# Improved consulting engagements using eRoom

by **Gard L. Little**
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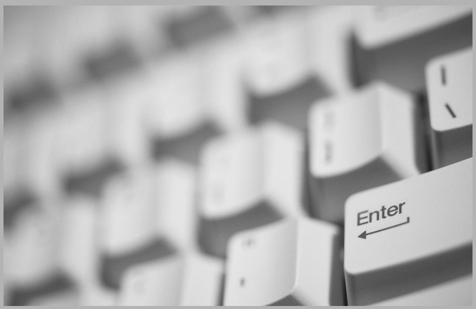


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Mr. Little has sixteen years experience in information and technology consulting with major multinational corporations and public sector organizations at the federal and state levels. He is highly skilled as an engagement manager and strategic planning process facilitator, and has many years of experience with the use of electronic meeting and decision support tools. Mr. Little has spent the past several years advising Chief Information Officers on sound business practices for Coopers & Lybrand, a predecessor firm of PricewaterhouseCoopers. Recently, he co-authored a book, Information Leadership, which addresses the question of how senior executives can work together to create an information leadership team with the power and will to bring order to a chaotic information environment. Mr. Little has a Bachelors degree in Cognitive Science from Vassar College and a Masters of Business Administration, with a concentration in high technology, from Northeastern University.

# Executive summary

Consulting firms are in the business of providing professional services to improve client value and performance. However, improving value and performance within their own firms can often be more challenging. David Maister, a noted author in the professional services industry, states that, “Management of a professional firm requires a delicate balancing act between the demands of the client marketplace, the realities of the people marketplace (the market for staff), and the firm’s economic ambitions.”[1]

Two business processes that illustrate how difficult it is to balance these areas are engagement management and proposal development. This white paper describes how Instinctive Technology’s eRoom helps to improve these key processes, capturing and leveraging knowledge for the benefit of clients and the consulting firm itself.

## In particular, this paper will address:

1. **Improving engagement management** to deliver more value to clients and to increase realization rates for the consulting firm and;

2. **Improving the quality and value** of the proposal development process to create more winning proposals, and to improve the proposal development skills of the professionals in the firm.

# Introduction

Superior engagement management is the difference between those engagements where everyone's expectations and perceptions are met, or exceeded, versus those where they are not. eRoom helps engagement managers increase client value and improve utilization and realization rates2 by:

- **Accelerating deliverable development**
  eRoom leverages people's time and efforts through better tools for collaboration and more opportunities for re-use of content within or across engagements

- **Increasing the quality and value of the deliverables**
  eRoom allows for more participation from clients and firm experts, and more review by partners before deliverables are finalized

- **Reducing non-value added time**
  By capturing and preserving knowledge over the engagement cycle, eRoom shortens the time needed for activities such as ramp-up time during staff turnovers, finding things, asking repetitive questions, waiting for answers, unfocused meetings, etc.

Proposal development is consistently the most painful internal business process for consulting firms. Usually there is no single proposal process or repository of information that can be reused; and often the proposal participants are geographically separated. Whether firms have dedicated proposal staffs (augmented by technical content experts) or proposal development is the responsibility of everyone, proposals are the lifeblood of the business and the first deliverable potential clients see. People must master the proposal development process and the related skills if they and their firms are to grow and profit. eRoom provides the best solution for implementing a consulting firm's proposal development process and managing the organizational knowledge which must be brought to bear to win the business. eRoom is also the best solution for leveraging the knowledge and skills of the key players on a proposal team by tying them together, from initial bid/no-bid decision through proposal submission.

eRoom is a Web-based project collaboration application that clients and consultants can use to help their teams succeed. eRoom is an integrating mechanism that brings people and information together to create a shared understanding of an engagement and how to drive it to completion. eRoom is end-user administered and works like a virtual meeting room that's always open to team members; they can log in at any time to share ideas, resolve issues and get up-to-date on their engagements. All these team members need to get started is to know how to use their Internet browser.

# Issue #1:
## Improving engagement management to deliver more value to clients and to increase realization rates for the consulting firm.

