

Fearless Thinkers, Season 2 Episode 3
Why we're proud of consulting that's different by design
with Kathryn Clubb and Anne Wilson

Masami Cookson: Welcome to Fearless Thinkers, The BTS Podcast. My name is Masami Cookson. I'm excited to share that we have a special guest host today, Anne Wilson, Head of Change and Transformation for BTS North America. On today's show, Anne sits down with Kathryn Clubb, global partner and CEO of BTS North America. Kathryn was formerly a managing partner at a large consulting firm where she also focused on strategy driven and technology driven transformations. She also worked in private equity and led a medical device company through commercialization. Hey Anne, so wonderful to be chatting with you today. How are you doing?

Anne Wilson: Hi, Masami, always great to see you and talk to you. I'm doing very well, thank you. It's bright and sunny in Chicago, but spring hasn't quite found us yet; otherwise, doing quite well.

Masami: That's awesome. I'm so happy to have you here, always wonderful to have another female voice on the podcast.

Anne: Thanks, Masami. You know, there's no shortage of fearless female thinkers at BTS, so I'm excited to have the platform and the opportunity to have a conversation today.

Masami: Would you share a little bit more about what you and Kathryn covered on the podcast?

Anne: Yeah, absolutely. So, you know, at BTS we've believed for a long time that consulting as an industry isn't serving clients well, and the idea that companies deserve more from consultants is really gaining traction. So, we really thought that the timing was right for us and for Kathryn, especially given how long she's worked in the industry, to share some of what we've seen and what organizations should be looking out for and what they should expect from a great consulting relationship.

Masami: Wow, I can't wait to hear more. Let's get into it.

Anne: Kathryn, welcome to the Fearless Thinkers Podcast or welcome back, I should say.

Kathryn: Nice to be here. Thanks, Anne.

Anne:

Kathryn, I wanna start today with an obvious question. The topic of our conversation is about what traditional consulting gets wrong and why it's time for a new approach. You are a longtime consultant, you've said quite loudly and publicly that you have three loves in your life: your spouse, Linda, your dogs, and consulting. So, the obvious question is why? Why would you want to go out into the world to talk about what's wrong with something that you care about obviously so deeply?

Kathryn:

Let's start at the beginning. I feel like I grew up in consulting, and when I found consulting, I was in awe that they would pay you money to do work that was this much fun helping organizations solve really challenging problems.

But over time, I lost faith because I saw consulting companies in traditional ways creating too much dependency on themselves. I saw them making money doing the same things over and over again because their clients didn't learn how to do it for themselves. I really wondered if there was a different way.

Now don't get me wrong, I believe that there is a place for consultants, clients need outside perspective. They need to be able to look outside themselves across many companies and industries for ideas about what they can do differently. Clients need that objective mirror to help them see what's no longer obvious to them. And sometimes they need skills that they won't need over the long term, but for a particular time.

So, all those situations, to me, a consultant makes sense, but I think that consultants have to be careful and their clients need to be careful about what gets outsourced to them, right? Clients should not outsource thinking, they should not outsource judgment, they should not outsource accountability for business decisions or leadership. Too often in my strategy consulting days did I see leadership teams who could not actually implement a strategy because they didn't own it, but because they didn't build it. It was built by consultants and the leadership team ran to keep up and that's not good for anybody.

Anne:

It's quite a compelling value proposition to think about being able to access outside expertise or perspective that you don't have internally and build the internal capability that you need for sustainable growth over the long term. But you

mentioned watching consultants help clients solve the same problems over and over again, and isn't that core to the consulting business model to turn one engagement into the next engagement? How could this possibly be a sustainable approach for consulting firms?

Kathryn:

I love having long-term clients. The relationships you can build with them become the basis for everything that's possible. You learn how to complement each other's skills and knowledge. You learn how to work together. It's like a marriage: the longer you're in it, the more you know how to have each other's best selves come out, right? So, you have a strong foundation, and you can stand on the shoulders of the accomplishments that you have.

But what I wanna make a point on is I don't wanna solve the same business problem for a client over and over again. because if they haven't increased their capability, if they haven't gotten the insights, if they haven't actually solved it, I've failed and I've failed them. If they're not better off, when we as consultants have helped them finish with a problem, if they're not more skillful, more capable, more confident after that engagement initiative, we haven't earned our money and consultants who do that, who do the same thing over and over again, haven't earned their money.

