

# Client Relations in a Disruptive World

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## Question #1

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**What the f\*\*k happened to the consulting industry?**



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# Management Consulting in 1993

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- The consulting industry was in the middle of a decades-long growth cycle.
- The vast majority of consulting companies were American. The only Indian consulting company of significance at the time was Tata Consultancy Services (TCS).
- The large strategy consulting firms dominated the consulting industry.
- Entrepreneurs were still founding successful consultancies. Senior partners could easily become multi-millionaires. Smaller companies and individual practitioners proliferated.
- Projects were almost exclusively done on a time and materials basis.
- Although young consultants struggled to balance their personal and professional lives, consulting was the #1 career choice for most MBA graduates.



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# The stage was set for even bigger things

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- Only a few million people in the world used the internet and/or a mobile phone.
- Amazon would be founded in 1994 and eBay in 1995.
- Champy and Hammer had just published “Reengineering the Corporation”.
- IBM hadn’t even started building what would become the largest consulting company in the world.
- Accenture was still called Andersen Consulting and hadn’t separated itself from Arthur Andersen Consulting yet.
- Few people – and certainly not our clients – knew what Y2K was.
- Software and hardware that could gather, store and analyze massive amounts of electronic data were still in their infancy.



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# Management Consulting in 2018

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- The major U.S. consulting firms have become “one-stop shops” for advice, offering broad portfolios of similar services.
- Some of the largest consulting companies today are of Indian or European origin.
- Many corporations have implemented strict rules and cumbersome processes that put pressure on our rates and limit the size of engagements.
- Many consulting firms are trying to use models with more upside potential and sustainable revenue streams over longer periods than traditional fee-for-service projects.
- The consulting industry hasn’t produced a blockbuster innovation for over 10 years.
- The technology industry is the #1 career choice for entrepreneurs and MBA students.



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## Question #2

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**Why the f\*\*k are we still doing  
this?**



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**Answer**

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**It's all about client relationships  
...stupid!**



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# Market-facing (external) disruptions

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1. Industries ripe for disruption are dominated by a few companies wedded to old ways of doing business who hold on to their power and profits at the expense of customers.
2. Aggressive, innovative and often well-funded start-ups that combine new and existing technologies and business models to enter and disrupt the market.
3. They swiftly develop products and services which are of higher quality, cheaper and more widely available than what's currently available. Customers flock to them.
4. Confusion ensues - formerly dominant companies are forced to either disrupt themselves and change or face extinction. Jobs are lost; cities and whole regions can be decimated as consumers adapt to a new world they may not yet fully understand.
5. In the end, great business disruptions transform the lives of millions of people and create unimaginable wealth for the disruptor, his organization and his investors.



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## Three timeless value propositions

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- Provide goods and services previously available to only the most privileged members of society as accessible and as cheap as possible to the broader population .
- Give consumers and clients what they want – even if they may not know they want it at first – when they want it, how they want it and at the lowest possible cost.
- Eliminate or reduce the things in people’s everyday lives they don’t want, like wasted time, complexity, boredom, unhappiness, illness, poverty.



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# Examples of great disruptions

Industry (-ies) that was disrupted	The Disruptive Leader	The Company
Gas and oil lighting; candle; live entertainment, etc.	Thomas A. Edison	Multiple
Mom and pop hamburger joints.	Ray Kroc	McDonald's
Computer manufacturers and retailers	Michael Dell	Dell Computers
Management Consulting	Lou Gerstner	IBM
Music	Shawn Fanning	Napster
Publishing, book stores and distributors, eBook readers, etc.	Jeff Bezos	Amazon
Bricks-and-mortar movie rental stores and film production	Reid Hastings	Netflix



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# Internal disruptions

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Like the big, audacious external variety, internal disruptions...

- Need strong leaders with highly developed disruptive and business skills.
- Can create a competitive advantage for an company.
- Often generate wealth for the leaders of the company (or companies) being disruptive, their investors, employees and many others.