Many engagements are perceived as not delivering improved client value or are perceived as financially unprofitable for the firm, even though the consulting service provided may have been excellent. Why is this true? Maister notes that while goods are consumed, consulting services are experienced. In his “First Law of Service” he states that:

**SATISFACTION** equals **PERCEPTION** minus **EXPECTATION**

And he concludes that, “Accordingly, the central challenge to service organizations is to manage not only the substance of what they do for clients but also to manage clients’ expectations and perceptions.”[3] The latter two elements of this equation are the focus of the engagement manager, under the direction of the engagement partner, and directly relate to the quality of the deliverables from the client’s perspective. When perceptions and expectations are not managed, it is nearly impossible to manage the engagement profitably (most often measured using realization rates).

Managing a consulting engagement involves 360° attention for the engagement manager. Figure 1 illustrates the engagement context. Each constituent group has its own expectations and perceptions. The engagement manager must orchestrate these constituencies to produce something of value to all. Managers who are not highly skilled in motivation, communications and coordination among groups can quickly become project bottlenecks. This often leads to the failure of the engagement from the perspective of one or more of these constituencies.

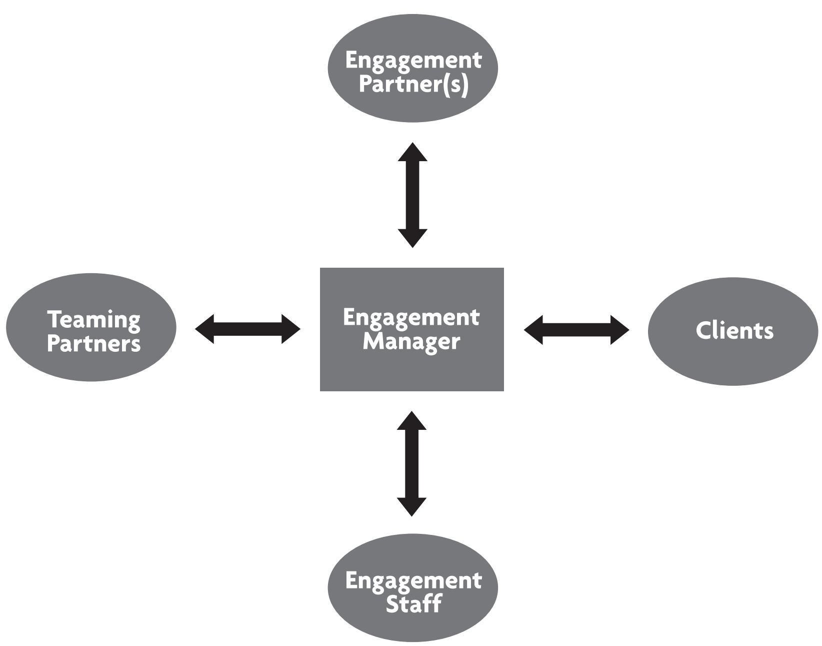


*Figure 1 —*
*Engagement Context*

eRoom is the best solution not only for facilitating the interaction among these constituents, but also for capturing and leveraging the knowledge both created by, and required for, the consulting engagement. Capturing knowledge as a by-product of an engagement enables consulting firms to shorten learning curves for professionals and the firm, and shorten the amount of time required to complete an engagement. Using eRoom in the client engagement can help manage expectations as all of the project information is captured in a single repository for all team members to see.

Within this engagement context, engagement managers follow certain survival rules to manage simultaneous projects successfully. These include the following:

- Always have a work plan
- Seek clarity of objectives and expectations
- Focus on the deliverables
- Reference the original proposal
- Keep project constituents informed on the status of the effort
- No surprises… ever
- Sell the results before delivering the final report
- An engagement is not over until you have an excellent reference

Figure 2 illustrates how an eRoom might be organized to help follow these survival rules and to serve the needs of all the constituents of a typical engagement. The primary objective of this eRoom would be to help manage the perceptions and expectations of these constituents and the profitability of the engagement.[4] The engagement manager could be set up as the eRoom administrator which would allow them to control access to information in the eRoom by the various organizations and individuals involved. The top row of icons represents the tasks involved in project administration. Icons in the middle row represent the tasks involved in performing the professional service. The bottom row of icons contain a copy of the final deliverable, the qualification statement which is written up after project completion for use in future proposals, an engagement debriefing to capture knowledge and lessons learned for future initiatives, and a discussion database for client feedback on the effort. After Figure 2, we will describe how this eRoom template can help to create the highly interactive environment required to support a consulting engagement.

