CONSULTING, CORPORATIONS AND THEIR DISCONTENTS*

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The focus of much management and organizational consulting today is off-the-mark. To be sure, consultants have added value when they have served as surrogates for management in exercises such as cost-cutting and organizational restructuring, when corporate seniors have lacked the knowledge or, more likely, the will to step up and make the tough decisions on their own. Nevertheless, the basic problem many corporations face is not one of identifying the right markets, strategies, structures or processes to pursue—the thrust of most consulting activity. After engaging a consulting firm, an Executive Vice President at Proctor and Gamble once confessed that using consultants is a "quick crutch that people get into. They say, 'Gee, I haven't got the answer right now, and it makes my head hurt to think that hard.' So they hire someone to think for them."[1]

Indeed, in private conversations and in dedicated task forces, most executives and employees can ascertain the needed goals and changes that their businesses must adopt to survive and prosper. As a rule, they can also usually determine the tactics or steps needed to achieve desired aims. Furthermore, the principles of clear thinking, objective analysis, problem solving, and effective leadership have changed little since they were first written about, notwithstanding their myriad embellishments and variations.

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[1] Cited in "The Craze for Consultants," *Business Week*, July 25, 1994.

No, the more striking problem major corporations face today is their evasion of doing what is best for the enterprise. This, in fact, is the *raison d'être* for many consulting engagements, which fill the void. Not only do firms frequently resist seeing their essential problems clearly from the standpoint of needed corporate policy, they also commonly resist requisite action and follow through once the problems are seen. IBM's precipitous decline in market share and profits was not due to any absence of strategists, competitive reconnaissance, consultants, or the like. As Paul Carroll's recent piece of business journalism, *Big Blues*, makes clear, managers at all levels of the firm clearly knew the root of the problem was IBM's institutional inability to truly listen and learn. Yet despite this reservoir of knowledge, the firm did little to harness the insights and effectively confront the problem. Moreover, it remains unclear, even after all the pain and loss and Gerstner's installation as CEO, whether fundamental issues are being addressed.[2]

Again, formulating needed strategies and plans is not so much the issue for corporations—even though, from time to time, outside experts are genuinely needed to assist in the effort, such as in the use of emerging technologies or foreign market entry. More often than not, however, the heart of the problem is just the opposite: Firms do *not* formulate or execute needed strategies and plans when they have the resources to do otherwise. In short, *failure to focus on and act on what is essential* is the central impediment of most corporate organizations today.

When all is said and done, experienced consultants know this. Gary Hamel and C.K. Prahalad, in their much heralded *Competing for the Future*, after advocating at length a special brand of strategic focus, acknowledge that "the *real* problem is that too many large U.S (and European and Japanese) companies *failed to anticipate*,

[2] "Is he Too Cautious to Save IBM?" *Fortune*, October 3, 1994.

much less invent, the new rules of competition in their industry. In the battle for the future, *lethargy, convention, myopia, and elitism are much more real and much more substantial* than the 'unfair' practices of mercantilist trading partners." (Emphasis added.)

The problem is that these consultants do not follow up on their fundamental observation. It is to their credit that they recognize the profound organizational phenomena interfering with corporations moving forward, but they do not recommend any orderly, systematic methodology for tackling this widespread "failure to anticipate." In this they are not alone. Rather, they dismiss the phenomena with disparaging labels—"lethargy, convention, myopia, and elitism"—and then go about exhorting firms, with even more vigor, to adopt their strategic prescriptions. But exhortation and moral approbations, despite the pulpit success of figures such as Tom Peters, are not substitutes for a clear attack on the problem.

Indeed, they are likely to compound difficulties because firms are diverted from zeroing in on what is at issue with abstract prescriptions and "should do's" for the organization. This is verifiable empirically in the ash-heap of Quality initiatives and other consulting endeavors that run out of steam and executive commitment. Basic Lewinian theory predicts just such outcomes. In effecting change, in the battle between driving and restraining forces, restraining forces regularly increase if the approach is to simply push the driving forces. But this is exactly what most consulting approaches do.

The much publicized, New Age "transformation" intervention at the telephone utility PacBel in the late 'eighties is a notorious, but illustrative, case in point. However bizarre one might regard what the consultants prescribed, it seems clear that the continuity of resistance of the organizational system's old order was not adequately accounted for in the intervention design. To the contrary, the consulting team held the mistaken idea that de-regulation and the breakup of the parent AT&T implied a sudden, “discontinuous jump” to a new organizational reality, leaving a blank slate from which a new organizational mind-set could take hold. This led directly to the attempt to superimpose a new managerial lexicon and organizational processes atop the existing system and human dynamics. Disaster ensued, as employees rebelled, productivity suffered, management was fired, the consulting engagement terminated, and the situation was spotlighted throughout the national media. That the consulting endeavor here may have met a fitting end because of its inherently strange notions and especially coercive ways is not the point. More mainstream change efforts—such as reengineering and mergers and acquisitions—frequently proceed with similar, if less explicit, disregard for the continuity and vitality of resistance, and, as a result, often suffer from a similar, if less cataclysmic, fate.

