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How to Strengthen the Immunity of Your Small Consulting Practice in the Face of Covid-19

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Introduction

Tough times call for tough measures. Many experts are speaking about strengthening the immunity and resilience of a human being; few have yet to address how to help the young, organic small consulting practices that serve as company doctors for businesses. A successful consulting practice is fundamentally a successful business, and as a business, it is time to strengthen the immunity of our consulting practices in the face of COVID-19 so that we can remain in business. This short article looks at seven key reminders to improve the immunity, and survivability, of a consulting practice.

The next six months will either define your practice or will lay the groundwork for your firm's demise. Do not kid yourself. Although market opportunities look to be pervasive and many clients will require the assistance of your firm, many of your clients will not have the emergency cashflow to employ you or for fear of the Pandemic, avoid contact altogether. Before the next economic boom, this period of preparation is going to be a difficult time for many businesses, consulting practices included.

First Action

Calm yourself and be mindful. By preparing your mental condition and accepting this mental challenge, you are about to run this austerity exercise. This will feel more like a 10K run, in spurts, that is now in play. Should this Pandemic continue onto 2021, it will become your mental marathon. The most important action now is to remind yourself that this is going to take efforts. As an owner or a founder of your practice the stress is enormous now. Accept this reality. Drop your worries and let's move forward with caution. Don't jump to conclusions too soon on how you may want to face this challenge; and first give yourself some quiet time, particularly before you embark on this run. Be in the present without judgement and focus on your mindfulness. Quiet the mind. Suspend judgement and open your mind to new market signals and those signals from within your company. Open your ears and listen…

Seven Steps

Having calmed yourself, your next action is laying down a new battle plan to strengthen your firm's resilience and immunity. From experience as your company doctor and board advisor over the next 30 years, I would like to share seven sensible ways for this austerity exercise. For those who have been here before, consider these as reminders and that tools and exercises for the consulting practice can also be applied for your clients:

1. Communicate, communicate, communicate
Business is not going to be normal anymore, so as a founder you must convey urgency to all your people. Try to meet briefly every morning or at least once a week and review previous wins and losses. Sometimes even five minutes would do. One of the most important actions is to bring all employees to the same table so the pain can be shared and resolved, together. Be honest with your employees. Invite everyone to come up with ideas because humans make the most progress when we work together. Remind them that being lean, and mean is now the modus operandi. Avoid long reports because the environment is changing at hypersonic speed. Ask everyone to keep their eyes and ears to the market and to your clients. You want to hear the pain and tribulations of your clients. On the first day of the week you may want to get the whole company to share revenue generation ideas. On Friday, cost cutting ideas. Sharing and developing new ideas by everyone is the message you would like to convey.

When was the last time you've conducted a brainstorming session with your entire firm? A quality circle perhaps? Or a UX exercise and redesign client engagement (Unger et al., 2012)? Maybe you would like to do a half-day offsite and reframe and share your firm's new strategic intent (Walters et al., 2006) set against a new ecosystem and a backdrop of an ongoing Pandemic.

2. Monitor your cashflow weekly if not daily
Without cash your practice will die. Chances are you and your fellow owners may have to max out your personal credit cards but be reminded late penalty on credit card interest can approach 48% per annum. Start cutting anything that requires a subscription and review all your SAAS commitments. Cut all 'non-essential' fixed costs right now. Put someone to monitor any government Small and Medium Sized Enterprise (SME) loan programs because they will come but expect bureaucracy that will last as long as six to twelve months. Stretch out your accounts payable and ask your suppliers to extend some credit. You will find that a few of your clients are willing to pay for your services earlier, (and these are the best clients to have). Drastically reduced inventory and clean out your crowded spaces, as they symbolize sloppiness and waste. (This exercise alone will remind your people how serious you are.) Dump or lease out things and spaces you no longer need.

What inventory can you move to Just-in-time status? Can you expand your associate base and reduce your full-time consultants? How can you actively manage your accounts receivables and accounts payables?

3. Re-examine your clients' needs

Clients now will focus on their immediate needs and not desires; and engaging your practice may no longer be on their priority list. How have their products/services been providing value? Re-examine them critically. Put yourself in the shoes of your clients. Perhaps your clients need to innovate and just sell partial solutions to their customers? Sometimes we think we know what our clients need but in reality, we really do not. Time to make a few extra rounds of phone calls and schedule those breakfast meetings and stakeholder reviews. Look at your present processes and take out any excess overhead, unneeded motions, and maybe temporarily, even certain control points. Remind yourself that all processes can be reduced and not everything has to be done now. All motions produce some waste and require some amount of non-value-added inputs. When you are running a long-distance race, do you make any unnecessary movements like swinging your arms wildly? No. Now is the time to re-engineer your core processes and refocus on only that which your clients find important.

Maybe it is time your clients apply the Lean Start-up Methodology (Ries, 2011) and lay out the assumptions in their business model? What are the Jobs-to-be-done (Ulwick et al, 2016) for your practice and for your clients? What do your clients really want from your practice? Maybe you can help your clients conduct an Overhead Value Analysis (Neuman, 1975), a Re-engineering Exercise (Hammer et al. 2009), or an Activity-Based Costing Exercise (Gosselin, 1997) to flush out those waste and non-value-added activities?