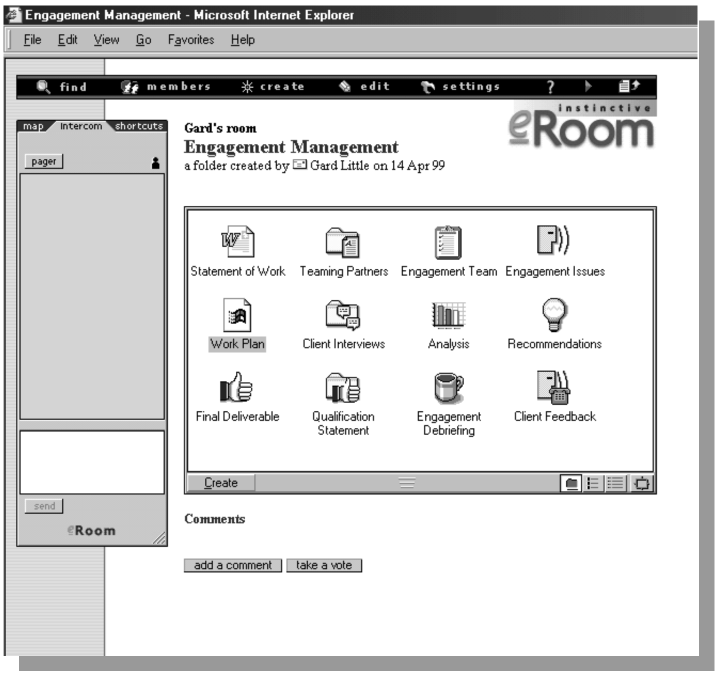


*Figure 2 - Sample eRoom for engagement management*

The **"Statement of Work"** document contains the tasks to be performed, including any subsequent changes, from the client to the consulting firm. This document is often an attachment to the written contract between parties. If it is not in machine-readable form, it should be scanned and placed in this folder. It is critical that all constituents on the consulting team be able to refer back to the statement of work often during the engagement. This helps the team stay focused and often answers many of the questions that come up during the engagement. Similarly, the "Teaming Partners" object is a separate folder where the engagement manager can place copies of the contractual documents (e.g., subcontractor tasks) or relevant project administration information that relates to how teaming partners participate in the engagement.

The **"Engagement Team"** object is an eRoom list of all the people involved in the engagement and their roles and responsibilities. This can be a key resource for engagement team members or for any new participants who want a quick project orientation, or for reducing the confusion level about who does what.

**"Engagement Issues"** is a discussion object where team members or their constituents could have a multi-threaded, asynchronous or real-time discussion on how different issues might affect the engagement. New topics can easily be created to ensure that all issues are addressed.

eRoom "notification" could be used by an engagement manager to make sure s/he is on top of the most recent project issues. eRoom has two powerful ways in which members can select to be notified about changes to objects: 1) via e-mail which can be triggered at various times after an object changes (e.g., immediately or once a day), and 2) via the eRoom monitor on your status bar. This is an efficient way for engagement managers or partners to stay in the loop and respond to issues or questions without calling a special meeting or repeating the same answers to different people at different times.

The **"Work Plan"** document contains the work break down structure and all relevant information from a project management software tool. eRoom does not replace this vital function, rather the eRoom becomes the way this information is distributed to the engagement team members. Engagement managers who want to survive for more than one engagement always have a work plan that contains:

- Definition of deliverables
- Dates
- Hours
- Roles and responsibilities
- Approach (or analytical strategy)

The **"Client Interviews"** object is a folder that contains the data gathered by the engagement team, while the "Analysis" object contains the results of the findings or conclusions drawn by the team. The "Recommendations" folder contains the resulting recommendations.

The **"Final Deliverable"** object contains the final results of the consulting effort which are delivered to the client. The "Qualification Statement" object is a separate folder that contains the text or documents that provide the synopsis of what was done for the client. Assuming that most, if not all, of the engagement deliverables can be developed in the eRoom, writing the qualification statement becomes straightforward. This best practice eliminates the begging done by the designated knowledge managers in the firm, who spend a lot of time chasing down professionals, now on to other engagements, and pleading with them to write the qualification statements for the engagements they have recently completed.