In fact, resistance is inescapably *intensified* by such approaches. Prescriptions are pushed at the expense of a solid diagnosis and method that addresses the institutional resistance which presents—the restraining forces. In the world of management consulting, resistance is either dismissed with disparaging labels, universalized as “politics,” treated as an inconvenience, or otherwise dealt with as something to be managed around and contained (this last is the province of so-called “change management” specialists). However, *never is the resistance itself treated as the core of the problem*. Consulting efforts are preoccupied with *overcoming* resistance to predetermined ends, rather than using resistance as a window to discover and understand the essential problem to be faced.

It is as if a man has a problem with *x* that he only dimly perceives, and then engages someone with a reputation as an expert who tells him his problem is *y*. Yet this is precisely what happens day after day in the corporate world. The tragedy is that every year billions of dollars are spent in vain chasing consulting solutions to the wrong problem. Beyond the financial waste, firms are often diverted from their core issues and resistance hardens. It is commonly observed that failed organizational initiatives breed only further cynicism and resignation. In those projects that meet with some measure of success, fundamental issues are commonly covered over, and the inevitable day of reckoning is postponed. In these ways, the flurry and fury of much of today's consulting efforts, far from being ameliorative, are often part and parcel of the disease.

An Alternative

The alternative to the mainstay of consulting approaches, of course, is to do just the opposite: *To start with the presenting resistance of the client and then work backwards, letting the client, in effect, lead you step by step to the core of the problem*. This, in fact, is exactly what seasoned clinical psychologists and psychiatrists do in their therapy of individuals. They proceed in this way not because it is easy or success is guaranteed. Hardly. Therapy is a difficult and uncertain business at best, requiring tremendous fortitude from the patient and effective contact, diagnostic, and intervention skills on the part of the therapist. However, respected clinicians proceed in this way simply because they recognize from experience that nothing else has a real chance to work. It was from my own experience as an organizational consultant and my study of clinical psychology, especially Wilhelm Reich's character analysis,[3] which led me to see how such an alternate approach offered a genuine way out of the traditional consulting blind alleys. In fact I came to see how the business imperatives of organizations, be they profit-driven or, in the case of non-profits, more purely mission-driven, only enhance the chances for success: The inherent push to achieve certain competitive aims puts a premium on resolving problems, a condition that therapists of individuals often do not have working in their favor.

[3] *Character Analysis* (Touchstone: New York), 1972.

A Case Study

I once was called to reignite a stalled change initiative for an international trade finance organization. A top-name consulting firm had previously been engaged to study and propose solutions to extensive back-office operating problems. At the time, the company had been expanding rapidly during an economic boom in its markets, and it was posting aggressive profits. But the CEO was concerned about mounting transaction losses and overhead expense arising from poorly organized operating processes. Management accepted the consultants' report and recommendations for a significant reengineering effort, which had been generated in concert with a cross-functional employee team. However, the consultants' additional recommendation that they be retained to develop and guide implementation of the effort was rebuffed. They were told that the firm would implement the proposed suggestions themselves and that their services would no longer be needed. Months passed and nothing happened. The employee team, which was charged with implementation, floundered with the sketchy implementation plan the consultants had left. I was called because the CEO recognized the impasse and now had the added concern that the employees had been stirred up with no results to show. When I asked why he hadn't called back the original consultants, he responded that he wanted a fresh approach.

My assessment revealed that the resistance to following through on the project mirrored the very problems that had led to the engagement in the first place: The effort was poorly planed and organized. Furthermore, it was obvious that no one operating person was clearly in charge of the project, which, too, mirrored the day-to-day reality of their operations. I reported this to the CEO, suggesting that we sharply scale back the project, appoint a project manager, and develop relatively tight project plans. I also suggested that the two of us meet with the President to discuss the positioning of operations more generally. He agreed, and said he would set up the meeting with the President the following week. He never did. After having put me off with the excuse of “scheduling problems,” I phoned him again. The chief executive finally admitted that he didn’t think the President, who seemed to really only value sales, would be supportive of the process. The CEO asked if he could meet with me alone to discuss the situation further.

In my meeting with him, we explored his conflict with the President. This was a difficult conversation for him, because, on the surface, he was a man who was proud, even boastful. (His pride was no doubt part of his decision not to call the original consultants back.) He told me that he and the President differed over the importance of operations in the organization. However, he was reluctant to confront the President over this because he “didn’t want to get into an argument.” I replied, “Why argue? Tell him.” He confessed that it wasn’t so easy, because he felt he needed the President at the time. Nonetheless, he said he would try to find a way. Eventually he did. The CEO eventually hired a Chief Operations Officer over the objections of the President. The work redesign effort, scaled back though it was, meanwhile produced some notable workflow improvements, and the employees could at least see some progress.

