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Are you Hiring and Managing the Right Pi-Shaped People?

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Abstract

If we truly believe that "people are our greatest asset" as the old saying goes, we generally don't treat them as assets. Traditional assets such as furniture, buildings and intellectual property are treated in a prescribed manner on financial statements as well as the ongoing care and maintenance of that asset. The author challenges the notion of considering people as expenses only and introduces five different models (or asset classes) of a management consulting firm's greatest resource - its people. Some of these models have been around for decades, some are emerging, and all are changing with the incessant demand for adaptation of our management consulting industry worldwide.

Introduction

If you're in a professional services firm such as a management consultancy, how do you hire and manage the people who are most skilled, adaptable, empathic, and the best team players? This paper explores five models of professional competencies that you can use to maximize or optimize your human capital. As a bonus, the fit of the individual within the consulting firm will show itself through increased morale and longer retention periods resulting in lower turnover or “churn” of staff.

Everyone has heard the expression “people are our greatest asset”. In fact, strictly speaking, that is not a correct usage of the term ‘asset’. A formal definition of an asset according to the International Financial Reporting Standards (IFRS), which is the most widely used global financial reporting system, defines the term in the following manner: “an asset is a present economic resource controlled by the entity as a result of past events” (IFRS 2018). What that means is that assets are restricted to both tangible and intangible holdings that would include items such as cash, accounts receivable, land, buildings, vehicles, equipment, furniture, copyrights, trademarks, patents, computer software applications etc. What is notable about this list is that people are actually not considered assets - instead they are represented as expenses on the Income Statement and do not even appear on the Balance Sheet at all, where the other asset classes are listed.

With any tangible assets such as a building or a vehicle we not only consider the acquisition cost, but we also expect to have ongoing maintenance costs associated with that asset to keep the condition of that asset at its peak working order. For example, one would expect to do regular oil changes or other repairs and maintenance on a vehicle that was a listed asset for an entity. Similarly, a roof may require maintenance every few years in order to ensure its structural integrity and that it doesn't leak or collapse under extreme weather conditions at the worst possible time. Asset managers understand this discipline very well, to keep their assets in working order, or to replace them at end-of-life. People managers simply don’t have that same discipline around hiring and then managing the careers of the “greatest asset” of a consulting firm - its human resources.

The challenge to the accounting world is to apply the same concept of tangible or even intangible assets to people. Therefore, when an employee is hired, their worth should be added to the balance sheet under a separate class of assets. When they leave the firm, their value would be removed from this new asset class, the asset having been “disposed of” in traditional accounting parlance. The interesting twist is that traditional assets depreciate in value over time - the argument could equally be made that the firm’s human assets appreciate in value as they gain knowledge and experience. Then, ongoing maintenance to that human asset, perhaps in the form of professional development such as training courses, degrees, certifications, coaching and mentoring would be applied as regularly and unhesitatingly as the semi-annual oil change for a vehicle and would be planned along with all the other standard elements in the annual budget. It could be argued that this “maintenance” not only maintains the value of the human asset, but actually increases it - very different from traditional assets.

This paper is about the notion that we want to hire, manage, and keep investing in our primary asset as a professional services firm which is indeed our people. Any professional services firm such as a management consultancy has the following main asset types: first, its people which typically make up somewhere in the neighbourhood of 80% of fixed costs through its payroll, then tangible assets such as buildings, furniture, technology and so on and finally, intangible assets such as intellectual property, patents, reputation, and goodwill.

Let us further examine this largest asset class in a consulting firm - its people. When you go to hire an employee into a consulting firm what is the ideal makeup of that individual? Is it a specialist? Is it a generalist? Is it a hybrid of the two? We present five models that can and have been successfully used to hire, grow, manage, and retain the best professionals in a management consultancy or any other type of professional services firm.

The 'I' Model of Human Resources – The Specialist

I

We will start with the I-shaped professional. The letter I is typically represented with a very simple vertical line (see Figure 1). I-shaped professionals have deep functional expertise, meaning they are subject matter experts in one particular area but often lack the general skills that are required in order to be an outstanding management consultant that collaborates well with others (Schaffer 2021). The length of the vertical stroke of the I indicates the depth of the skill and experience that the consultant has at a given point in time (Hansen n.d.). Over time one would expect that the length of the vertical stroke will grow longer as the consultant amasses more knowledge and experience. However, an I-shaped person, even as they grow deeper into their expertise, by definition is missing key competencies such as collaboration with teammates, and other interpersonal skills or generalist skills which we will elaborate on shortly.