The **“Engagement Debriefing”** object is a folder that contains the results of the close out process for the engagement team. Engagement team participants can record what worked well and what they would do differently in the future. These debriefings can be face-to-face meetings, where eRoom is used to record their responses, or they can occur as serial, multi-threaded discussions. In either case, using this knowledge before embarking on new engagements or writing new proposals can be a powerful way to leverage the firm’s key resources of people, knowledge and time.

Finally, the **“Client Feedback”** object is a discussion database that might be used to gather input from the client on how the results of the engagement have impacted the client. This could also provide some helpful feedback for future engagements with the same client, or for providing the same type of professional services to other clients. Potentially, this data would be gathered over a long period of time after the conclusion of the engagement as the results of the service provided may impact the client over a long period of time. This is an important way to “close the loop” with clients to ensure that engagement performance meets the client’s expectations.

Although engagement management has been the subject of issue #1, these last three objects also play a critical role in developing proposals for follow-on work with existing clients, or for attracting new clients. This is the topic of our next issue.

## Issue #2: Improving the quality and value of the proposal development process to create more winning proposals, and to improve the proposal development skills of the professionals in the firm.

One of the oldest adages in the professional services industry is that the proposal is the first deliverable a client sees. Creating winning proposals involves improving the quality of the proposal development process as well as the skills of the proposal writers. Every consulting firm has a slightly different variation of the proposal development process. Often consulting firms use multiple (or no) business processes to develop proposals. This can create confusion among participants, not to mention a losing proposal. eRoom is not a proposal development process, but an eRoom can be used to hold a template of a firm's proposal development process. This best practice eliminates confusion for proposal teams about what tasks to perform when and what documents or forms need to be produced or approved; and this can actually improve utilization by reducing the total number of hours required to develop a proposal, thereby allowing professionals to get back to their billable work faster. Similarly, partners and managers can eliminate the surprises from proposal teams about not knowing they were supposed to do something at a given point in time-a critical benefit when firms are under deadline pressure.

Figure 3 illustrates how an eRoom could be set up to facilitate the proposal development process. This eRoom template can be "copied" for tailoring or customization. For example, the workflows relating to the necessary routing and approval of the proposal can be embedded in the proposal eRoom. The proposal eRoom can also contain all the standard forms or documents as well as the record of related activities performed. This demonstrates how eRoom can leverage the time of the people developing a proposal by automating many of the repetitive tasks and allowing them to focus on creating winning proposal content. The proposal manager could be set up as the eRoom administrator which would allow them to control access to information in the eRoom to the various organizations and individuals involved.

The top row of icons represents the tasks involved in the preliminary stages of proposal development, including whether or not to bid. Icons in the middle row represent the tasks involved in gathering the relevant information and developing a proposal strategy. The bottom row of icons contains a copy of the actual components of the proposal response. After Figure 3, we will describe how this eRoom template can help to create the highly interactive environment required to support a proposal development effort.

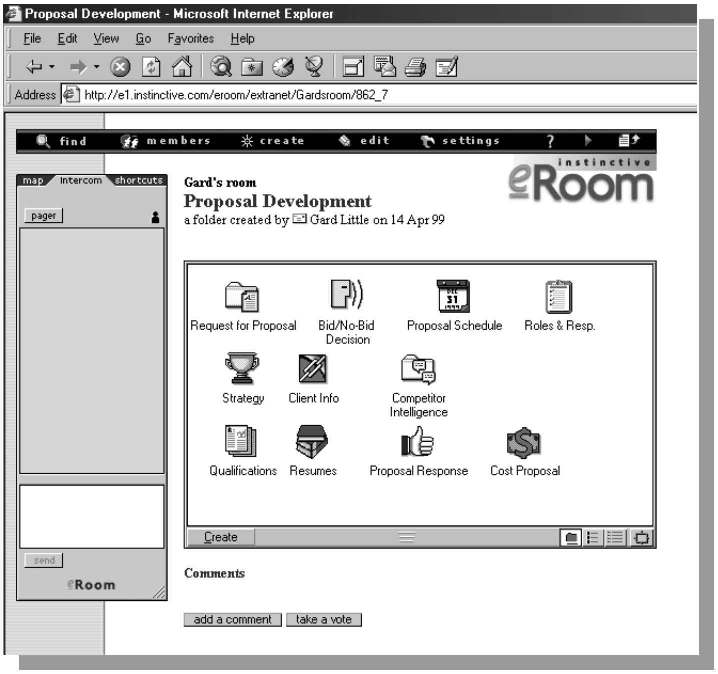


*Figure 3 - Sample eRoom for proposal development*

The **"Request for Proposal"** object is a folder containing the relevant client documents and specifications for submitting a proposal response. Again, if these are not in machine-readable form, they should be scanned and placed in this folder. It is critical that all constituents on the consulting team be able to refer back to the request for proposal often during proposal development. This helps the team stay focused and often answers many of the questions that come up, especially about items such as proposal evaluation criteria. In some cases, a link to a client's web site containing the request for proposal may be substituted for this folder.