So, if you have to hire a consultant, you should be hiring them for something that you haven't done with them before or a new challenge or a new way of looking or a new perspective for it but not the same thing over and over again.

Anne:

Yeah, I guess the argument being if you have to hire a consultant to solve the same problem three years later, did they ever even solve it in the first place?

Kathryn, there's a new book out, it's called *The Big Con*, and it's about how the consulting industry weakens our businesses, infantilizes our governments, and warps our economies. The authors are Mariana Mazzucato and Rosie Collington. It makes some pretty damning claims about the consulting industry or consulting companies actually stunt the clients they purport to serve by denying them the ability to build what they call institutional capabilities.

I wanna read you a direct quote and then get your reaction. The authors purport, "The more businesses outsource, the less they know how to do, causing

organizations to become hollowed out, stuck in time and unable to evolve." How would you respond to that claim?

Kathryn:

The bad news is, it's an accurate description of how the industry has actually evolved. In my mind, the good news is it doesn't have to be that way. Companies actually hire consultants for all kinds of services, but it kind of boils down to they need to make a decision and don't know how or don't have the data or don't have the perspective needed to make that decision. And then they have to execute, implement, actually make those decisions become real in their daily life of their business. Those are the things that in my mind are reasonable things to hire a consultant to do.

But you don't actually have to hire somebody to make the decision for you. You should not hire somebody to do your job for you. You can benefit from the external experience, the internal capability, but in the best of both worlds, I think that you get the help but not the dependence that they also talk about in that book. And that's actually why I came to BTS, because I swore I never would work for another consulting company again, so I'm a little bit surprised to find myself at BTS – but when you know more about BTS, it's not surprising.

Anne:

Well, as they say, careers are not linear. But I'd love to dig into that a bit. Can you say a little bit more about that? After swearing off consulting, why? Why come to BTS? Why dive right back in?

Kathryn:

The first time I met BTS, I was referred by a former colleague of mine who actually had been a client of BTS. And when she asked me what I wanted to do next, this was when I was finishing up commercializing the medical device command company, I said I wanted to do weird consulting and she asked me more about that and without hesitation, she said "You have to meet my friend at BTS." And I did and we talked for hours.

And what I learned was that the founders of BTS and I had kind of a common origin story. BTS was founded by former management consultants who got tired of making recommendations that never went anywhere. And they started building high-fidelity simulations that their clients could use to more deeply understand what they were trying to accomplish, the new strategic direction, how their business worked. And they had a portfolio of tools, approaches that grew from there. And my background is mostly in strategy and transformational change. And I've often said you

can't tell anybody about the future but when I saw what BTS had to offer, particularly in the ways of using simulation and modeling and real life to ground new ideas and directions and strategies, it's like, ah, that's what I've been looking for, right?

So, the thing that I saw possible was how to create true alignment because people have the experience of it. How do you create true ownership? Because having seen it, people can tweak it, move it, make it be everything they need it to be. By seeing it, you can actually raise your reservations about change or new strategies or risk you're taking in advance and find out that you won't die from them, right? And so they don't fester in an organization and come up later when you weren't really committed to doing it anyway.

So, by making things tangible, by making things that are basically theoretical, strategies are theoretical. And what BTS does is makes them concrete, they feel real, they feel tangible, they are really credible. And that was compelling to me.

Anne:

You have often said to me and to clients that a change in information doesn't equal a change in behavior. You actually can't just drop off a strategy or a PowerPoint act no matter how glossy and beautiful it is and expect people to take it up and start making different choices. Why? Why is that? Why is it the communication and beautifully laid plans don't go the way we expect them to?

Kathryn:

There's humans involved-

Anne:

Pesky humans.

Kathryn:

Pesky humans, they are the bane of strategists' existence. So, these elegant strategies get developed truly beautiful, elegant, relevant, breakthrough kind of strategies. And then they have to get implemented by humans. And a lot of the issue that I've seen in the past is the separation of the development of the strategy and the people who have to implement it.

And so, something that has taken consultants - consultants plus leaders - months to put together suddenly is unveiled and meant to be implemented as if it didn't take them all those times to process their own feelings about can we do this? You know, does this make sense? Will this meet our customers needs? And so, the problem is that if people aren't engaged in the strategy, if they don't actually feel some ownership for it, they can't do it.