The Opposite: The Dash-Shaped Employee – The Generalist

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The second model is a dash-shaped employee (Figure 2), one with broad skills in many areas but an expert in none. This type of person has often been called "Jack of all trades and master of none". They are extremely valuable as generalists, given their broad base of knowledge but will often have to be supplemented with an I-shaped professional who has specific expertise in the domain in question (Hiltbrand 2021). It is difficult to carve out a clearly differentiated niche as a consulting firm in the market if your staff complement consists solely of dash-shaped generalist staff. However, there is still a place for dash-shaped employees in a consulting firm. These are the people who may be your project managers or your proposal writers or your interviewers or your researchers - very valuable generalists who can contribute to just about any consulting assignment where those generalist skills are required.

Combining the I and the Dash into the 'T' Model

T

This brings us to the T model of employees (Figure 3). Not to be confused with Henry Ford's Model T automobile of 100 years ago, this T model applied to our human capital combines the best of both the I-shaped and dash-shaped employee. The T-shaped professional adds generalist capabilities to the I-shaped specialist in a highly complementary fashion.

Some of those generalist capabilities could include collaboration, problem solving, business acumen, technical savvy, interpersonal skills, facilitation skills, cultural awareness and adeptness, conflict management, team building, leadership skills, analytical abilities, and presentation skills all wrapped up in a lifelong learning approach to continuous professional development (Bierema 2019).

As with the I-shaped employee, the vertical stroke of the T indicates the depth of knowledge and experience in the specialty domain. The horizontal line of the T represents those generalist competencies, many of which were listed above. Interestingly, the concept of the T shape is not at all new; it was proposed in an IEEE Engineering Management Review article as far back as 1978 (Johnston 1978). It was then adopted in the 1980s by McKinsey and Company in their recruitment process and development of their consultants. Since then, many consulting firms and other professional services firms have adopted the T model for hiring and developing their professional staff in a comprehensive manner. It is a well-proven model.

One of the reasons that the T-shaped employee has been in demand since that time is the ever-increasing complexity and diversity of the clients, the cultures, and the business problems that we encounter in our daily lives as consultants. In the extreme, we are often called upon by our clients to assist them in dealing with “wicked problems”, which are problems that have a multiplicity of root causes, and the solution is extremely complex and will affect multiple stakeholders, often in different ways. Wicked problems such as climate change, immigration policy, poverty alleviation, or international conflicts represent just a few examples. An I-shaped consultant simply won't see all of the nuances or the impacts of the proposed solution to these problems if they are “an inch wide and a mile deep” in their domain. To quote the originator of the concept of the T shape, “... (they) may become the leading world authority in a specialized field, but who needs an appreciation of a wide range of management topics, in order to remove the 'blind spots' before he becomes a director or head of a major field of activity” (Johnston 1978).

Other reasons why the T-shaped employee has become much more valuable to consulting firms is the ability to facilitate freer flow of knowledge and horizontal collaboration between and throughout teams (Hansen and von Oetinger 2001). A typical consulting team will be formed with people who have multiple specialty skill sets. In order to maximize collaboration and knowledge sharing, the horizontal component of the T shape is essential in order to maximize the overall quality of the thinking, recommendations and work products delivered on those assignments. Without T-shaped employees, knowledge will typically be hoarded in the brains or minds of the I-shaped employees. This joint problem-solving advantage of the T-shaped employee teams can be a significant differentiator for the consulting firm that has the right mix of human assets.

Evolution to the Pi model

π

In the subsequent years, it has been recognized that consulting firms and their clients need leaders who can cope with ambiguity, be creative, think strategically and offer coaching and inspiration (Michels 2019). In addition, cultural sensitivity, political astuteness, awareness of workforce requirements, a recognition of the preferences of the new generations entering the workforce as well as environmental, social, and governance

(ESG) considerations are best associated with T-shaped employees and their cognizance of the greater issues that any solution must consider in the current and future working environments.

Therefore, organizations depend more and more on such multifaceted workers, suggesting people with multiple specialities that resemble the Greek letter Pi (Figure 4). When we examine the Greek letter Pi, we can see that there are two vertical lines. In many representations of Pi the two vertical lines are of different lengths. That suits the Pi model very well in that the longer of the two lines represents the individual consultant's primary specialty and the second shorter line represents the secondary specialty. This secondary specialty can be a backup to be employed either when the primary specialty is not in demand at a particular time or as an alternative offering to the primary specialty.

