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Guide 1 of 3

Driving Consultancy Efficiency

TIPS & INSIGHTS

Effortlessly agile:
a leaner consultancy for
a more dynamic world

Please note: In this guide, we use the term 'consultants' to define any project-based business that offers a service to clients and needs to track time and project progress against estimates.

In a fast moving world, the way a business does things now may not be the optimal way forward for meeting the challenges it faces tomorrow. That's why 'agile' and 'flexible' have become such frequently used buzzwords in modern corporate speak. When you have to be constantly ready to renew your processes and objectives to meet changing economies and business realities, you need to ensure you have a lean operation and close tracking of the essentials.

This is especially true of consultancies, whose growth and success often depends on offering clients not only specialist skills but the foresight to predict and manage future challenges.

The concept of being a 'lean' consultancy essentially revolves around having a bloat-free structure plus an operation that is sufficiently smooth-running where administrative distractions and self-imposed process glitches are avoided, enabling the team to focus on clients.

As the Lean Enterprise Institute puts it: "A lean organisation understands customer value and focuses its key processes to continuously increase it."

On the surface, consultancies are great examples of businesses that tend to be relatively lean by nature. But that's from a headcount-based external perspective. Internal processes are a different matter entirely. Bottlenecks, duplications, inefficiencies and a profusion of incompatible systems are often the norm, and years of reliance on existing processes may blinker even the most dynamic of consultancy leaders from recognising low-hanging improvement opportunities.

Undoubtedly, getting leaner is a long-term, continuous process, but *three key focus areas* provide the ideal starting point on the journey:

2 Helping your team work smarter, not just harder

1 Making the most out of the various operating systems you use

3 Empowering your talent to make the most of their potential

Getting your systems working optimally

The introduction of software packages to help companies track projects, store/share data and process financial information (to name just a few functions) has undoubtedly revolutionised the industry and helped improve working practices, consultancy-client relationships and the daily working life of consultancy teams in general.

However, the reality is that over time the once gleaming, fresh systems we purchase to improve our workflows can begin to become more of a hindrance than a benefit. From issues of off-the-shelf programmes that just never quite fit your project-based business processes, to programmes which aren't quite talking to each other like they should, a lot of issues around excess business 'fat' are created because of the systems we use.

Fit for purpose?

One of the first things to do is to evaluate your various electronic systems and operating processes. Even the most sophisticated of organisation can find that a failure to critically review their technological infrastructure on a regular basis can create major inefficiencies. A major recent review of the Metropolitan Police, for example, found that it was using a mishmash of 750 computer systems "wired together over the last 40 years". One of its core operating processes was based on a 1970s baggage handling system!

The problem is that, over time, the amount of information stored in existing systems and processes engrained in working procedures makes changing to a new system (or set of systems) seem daunting – we effectively become 'locked in' to the status quo.

Sometimes, however, you have to be ready to make the decision to upgrade your systems. Talking to a professional systems implementer focused on your sector is a breath of fresh air at such times, because they can talk with experience of best-practice methods and the experience of helping businesses of your size and type make the transition.

If you want to understand what better systems could be doing for you, and how to select the perfect solution for your needs, check out our 'System Selection and Implementation Guide'. It's packed full of insights, tips and functionality checklists to help buyers evaluate which system will deliver the best results for them.

It's good (for your systems) to talk

Organisations rarely install all their systems at the same time. Generally, they are added to an existing infrastructure and over time are adapted and integrated as best as possible to meet the consultancy's needs. Spreadsheets, in particular, are continuously being added to, modified and debugged across the entire company.

The problem is how these isolated, and often different-generation systems communicate with each other. What's the use of a great accounting package if every transaction you make has to be manually re-entered on another system? And how useful is a handy invoice automation system if it isn't in tune with the package you use to record time spent on the projects you are invoicing for? How useful are timesheet systems if users can't validate the project numbers etc in real time, necessitating someone having to double-check all the entries afterwards?