And one of the ways to create more ownership is to help people work it out. When people can see it, when people can touch it, when people can say this won't work because, they'll find out several things. One, they're not alone in their skepticism and the skepticism and feelings they have about that, they will find that when they get out of their heads and into conversation with other leaders and the other people who are gonna have to implement this, there's not a long, long, long list of things that can't be overcome. There's a reasonable list of what can't be overcome and some of the things cannot be overcome in advance.

But if you can see it, you can start working to mitigate it, management, anticipate it, and doing those things. And so what is true and what people have proven in academic literature and anecdotal evidence for years is that in almost all cases, strategies don't fail because they're bad strategies, they fail because people don't see themselves in the strategies, they don't actually see themselves in that new picture of what the organization is gonna become how they're gonna work with their customers, what they're gonna be able to accomplish.

And in the long run, what you really have to do is pay more attention to the people than the strategy and how you do it. 'Cause an elegant strategy never implemented doesn't mean anything.

Anne:

So, we've spent a lot of time talking about humans, about shifting mindsets, offering people new beliefs, building capabilities, helping to change behavior. It sounds like training, not consulting, which is it?

Kathryn:

Often training has been a change lever because when you create new strategies, you are asking people to see differently, do things differently, have different capabilities than they may have had in the past. What you can't train is judgment and what people need to have when they're implementing strategies, actually, even when they're creating strategies is judgment, will this fit with our customers? Is this something that our employees can actually execute? Is our technology or our systems or our processes up to what we need to do? It's all a matter of judgment. And so, the idea is to give them an experience of it, actually let them live it. Let them understand why they're doing things differently.

One of the things that just drives me nuts is leaders telling people why we need to change and they have a perspective on it, but I was working with one major distribution company and we were talking to the top 150 people and they were looking for what is the right reason, what is the motivation, why should we change? And they were very compelled by their stock price. Now almost all of them held shares in the company and it may have been a major part of their retirement plans, I don't know. But you know, we started asking, okay, what does that mean to your sellers out there working with your customers every day? What does that mean to the folks in the distribution center who are moving those products to healthcare facilities and clinics and oncology clinics? Does share price matter to them? No. What is it? Why would they wanna change?

And they realized that they were a critical part of the health ecosystem and making the healthcare system, and this was even pre-pandemic, a better place for people could connect to all of 'em.

Anne:

Yeah, it occurs to me that the consulting industry or the practice of consulting and helping to guide an organization was sort of founded on three principles. The first was asymmetry of information, I have information that you don't have, scarcity of talent, I have people who can do the things that your people can't do. And sort of a stability or a feeling that we could reasonably predict what the future was going to be like.

We could predict a sort of static and linear strategy and then hand it over to an organization, expect them to pick it up. And it occurs to me that all three of those things, these conditions have changed.

Kathryn:

They've completely changed. Even before the pandemic, we were talking about the rapid level of change that people had to operate with and what was required for it. And what the pandemic, particularly the early days proved is that long before systems changed, long before supply chains changed, long before real estate changed, people changed and kept their companies in business and kept delivering for their customers and kept really bringing in many cases essential products and services to the world. **With supply chains and processes and systems and communication flows that were never ever invented for that, what's the most adaptable part of all organizations? People.**

Anne:

The most successful organizations that we've worked with see people as the greatest contributor and the greatest asset to designing their future. The bit that's missing is how to effectively create ownership and engagement at scale, because that's a muscle that organizationally we haven't seen.

Kathryn:

We have now learned how to work virtually. We have technologies and digital capabilities and instantaneous communication that allow us to do things we've never been done before. And one of the objections that I often run into, speaking with clients about getting more and more people engaged, is, "Oh, it's gonna take so much time, and it's true, and you have to do it thoughtfully and you have to figure out what's the right thing to engage people in."

All those things are true, but how much time does it take to tell them what to do, to have them not get it, not do it, and then have to tell them again, telling somebody what to do. Telling adults what to do is not expedient. People don't do what they're told; people do what they see in their best effort to do, what they see in their best interest to do. And you have to engage that, you have to really engage that.

Anne:

What's your take on why there's such disdain for consultants?

Kathryn:

Minimally, a consultant should not make you feel bad. That's fundamental table stakes. But so many consultants come in, they've got smart MBAs, they've got people who have worked across industries, they get people who get paid a lot of money, and they feel, consultants often feel that their job is to give you answers. And that would mean actually telling you something you don't know about a business that you've lived in, worked in, are in on a day-to-day basis for a long period of time. And so it's just a shame.