Discussion

This consulting assignment had a number of twists and turns beyond the scope of the discussion here, and there were the inevitable difficulties and setbacks. Regardless, it produced results and pointed out the importance of following the sequence of issues brought up each step of the way by the client’s resistance. The resistance that first presented was simply that the firm had failed to follow through on the original consultants’ recommendations. Analysis of this resistance *with the client* demonstrated how it mirrored the way the organization *typically* handled operations, allowing the consultation to take a deeper turn and raise the issues of values: Operations was not adequately valued in the organization because there was a one-sided emphasis on sales and aggressive expansion. The need to get consensus on the importance of operations, in turn, brought up the CEO's resistance to confront the President, which itself revealed a deeper problem with his assertion of authority and avoidance of tough issues. At each step of the way, resistance held the key to the issues of the consultancy and provided the path for the resolution of the essential difficulties. Moreover, as I worked through the case, I also saw an underlying *consistent character* to the resistances, a character which cut across the organization, regardless of the players: *repeatedly, the firm bit off more than it could chew*. Aggressive sales production and expansion could not be supported operationally. An ambitious reengineering effort could not be followed through. A boastful CEO had trouble facing up to problems. Indeed, in hindsight, the chief executive's decision to have the original consultants deal with the structural problems of the back office, while a necessary ingredient for improvement, served as an evasion of an even more core issue of the company, which lay in its limiting aspects of its culture and leadership. In this sense, it is not surprising that the original change effort faltered. Its real function was to avoid the issues, not resolve them. Had the original consulting team been more attuned to the issues of resistance that were present in the situation, they might have proceeded in a different way, though this, certainly, would have been no guarantee of success. As it was, they presented an ambitious plan that overpowered the company's actual capacity to carry it out.

Clearly, it is not productive to blame the trade finance company or its CEO for not dealing with the more basic problems from the outset. This would be equivalent to disparaging them for reasons of "lethargy, convention, myopia, and elitism." After all, firms can only do what they can do at any point in time. The reality, of course, is that companies *do not* immediately deal with their core issues. Consultants may wish them to, and they may build models and prescriptive approaches that assume this is how they will, or should, behave. However, the fact remains that these issues are too deep and too difficult to be dealt with quickly. Deeper issues need to be surfaced over time, and the best that consultants can do is to follow a path that allows them to do so in an orderly and methodical manner. This is the path *of* the resistance. Consultants who follow such a course, though, will soon find themselves confronted with two major requirements—one that is essentially technical, the other visceral.

From a technical standpoint, the consultant must now be prepared to understand the specific reason resistance exists at any given moment it appears. When resistance to a business task arises, answering the question, "What function does the resistance serve at this time, in this case" is essential if it is to be successfully addressed and lead to deeper levels of engagement. In the case of the trade finance company, only when the basis for the lack of follow through was identified—i.e., only when it was revealed that the company did not pay adequate attention to operations *as a matter of general practice*—did the consultation move ahead to the next level. It is a truism that problems cannot be adequately resolved unless they are clearly identified, and dealing with resistance is no different. Understanding *why* resistance exists in any particular situation is tantamount to telling you what the next problem to be solved *is*. In this regard, it must be understood that abstract answers will not do. It is fine and well to know that there are predictable "phases of resistance," as Darryl Conner has pointed out,[4] but this does not tell the consultant what specific problem must be handled at any moment in the case. Only a clear understanding of the function of the resistance can do that.

The emotional consideration for the consultant in all this is having the will—and stomach—to stay with the course when the going gets rough. It may be easier to avoid what is at best an uncertain, difficult path, even if that is what is needed to resolve the business problems the client wants, or claims to want, resolved. But,

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[4] *Managing at the Speed of Change* (Villard Books: New York), 1992.

then, this is just the issue: Discovering over time how much the client truly wants to achieve its aims. The degree of this commitment often cannot be determined in advance. Both patience and fortitude become especially required on the part of the consultant, not the least because these are what are now needed from the client. Ironically, the danger is less likely that the consultant will get ahead of the client, as is the risk when the consultant pushes or prescribes an agenda. Rather, the consultant must now contend with his or her own anxiety and that of their clients', who may expect results to happen more quickly and be thrust upon them.

When this feeling comes up, consultants must basically remind themselves that the organization is moving as fast as it can—and that, as a rule, meaningful change cannot be rushed. From time to time, they may even need to tell their clients to slow down and have more realistic expectations of themselves. This may not always be easy given the magical expectations invested in the role of the consultant. But, in the end, the consultant must master his own resistance to the consulting task.