

The Consultants Are Coming!

Thomas J. Schneider, D. Phil., J.D.

Restructuring Associates Inc.

1050 17th St. NW, Suite 830

Washington, D.C. 20036

202-775-8213

tschneider@restructassoc.com

www.restructuringassociates.com

August, 2008

IBEW Utility Conference



Full Disclosure

- ▶ I am a consultant
- ▶ Have been for over 25 years
- ▶ Have a small firm, Restructuring Associates Inc.; under 15 in the USA and about 10 in Australia: Schneider (Australia) Consulting Ltd. Pty.
- ▶ Only work in unionized firms
- ▶ Have worked directly for several unions

The Consulting Business

- ▶ Up to \$150 billion industry
- ▶ Huge firms: thousands of consultants worldwide; billions of dollars/year in revenue
- ▶ Small firms/Boutiques: 5 or 10 to a few hundred consultants; millions in revenue; a few offices
- ▶ One person shops
- ▶ All sizes in between
- ▶ Consult for every form of organization: for profit, not for profit, government, schools, churches, unions

The Consulting Business (cont)

- ▶ Consult on everything: marketing, sales, strategy, engineering, safety, finances, fundraising, operations, productivity, compensation, process improvement, employee benefits, information technology (IT), new equipment & technologies, communications, crisis management, industrial relations, HR, union avoidance, risk management
- ▶ Biggest \$ percentage is IT related consulting
- ▶ Major business is outsource supply: work is outsourced to the consulting firm

The Major Firms

- ▶ Accenture
- ▶ Navigant
- ▶ Hewitt
- ▶ Booz Allen
- ▶ BearingPoint
- ▶ Delotte
- ▶ Hay
- ▶ Towers Perrin
- McKinsey
- Bain
- A.T. Kearney
- Arthur D. Little
- CapGemini
- KPMG
- Boston Consulting Group
- DDI

Why Consultants?

- ▶ **Experts**: Special knowledge and skills
- ▶ **Facilitators**: Expertise at managing groups & dealing with conflict
- ▶ **Outsiders/independents**: Need third party view because of political sensitivity
- ▶ **Temporary labor**: Not enough people inside/short term need/cheaper

Basic Consulting Model

1. Collect & assess data: lots of interviews & data
2. Compare with industry and other organizations (benchmarks): selective cases to prove point
3. Develop recommendations/solutions based on some proprietary model of analysis & previous experience: slick report & slide show lots of data
4. Develop implementation plan: Directing, overseeing/monitoring, or helping implement
5. Set up ongoing assessment measures

Reality Gap

The words do not match the actions. The gap between what they market and sell, and what they do and deliver is substantial. By defining their deliverables carefully they “do what they say they will do”, but it frequently is not what the organization wants or needs. *Results are usually disappointing and usually do not endure.*

Reality Gap #1

- ▶ **They don't really want input from employees:** they talk about importance of engaging employees, but they have their methods, their analyses, their templates, their models, their conclusions and are only open to ideas around the edges, not around their core standard conclusions, such as outsourcing, centralization, standardization, technology based solutions, and headcount reduction.

Reality Gap #2

- ▶ **They make their money by doing the work themselves:** they talk about engaging the organization and employees, and internalizing capabilities, but the more work they do the more they can bill. (*They also can control the process and outcomes better if they do the work—see gap #1*)

Reality Gap #3

- ▶ **The more they use templates, products and work product, the more profitable they are:** They say every client is unique and all their work is customized to the specific organization, but they work off well developed platforms, processes and conclusions, and only make adjustments around the edges or in labeling

Reality Gap #4

- ▶ **They are terrible at implementation:** their processes are inconsistent with effective implementation strategies. Effective implementation requires ownership by those who do the work, which requires involvement and design by the doers. Also they have no experience at the doer level so they do not understand or value the challenges at the level of execution

Reality Gap #5

- ▶ **They do not understand or connect with the people who do the work:** they are mostly elite university business and law school grads who have not worked at the bottom of organizations, and do not understand or connect with people who do. They do not know how to communicate with, do not respect the knowledge and expertise of, and do not understand the needs of workers and first line supervisors

Reality Gap #6

- ▶ **They are clueless about unions and view them very negatively:** few consultants have any meaningful experience with unions, and usually only in management positions (not in IR). They do not understand how unions work, and they hold the view that unions are part of the problem rather than part of the solution

What to Do When Consultants Arrive

1. Meet with management and ask them to explain in as much detail as possible why consultants are being hired, the objectives for the project, who in management is sponsoring the project, who is running it, and the details of what is being proposed. Get details not generalities.
2. Ask management its openness to union engagement in the effort (and any limits on that engagement) and its openness to union suggestions of other consulting firms to help.

What to do (cont.)

3. Make clear that union engagement requires:
 - Full openness & transparency
 - Full engagement in all steps in process
 - Union representation in all **relevant** meetings including in overseeing the project
 - Clarity around decision-making authority & processes & dispute resolution procedures

What to do: Union Requirements (cont)

- Commitment to **no** predetermined outcomes but rather an honest, objective data driven process, and fair group process (third party neutral facilitation highly desirable)
- Meaningful numbers of bargaining unit participants
- Backfill & coverage for employees off their normal jobs
- Employees who are involved receive upfront training about project, basic business, problem solving, group process, and conflict resolution

What to Do: Union Requirements (cont)

- Entire process documented and minutes, notes, & conclusions reviewed by union & jointly approved before passed on; disagreements fully noted
- Jointly agreed upon communications for membership about details of project & updates
- Upon full explanation and understanding, union commitment to the performance objectives
- Willingness to sign acceptable confidentiality agreement (get legal counsel to review it)
- Put on the table the idea of sharing in the benefits

What to do (cont.)

4. Go on the internet and visit the web site of the consulting firm
5. Go on the internet and Google the consulting firm, research other clients, and experiences with other unions
6. Contact the International and other locals to check their knowledge of and experience with the consulting firm, & ideas for other consultants (if better alternative, recommend to management)

What to do (cont.)

7. After you have learned about the consultants meet with them and cross-examine them about:
 - ▶ the process (in detail)
 - ▶ the role of the union and your members and how they will deal with disagreements
 - ▶ documentation of the project; transparency
 - ▶ any ideas they have coming into the project about conclusions and recommendations
 - ▶ the consultants who will be working on project

What to do (cont.)

8. Begin extensive communications with members about all details possible (meetings, emails, leaflets, one-on-ones) and the union position, then keep communicating.
9. Push management to teach you as much about the business as possible.
10. Actively stay on top of the project; engage in the oversight team; actively monitor the project work teams and their progress.
11. Make certain your members are listened to and treated fairly. Ask questions!

Be Prepared

- ▶ United you stand, divided you fall
- ▶ Communicate well, in many different ways, and often
- ▶ Get informed and learn about the business
- ▶ Be open minded to change and doing things differently if the data and analyses show it
- ▶ Demand training with hard commitments for soft and hard skills
- ▶ Push for and be actively engaged

Success

- ▶ A successful business is in your union's and your members' self interest-- but only if it respects you and your members.
- ▶ Engagement is in your union's and your members' self interest-- but only if it operates with integrity, openness and is fact based.

Consultants

Neither inherently good or bad. Some are very good, and others are very bad; research and make your own judgment. **Do not work with the bad.** In all cases push to influence the process and the results, have a seat at the table, and ensure the process has integrity. If not unite, offer an alternative, stand strong and fight back.