But I know a lot of people who actually just feel they need consultants and actually feel bad having to take those consultants' advice, strategies, execution plans, change, all of those sorts of things. What I think a consultant should do is help people feel smarter and more capable. I actually believe – BTS actually believes – that our clients have the wisdom, knowledge, and judgment to run their companies. And what we do a lot of times is help them get out of their own way to create the alignment they need to actually take concerted

action. We help them do things they didn't think they could do, but actually upon doing it, see that they can. And so great consultants hold a mutuality mindset.

And what that means is, in the best possible way, we are in it together and we value what our clients bring and our clients value what we bring because it's different. And together, we co-create something that's not possible without it. There's information in what they're frustrated about. There is information and data in what they cannot get done. There's actually great heart in what they aspire to and what they hope for themselves, their employees in the world.

The other thing that consultants are really good at is getting to root causes. When you live in a system, that's just how we do it. You know, some of the things that, if you were new would seem a little odd to you just become part of the wallpaper, right? And so with some of that more objective outside view, we can get to some of those underlying limiting beliefs, mindsets, the way we've always done it. But we come at it from a place of mutuality, curiosity, respect.

One thing that I will say is that around the notion of culture, we don't think there's any bad cultures. We think a culture was established unconsciously for very good and valid reasons whenever it happened. And the problem is that times change, and the culture doesn't necessarily evolve as quickly as the needs of the business, the needs of the customers. And so, you have to shift it, but it's also become largely unconscious in just how we do things here. And a consultant can help bring that to the light and help clients make their own judgments, make their own choices about how they need to operate in the future to do all those things that they aspire to.

Anne:

So, we've covered a lot of ground about why organizations hire consultants, what to look for in a consultant to ensure that you are making a good investment. Do you ever have a moment with a client where you say this isn't the work of a consultant, you really shouldn't hire a consultant for this. Are there moments when clients shouldn't hire consultants?

Kathryn:

One of the ones we hear about a fair amount, particularly when big name consultants get hired, is that leadership needs credibility with their board or shareholders or investors to potentially rubber-

stamp or support tough decisions they need to make. And leadership of companies – management – is a hard job. It's a really hard job, and we're in a moment right now with recession looming and pivots going on and technology disruptions going on that it takes courage to be a leader.

And I see sometimes clients bringing in big name consulting companies as air cover in the short term. I think it actually lessens their leadership credibility when they do that. They might even lose organizational trust if the organization believes they're getting their backbone from those consultants.

Another area where I don't think you need consultants, this goes back to what we talked about at the very beginning. If you've worked with a consultant to solve a problem and you find yourselves three years later having to solve that same problem again, should you actually hire them to do it? If it didn't work the first time, doing the same thing over again is not gonna get you any different results. And I see some consultants having a bit of a formula, right? So, they come in, they set a strategy, they then restructure, they might go through layoffs, and then support various functional areas to support that moving forward. But three years later, the company is not where they want to be. And so, what do they do, as they look at it over and over again. I don't think you should do that. Either you should do it yourself, you should bring in something completely different but you actually have to change the circumstances in which you're using them.

The other thing I would say is don't hire a consulting company to do something you can do with your own employees. Or in some cases don't bring a consulting company in for something that an independent contractor could do like program management or research or those types of things. It's just not cost-effective in the long term to pay the money to consulting firms.

Anne:

I think sometimes reaching out to the firms that we know is a muscle memory that's hard to break. But as they say, **doing the same thing over and over again and expecting different results is the definition of insanity.** So don't outsource leadership courage is kind of the first piece of advice that I heard from you there. Don't outsource leadership courage. Kathryn, we're reaching the end of our time.

I want to thank you for your time and your insights today. Any closing thoughts?

Kathryn:

Obviously, I'm still in consulting. I actually think it's the absolute best career choice for me. I think it's a great career choice for a lot of people who like challenge, diversity, intellectual, and human connection. And I would be remiss if I didn't say that based on who we are, how we operate, and how we're different, I believe that every company on the planet deserves BTS. It's a different kind of human-centric, practically driven consulting company that our clients are looking for. They may not just know that quite yet.

Anne:

Well said, Kathryn. Thanks again for your time and thanks everyone for tuning in.

Masami:

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