Duplication of information entry and processing across isolated systems has become one of the most common examples of business waste across the industry. To understand how much it affects your consultancy, it can pay dividends to go through all the stages of a project in detail, looking carefully at how data is entered, stored and used at each point.

Be mindful of the following:

- Do the processes make sense from end-to-end?

- How often does the same piece of data need to be entered manually?

- Is there an intuitive link between one system process and the next?

- If not, how could that be improved?

Often issues occur because current processes and functions are simply not fit-for-purpose any more – your consultancy has outgrown the humble spreadsheet, for example. Read our quick guide, 'How long can you run a business on spreadsheets?', to learn if a reliance of spreadsheets is holding you back. You'll be surprised how often they can cause silos, wasted time and data errors, which can add up and create material damage to your business and frustration to the team.

If you realise your programmes don't share data properly it may be time to consider introducing an integrated system, one with the power to link every stage in the process and make sure teams automatically get the information they need.

EFFICIENCY TIPS

1 We do recommend you have a serious think about whether you are over-dependent on spreadsheets. The ICAEW published a guide: **Twenty Principles for Good Spreadsheet Practice** in which they say 'business decisions costing millions of pounds rest on spreadsheet modelling. Yet studies suggest that 90% of them contain mistakes'.

They also said smaller businesses lose a great deal of money through spreadsheets lacking integrity checks and documentation.

IN PRACTICE

Synergist pulls everything together in one place and even links to your chosen accounts system.

From cashflow and order books, to work-in-progress reports and time records, Synergist is an integrated system that can be accessed by everyone in your consultancy, subject to permission levels.

Synergist is built to think like a company running projects, not a calculator – so everything is geared towards maintaining and utilising data in a way that keeps all records up to data and filters any updates entered into one part of the package (say timesheets) to all other relevant areas (e.g. resource tracking and client financial records).

By unifying all areas of your business, information is updated in real time. No more need to enter data in one spreadsheet, for example, then go hunting for the relevant files that also need adjusting – or worse, forgetting to update all the disparate records and having data that differs between sources.

Reassuringly, it's a system that scales with your business. Synergist can be used by 15 to 500 people.

Help your team work smarter, not just harder

Your team is by far and away your greatest asset. And when going through periods of growth, it's often accepted that everyone will have to pull together and work hard to meet ambitious objectives.

However, an over-focus on how hard, rather than how smart employees work can create resentment, burnout and, ultimately, downward curves in productivity. Instead, the secret is to look at how processes can be implemented efficiently to create a more rewarding and productive atmosphere where everything your employees do is the most effective thing they could be doing for the project in hand plus wider business goals.

Does your team truly collaborate?

While all your departments may be located in the same building, how much common ground do they share?

It's something that we find all too often. Especially given that so many consultancies provide services that require their people to be on the road or at client offices or other locations for a lot of the working week.

Consequently, while departments like finance are crucial to the running of your business, they often seem far removed from your troops on the ground. In fact, they can often be seen as a repressive force, chasing expenses forms, complaining about delayed invoices, asking questions about timesheets and generally making life difficult for your team.

Of course the reality is that teams like finance, human resources and operations are all crucial, ultimately working to the same end goal – the success of the business. But it's hard for every individual to grasp that wisdom when their day to day paths rarely cross constructively with those departments at all.

Fortunately, there are a range of approaches that can be introduced to begin breaking down silos and ensure that all members of the team are on the same page – in turn reducing inefficiencies. These include, for example:

- Consider mixing teams up within the office. This may not be logistically possible, but even temporary desk swaps can help employees from different departments gain a greater perspective on the priorities and pressure points of their colleagues. It was a core reason behind the BBC's introduction of a hot-desking policy – in fact, the flexibility-increasing potential of hot-desking has been estimated to be worth £34bn to UK businesses alone.

- Introduce regular whole team catch-ups, during which each department presents what they have done over the period, achievements they are proud of and priorities for the next month / quarter. When people see why other departments do what they do and how it feeds into the bigger picture, they tend to be more sympathetic to their requirements in the future.

