulting? The credit for defining the four types of consulting goes to David H. Maister.

Read his books!!

	High degree of client contact Value is rendered in the "front room", i.e., during interaction with the client.	Low degree of client contact Value is rendered in the professional's "back room." Client focus is on result only
Standardized Process Emphasis on Execution	 NURSE	 PHARMACIST
Customized Process Emphasis on Diagnosis	 PSYCHOTHERAPIST	 BRAIN SURGEON

The sales approach differs somewhat depending on which type of management consulting you are offering.

### Lead generation

Lead generation is the discipline of identifying potential clients for your services. If you are providing "chemist type services" lead generation can

be a part of your sales process. You may even be doing some type of justified cold calling.

If you are providing any of the other three types of consulting services I will consider lead generation an integrated part of your networking effort:

{ *Your potential clients will find you.* }

However, just because that someone is calling on you (e-mail or phone call) doesn't mean they should or will become your clients.

## Qualification

As an independent management consultant you want to ensure that each engagement increases your value in your next engagement. This means that you will disqualify and reject any engagement, that would dilute your position in the market.

So let's assume that you are now evaluating a potential client. The potential client ("client" for short) wants to meet with you. You have the option of meeting the client or starting with a phone call. What do you do?

### Start with the phone call.

Your time is precious.

As an independent management consultant you only have 24 hours a day (more on how to "extend" the 24 hours later). You need to sleep for 6-8 hours. You need to develop your skills and competencies. You need to do administrative work. You need to do networking. You need to maintain your website, blog and social network profiles. You need to write whitepapers, articles and books. You need regular physical

exercise. You probably also want to spend some time doing something else.

As an independent management consultant you do not get a fixed salary transferred to your bank account at the end of each month. You live from the invoices paid by happy customers, who value your services because they make a big difference.

There are two good reasons why you take a phone call with the client before you take a meeting.

## Saving time

Saving time is not the most important reason, but it is the one which is the easiest to understand.

Taking a meeting with a potential client will require at least 4 hours:

- ➔ Preparation: 1 hour
- ➔ Meeting: 1 – 1.5 hour
- ➔ Transportation: 1-2 hours
- ➔ Follow up: 1 hour

A phone call requires 1.5 hours:

- ➔ Preparation: 1 hour
- ➔ Meeting: 0.5 hour
- ➔ Transportation: 0 hours
- ➔ Follow up: 0 hours

## Qualification

The fact that a potential client calls you within your target segment and on a potential assignment, which seems to match your positioning, doesn't mean that the client is qualified.

You use the phone call to achieve the following:

1. Let the client explain why he or she has contacted you.
2. Let the client explain the magnitude of the issue (urgency, importance, what she has already tried, what the consequence of the “zero-option” is (the option of doing nothing) and if the CEO is supporting this initiative (if you are not talking to the CEO already).
3. Do they have the funds required to engage a management consultant?
4. If you are satisfied with the answers you make an appointment.
5. If you are not satisfied with the answers you can ask the client to clarify some issues and settle for a second phone call.

Believe me: The fact that a potential client contacts you doesn't mean that he is qualified. Just face the brutal facts: You are not being contacted by someone who normally deals with McKinsey & Co., The Boston Consulting Group, Bain & Company or PA Consulting. You are not being contacted by someone with a €2M project. You are most likely being contacted by someone who is not used to dealing with management consultants, but has been pushed in your direction by someone who knows you.

*A: The reality is that a lot of companies hate the idea of engaging a management consultant.*

*B: The reality is that a lot of companies can't afford to engage a management consultant.*

The sole purpose of the phone call is to verify that you are not dealing with one of those companies. The probability of convincing A to love you is slim. The probability of convincing B to find the money is even slimmer. Even though their problem might be gigantic the probability of a deal for you is low.

*You can give them all your Fact Sheets and all your whitepapers and all your books, but you should not give them your time.*

Qualifying is not easy, but is it absolutely necessary. The art of qualifying is doing it very gently. It is the art of controlling the situation and the conversation. Give the potential client anything except your time until the moment where you feel confident that there is a genuine willingness to engage.



## Hans Peter Bech

Hans Peter Bech has more than 25 years of experience with international sales & marketing of ITC products, services and solutions. Hans Peters' core competencies are:

- Enterprise B2B business process software solutions, ERP/ERM/CRM solutions and software engineering (bespoke development).
- Go-to-market strategy/program development and implementation, including reference client recruitment, recruitment of reseller and distributor channels and setting up new subsidiaries.
- Extensive experience with and personal network in Scandinavia, Eastern and Western Europe, Russia, North America, Australasia and South Africa.

From 1998 to 2001 Hans Peter lived in Stuttgart, Germany and was responsible for building the partner channel for Damgaard/Navision (later acquired by Microsoft) in Germany, Austria and Switzerland.

Hans Peter speaks Danish, English and German.

Hans Peter holds a M.A. in macroeconomics and political science from the University of Copenhagen.

As a sales person Hans Peter qualified more than 15 times for 100% Clubs, Summit Conferences, Million \$ Clubs and Top Performer events.

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