Unlike big, audacious disruptions, however, internal disruptions are inward focused and are used turn around or even save a company from insolvency.



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# The truth about the consulting industry

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- In the rush to grow profitably, many of us thought being “customer-focused” meant we should do anything and everything to make our clients like us.
- We became servants instead of service providers to our clients.
- Trapped in this mindset many consultants gave up their role as disruptive agents out of fear of losing clients and/or large, profitable projects.
- We allowed our products and services to be commoditized, making it virtually impossible to tell many consulting firms apart.
- Other, more disruptive and innovative industries have rushed in to fill the void.

**Paradoxically even though many consultants are more interested growing their firms quickly and profitably, many of them aren't achieving those goals.**



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# The seven traits of successful disruptors

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1. They are restless “brainiacs.”
2. They can push accepted behavioral, cultural, legal, and ethical boundaries to the limit.
3. They are able to disrupt their own unproductive frames of reference and mindsets.
4. They are first and foremost business people who “fix” things on a big scale.
5. They are not inventors. Since they don’t need to “own” the idea they are implementing, they look for information, insights, and inspiration in unexpected places.
6. They understand that successful business disruptions have to be planned and executed very strategically: more stays the same than changes.
7. Their resilience, agility and healthy egos are key to building sustainable and profitable companies to implement their ideas.



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# Unproductive “scarcity” mindsets

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- I should always be the smartest in the room and never make a mistake.
- The “Magpie Syndrome”
- If I build it, they’ll come. (e.g. Let someone else find the clients.)
- Better to cut the price on my first engagement with a new client than to lose the opportunity.
- The largest consulting companies have divvied up all the best clients among them and have left nothing for the rest of us.
- A consultant can only be as innovative as a client will let him/her be?
- I’m not going to be like those other consultants who have no integrity and manipulate their clients to get what they want from them.
- I’m just here because they couldn’t hire anyone to do this job.
- Other?



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# Productive “abundancy” mindsets

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- I will only work with the best clients who value my services and pay for them.
- My clients are my partners and peers.
- If I don't challenge my clients I risk losing them. (Carefrontation)
- I am an expert and/or I am constantly looking for the newest and biggest ideas.
- The relationship with my best clients is often more important than the work I do for them.
- Clients often need a third party like me to help find solutions to growing their business, especially in such disruptive time. The obvious solution is not always the best.
- Other?



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# Build trust with your actions

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- Never undersell yourself.
- Set boundaries early on and make clients immediately aware of any scope creep during a project and come to a resolution of the problem.
- Listen to your clients as much as you talk.
- Don't avoid personal discussions, especially if your client has a major non-work related issue he needs help with.
- Be 100% reliable and on-time. (For example: return all calls and respond to all emails and texts within 24 hours.)
- Attend conferences in your field of expertise and the industries of your clients.
- Take the time to read, write, think and present.
- Other?



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## The Cardinal Rule

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**“In disruption more stays the same than changes.”**

*- Jeff Bezos, CEO, Amazon*



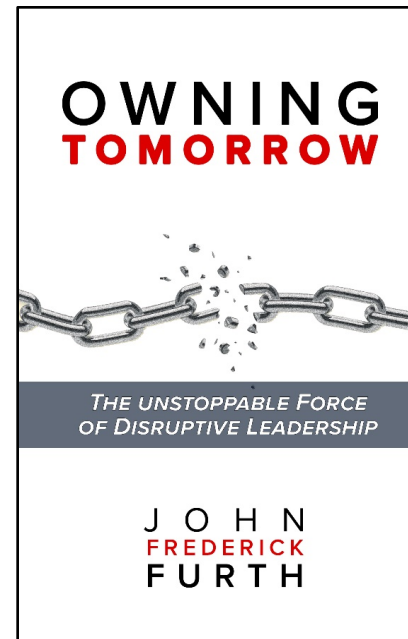
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# Thank you!



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