- Create a consistent consultancy vocabulary. When different teams use different languages to describe shared actions and processes, it doesn't just create confusion in cross-department communications, it builds unnecessary inter-team barriers. Develop an agreed business-wide language (with input from stakeholders from all departments) and proactively encourage employees to reduce the use of sector-specific jargon that won't be understood on the other side of the office.

EFFICIENCY TIPS

2 Linking your system to your accounts package does more than save time, remove duplication, ensure real-time updates and reduce errors. The Financial Controller of an environmental consultancy told us that it had a positive effect on cash flow for them. It speeded up debtor analysis and the chasing of debts, which meant that cash flow improvements resulted.

EFFICIENCY TIPS

3 Integrating accounts as a functional department with the rest of the business is more than merely improving working relationships or efficiency. The founder of one project-based business, an electrical engineering firm, told us that seeing select financial data from Synergist was a 'genuine revelation' for one engineer who previously simply got on with his job. He had no idea how much his work helped the business as a whole, helping him see the bigger picture of his efforts and decisions. See Electrical Safety UK's story.

Make meetings matter

A lot of internal meetings only take place because:

- somebody needs to know information that another employee already has, or

- they are looking to clarify or validate the data, or

- some problem has been allowed to develop to the point that difficult decisions need to be made, whereas earlier awareness could have nipped the problem in the bud.

If the relevant information was available to the right person in the first place, the reason for such a meeting would often evaporate. Just think of the potential productivity gains, particularly for weekly project reviews and month-end data gathering, not to mention any client service implications.

Talking of meetings, it's interesting to note that some organisations have allowed frequent meetings to seep into the company's norm. It's a wasteful habit to develop. Research has <u>revealed</u> that most professionals who frequently attend meetings admit to:

- daydreaming (91%)

- missing meetings (96%)

- missing parts of meetings (95%).

And as Patrick Lencioni explained in his book, <u>Death by Meeting</u>, unnecessary meetings have also been shown to cause real human anguish in the form of anger, lethargy, cynicism, and lower self-esteem!

To summarise: Is the meeting really necessary? When looking for a project-based management system it's rare for a business to specify Meeting Reduction as one of the key drivers, whereas if they knew the true costs involved it would be a major requirement.

IN PRACTICE

The very act of getting a project-based business management system can be the breakthrough in getting teams talking – and talking more efficiently. Synergist is designed to ensure that everything is connected, visible and transparent across teams.

By sitting at the heart of a consultancy and combining all stages of activity – operationally and financially – Synergist encourages collaborative conversations in a language everyone can understand, using data that everyone has played a part in collectively creating and which focuses on the shared big picture.

Synergist also improves team cohesion by reducing the level of internal conflict over resources. A reality of project-led business life is often that whoever shouts loudest often receives the greatest share of resources. In addition to resulting in inefficient prioritising and far from optimal client decisions, this is bad for morale. By giving everyone access to the same real-time information – including each other's priorities and workload – Synergist places your team in a far better position to reason their way through resource planning.

EFFICIENCY TIPS

4 Don't underestimate the potential for serious morale issues in a consultancy where project resources are handed out unfairly. People have told us about them dreading their Monday planning meetings because their own projects always came off worst. One project-based company referred to such meetings as a 'bun fight.'
"Now it's all transparent. Everybody can see everybody else's priorities and workload." It's all down to the power of having live visibility of information for the team – it's an efficiency booster you might not have even considered when thinking about getting a new system.

An empowered team is a productive team

'People with targets and jobs dependent upon meeting them will probably meet the targets, even if they have to destroy the enterprise to do it'. W. Edwards Deming, mid-20th Century management guru.

While this is a relatively strong claim, there is a growing acceptance that enforcing very specific targets on employees, rather than allowing them to focus on achieving the end goal in the most intuitive way, can actually reduce productivity and make talented personnel overly process driven.

At the same time, however, when you have overall responsibility for ensuring the quality and output of a large team, there is always an irresistible urge to introduce targets and policies that provide reassurance you've done your bit to ensure consistency of performance and created clearly understood steps for efficiently completing set tasks.