4. Open more channels for new revenue
If your clients are not online, help them get online and help build their e-commerce website. If they don't accept credit card payments, start now. If they only sell in the local market, help them expand overseas where online purchases are becoming relevant due to the Pandemic. Perhaps you can lend your consultants to your clients' firms as temporary executives. Training, surveying, innovation workshops, talks, online webinars, board seats, and writing articles are possible ways to expand your own revenue base. As for your clients, perhaps it is time to reinvent their business? Many cities have failed to manage this Pandemic because they have failed to have patients tested for COVID-19. Knowing what to measure and measuring those key performance indicators and trends can be a service that can be sold to existing as well as new clients.

How are your clients reaching out to their customers via Facebook, Google, or WeChat? How are they using YouTube to demo their products and services? Why not help your clients establish secure Webex or Zoom meetings? Can your clients become an affiliate on other companies webpages?

5. Over-service your existing clients
As mentioned earlier, some clients prefer not to see you at all, despite their dire needs. COVID-19 is extremely contagious. New consultancy projects would be deferred. One solution is to see which of your old clients need an update or review, so re-work your old and existing contacts. All consultants realise that asking for continual work is much easier than asking new clients for new work, especially when the last project for this old client was done so well. I have found a retainer arrangement, with minimum days per month set against a lower fee, may just work with a few of your best clients.

What additional service and exercise can you sell to your old clients and that can be serviced by your team? Which of their processes are giving them Six Sigma black-belt impact (McCarty et. al, 2004)? Where is the moment-of-truth in your or their service offerings (Beaujean, et. al, 2006)? Perhaps you can help your clients anticipate repeatable errors using tools such as Design Failure Mode and Effects Analysis (Silverstein, David, 2009)?

6. Regroup and prune everyone's job

If there is less work to do, perhaps it is time to ask everyone to take a 25% reduction in activity. Encourage your clients to allow flextime and rework every person's job profile by asking everyone to eliminate 25% of their work. Keep that job profile to just one page but make sure everybody in that company knows everybody else's key roles and responsibilities. Your clients are actually solving some problems for their customers and maybe you can improve those processes and deliverables. Like most things, we humans like to add bells and whistles to products and services. We tend to add extra activities that we believe would help, but in fact they do not, and some customers may find the addition superfluous and costly for a repeat purchase. Your customers are not paying their staff to hang around in meetings or sitting in front of a keyboard. Make their impact count. Please, don't confuse activities with results.

What are the front-line workers really doing for their customers? Remember, customers do not pay us to be in meetings, but without them, we lose coordination. Which part of the old work is no longer needed? When was the last time you or your clients have updated their one-page Business Canvas (Hong et. al, 2013)? When was the last time your firm has updated your job descriptions, job profiles, or team profiles?

7. Cut fixed cost by 10% to 25% now

Rent, utility, supplies, salary, are fixed costs and some may no longer be essential. Consider moving to a smaller office or even some co-working space. Look into imposing a salary cut, (but reinstate once revenue is back to normal). That salary cut should be across the board, and ideally more for those in senior positions. With the 25% cut in work as noted earlier, it is much easier for your staff and those of your clients, to be willing to take some reduction in pay. Additionally, you may want to close the loops on incentives and give feedback and rewards sooner rather than later. Be frugal, be a miser, and get used to it. This is your new normal. This is also the new habit you want everyone to acquire in your practice. Similarly, your clients will look to you on how to cut their fixed costs.

One last point. The key to any battle is rest and resilience, because this battle against COVID-19 will span at least three to six months (if not longer), and likely until the end of 2020. Instead of having group dinners, do group coffee. Have zoom parties. Remember to find time to rest, celebrate small wins, and recharge! Great leaders know how to recharge as much as it is about endurance.

Conclusion

We have touched on seven simple reminders for action, to be considered as soon as this Pandemic is lifted, and your consulting team is back at work. These action steps should remind you that you are now embarking on a 10K run, not yet a marathon. This austerity exercise will help to prepare your team for the economic boom to follow. With trillions injected into the world's businesses, the next boom for consulting will start very soon.

No doubt, many small consulting practices, and even their clients, shall perish nonetheless during this transition. My guess is at least 25% of your clients may not be able to make the transition out of this Pandemic. They shall not be around by year end. Many consulting practices may not be able to survive as well. But as company doctors, we need to be there for our clients. Through these efforts and exercise, your practice may just survive, and if you are able to eke out a living until December, you will come out stronger and more prepared for the next marathon and economic rebound.

The other alternative to consider now is to accept defeat. This decision is better than doing nothing and waiting for a miracle. Close down your firm immediately, engage bankruptcy proceedings in jurisdiction where this is possible, and out-place your people. At least your staff will be paid today, and you are ready for the next challenge.

In closing, the COVID-19 Pandemic has changed what is normal. Over the years, your consulting practice has helped many businesses thrive and prosper. Management consultants have provided the solutions for businesses so they may survive and thrive. But that is history.

We are now fighting a war of recovery for ourselves as well; this is our clear and present danger. Should we fail, our clients and our society will be the ultimate loser.

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