These two specialties taken together can either be complementary skills or congruent skills (Hiltbrand 2021). Complementary skills can work together to provide a more comprehensive solution to the client's business problem, whereas Congruent skills have an overlap that may not be as obvious but still come together to fulfil the needs of the consulting assignment. A classic example of congruent skills could be content specialty in a given industry, where the second shorter vertical line in the letter Pi could represent a process specialty, such as strategic planning. The combination of these two represent different domains, but when applied to a client's business needs can be an extremely effective "one-two punch" that come together perfectly.

With the Pi model, the horizontal line is just as important as the two vertical lines. In many representations of the Greek letter Pi, the horizontal line is not a perfectly straight across line. Instead, it is a wavy line (Figure 4) as it is drawn from left to right. The horizontal line represents all of the common consulting skill sets and competences that you would expect a seasoned management consultant to have under their belt. This would include such varying competencies such as interviewing skills, research skills, writing skills, presentation skills, analytical skills, project management, change management, knowledge of the consulting business model, and many others. The significance of the wavy line recognizes that the proficiency of the individual consultant will vary across all of those common skill sets. For example Consultant A may excel at research and writing but may need to improve their presentation skills. Consultant B may be excellent at doing data analysis, but not as proficient with their interviewing ability in engaging stakeholders at multiple levels of a client organization.

The troughs in the waviness of the line indicates where an individual consultant needs to improve their generalist skill sets. Professional development plans for that consultant should focus on bolstering those low points in the wavy horizontal line. The ideal situation is to get the horizontal line as flat as possible, however it is recognized that is likely not an attainable goal or even necessarily desirable for every consultant, depending upon their role in the firm and on the assignments that they participate in.

It is this author's observation and experience as a long-time consulting Practice Leader that the Pi model is likely the best fit for the majority of a consulting firm's staff. This allows for maximum flexibility to participate in many different types of consulting assignments on an individual consultant basis. However at the practice level, there is also room for the I, dash, and T models as a complement to the Pi-shaped consultants, with specialists and generalists available to fulfil the various roles that a myriad of consulting assignments will present to the firm.

Building on the Pi model – the Comb model

One last model to consider for our valuable consulting human resources is known as the Comb model (Figure 5) and also referred to as the M-shaped model (Hiltbrand 2021). This model is similar to the Pi model but instead of one primary and one secondary specialty there are three or more specialty areas each with significant expertise and experience. The disadvantage of this model is the significant effort and investment of time and money in maintaining all three or more areas of expertise. It is extremely challenging for any one person to be a subject matter expert in three domains simultaneously.

Where the Comb or M model is most likely to work is when the consultant has one vertical line of expertise that is specific to an industry or other domain and the other two or more specialties are more process oriented and transcends industries or domains.

How to Maintain the Human Assets Using the Models

The first step in maintaining a consulting firm's most valuable assets is to establish a company-wide framework with the mix of the various asset classes or models of the various consultants employed by the firm. Not every consultant needs to conform to the standard model that the firm prescribes. In other words, determine the optimal mix of I, dash, T, Pi, and Comb models for the firm or even the local consulting practice.

When hiring an individual consultant and when doing their annual or semi-annual performance review, ensure that the firm and the consultant understand and agree to the model that best suits them for their own career growth as well as for the needs of the firm. Once that model is established and agreed to, then a tailored learning plan geared towards the model for the consultant is required. Ideally, a multi-year learning plan should be laid out and committed to by both parties. This could include formal training such as internal or external courses or certifications, or less formal learning such as peer reviews, mentoring or coaching.

The best practice for consulting firms is to consider the T, Pi, and Comb models as a two-dimensional matrix, where formal training as well as on-the-job experience and mentoring is provided for both vertical (specialized) skills as well as horizontal (generalist) competencies (Michels 2019). Underpinning this learning plan should be a clear set of incentives including financial rewards as well as a clear path to promotion along with support for team and cross-team interactions (Hansen and von Oetinger, 2001).

Summary

This paper advocates for two key points - the treatment of a consulting firm's human resources as assets in the fullest sense of the word, and then provides five models that can be used to manage and maximize the value of those assets from acquisition (hiring) through maintenance (ongoing professional development) and disposal (departure).

These five models are not mutually exclusive – in fact, in any significant-sized consulting practice, the optimum mix of these models will likely have consultants represent some or all of the five models. That is where the art of building one's own consulting practice comes into play – and one of the many ways in which a consulting practice can differentiate itself through its people – the greatest asset.

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