So, how do you go about creating a dynamic environment that allows your talent to thrive, while maintaining enough signposts and checkpoints to ensure everyone knows what they are aiming for and that nothing goes massively off course along the way?

Targeted targets

In all areas of life that require structures or demand given outcomes, targets are used to provide focus and to help make complex processes more simple, understandable and duplicable.

However, there is an old business adage that "you get what you measure".

Put simply, when individuals are given objectives to aim for – they will aim for them. But because targets tend to be based on fairly blunt, granular and functional objectives, they can force talented consultants to focus on meeting their micro-level, immediate requirements rather than aiming to move the consultancy forward in achieving its wider goals.

The secret to making sure targets work is to ensure that they are only set when they have a clear and required purpose – one which is positive and helpful for all involved. For example, it's been said that Netflix don't measure how many hours employees work, rather the value of what they produce. Okay, that approach might not work for a consultancy charging clients based on time – but the point is that productivity increases when people are measured against the *value of what they do,* rather than how they did it.

As Netflix recognises, reducing freedom also reduces the ability of talent to thrive. What's more, when you curtail freedom too far, a point will eventually come where your consultancy becomes too bureaucratic to have the agility to adapt to meet new trends and opportunities.

With that in mind, when setting targets, you should aim to ensure they pass the following five-point litmus test:

1. The target is realistic and achievable
2. The target has been communicated with total clarity
3. The target can be delivered alongside real benefits for achievement
4. The target does not fall foul of the 'hit your targets or else' trap
5. The target helps consultants see and strive for the bigger picture

Also, ensure the targets are flexible. For example, if an individual consistently over-achieves in their targets, work new ones out with them at a convenient opportunity. If it becomes clear that one simply isn't achievable for some reason, look at the reason why this is the case and adjust accordingly.

Make the important admin easier – and more accurate

Accurate invoicing is crucial for any business – there's no point doing great work if you aren't billing for it accurately and on time. Yet all too often it can be seen as a time-sucking chore to members of the team.

That's why well thought-out systems place such a priority on helping users save time, for example with system-generated invoices. After all, for consultants who manage multiple projects at any one time, automation can reduce the time it takes raising individual client invoices by days every month.

EFFICIENCY TIPS

5 Utilising a more integrated system to raise invoices also makes it a lot easier to manage out costs with in costs – matching invoices to related purchase orders – as well as reducing the potential for duplicated invoice numbers and missed charges. The automated approach Synergist advocates also enables consultants to have a real time picture of what has been invoiced, what is left to invoice, and how this relates to work-in-progress reports – empowering them to deliver a much more planned and transparent approach to billing. Read more about how Synergist makes invoicing easier and better.

IN PRACTICE

Synergist puts the intelligence into target setting. You can tailor the package to focus on the targets that matter to you, and, as importantly, to the ambitious members of your team.

For example, you can easily set key targets for projects, clients and consultants such as:

*   Revenue by client
*   Percentage of time spent on chargeable work
*   Number and value of prospective projects in sales cycle

Whatever is relevant and appropriate for the job at hand.

And targets set up on Synergist can be customised and altered per job and client – helping create a flexible environment that's tailored to the goals and objectives of your team members. Best of all, the real-time nature of Synergist means that targets can be monitored and evaluated at any time.

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Synergist – the trusted job costing and project management system that helps consultancies take control of their business and improve profitability and performance.

We've spent the last 15 years creating systems for consultancy and agency managers to help them drive their time-and-project led businesses more effectively. This has led to a wealth of narratives by business managers explaining how Synergist has saved them time, improved efficiencies, increased team awareness of big-picture issues, informed decision-making and improved client service.

We're based in the UK in a delightful converted cotton mill next to a canal in the hilly part of Cheshire, close to Manchester.

Fancy a chat? Give us a call or drop us an email.

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Our colleagues at **The Agency Works,** our implementation & training partners from our first days, will be happy to give you a personalised demonstration of the system either online or in your office. See **www.theagencyworks.co.uk**

THE AGENCY WORKS

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