The **"Bid/No-Bid Decision"** object is a discussion database for the relevant decision-makers. It contains the business rationale for pursuing or not pursuing the opportunity described in the request for proposal. eRoom leverages a firm's people and knowledge resources by allowing the right players to participate in this decision regardless of traditional time and space limitations. Placing this discussion where all members of the consulting firm can see the decision making process helps to develop decision-making skills among junior members of the firm. Likewise, the discussion may be relevant to related bid/no-bid decisions made in the future by others from the same firm, yet another example of how eRoom leverages the firm's knowledge for future benefit.

The **"Proposal Schedule"** object can be as simple as a note detailing key dates and commitments for the proposal development or can be a folder containing relevant scheduling documents which can be shared by authorized project members. Again, use of eRoom notification during this most time-sensitive and deadline-driven process can be extremely powerful.

The **"Roles & Responsibilities"** object is an eRoom list of all the people involved in the proposal and their roles and responsibilities. As was noted in the previous issue, this can be a key resource for proposal team members or for any new participants who want a quick project orientation, or for reducing the confusion level about who does what.

The **“Strategy”** object is a folder containing the agreed upon proposal strategy, win themes or messages, pricing strategy, and high level approach that must be included in the final proposal. Typically, this is produced before and during a proposal kick-off meeting when all the constituents involved in the proposal development come together to coordinate efforts. Sometimes, this can be a “virtual” meeting if participants are geographically dispersed and can not convene in the same place at the same time. eRoom can be used before this meeting to help set the agenda and during the meeting to record the results of the strategy session.

The **“Client Info”** object is a link to the prospective client’s web site. It is included here for ease of reference so that proposal team members can quickly navigate to this web site and review information which may help in proposal development.

The **“Competitor Intelligence”** object is a folder with intelligence gathered about possible competitors. This data may be useful for developing the current proposal strategy, pricing strategy, approach, or for future bid/no-bid decisions.

Regardless of the business process used, consulting proposals usually contain the following elements:

- Statement of the problem
- Objectives
- Approach (to solving the problem)
- Scope definition
- Roles and responsibilities of client and consultant
- Anticipated benefits
- Statement of timing and fees
- Progress reporting schedule
- Statement of project qualifications
- Consultant resumes

We have chosen to represent these elements in the eRoom as follows:

The **“Qualifications”** object is a folder that contains descriptions of past projects that are relevant to demonstrating the firm’s qualifications to perform the work proposed; these are often referred to simply as “quals.” It is important to note that the quals in this folder are tailored and formatted to fit the requirements or specifications of a specific proposal response. The fully documented qual should reside elsewhere in a “read only” format, either in a repository with all of the firm’s quals or in specific project eRooms (as was described under issue #1).

Similarly, the **“Resumes”** object is a folder that contains the resumes of the professionals who will perform the work proposed. As with the “Qualifications” folder, the resumes are tailored and formatted to fit the requirements or specifications of the specific proposal response. Fully detailed resumes should reside elsewhere in a “read only” format in a repository with all of the firm’s resumes, and perhaps those of frequently used teaming partners.

The **“Proposal Response”** object is a folder that contains all other sections of the proposal response not otherwise described as a separate eRoom object. These typical elements were cited above. Consulting firms that want to differentiate themselves via their use of information technology have started delivering their proposals via the web. A letter or e-mail to the client listing where the proposal can be found on the internet is an excellent way to demonstrate to clients or prospective clients what it will feel like to work with your firm (remember the proposal is the first deliverable). Obviously, some clients will still require a paper-based copy of a proposal for legal or contractual reasons, but this still does not prevent firms from demonstrating this innovative way of working with their clients.

The **“Cost Proposal”** object is a folder that contains the cost analysis and the proposed pricing, as well as copies of any other legal or contractual documents not contained elsewhere.

People who use a proposal development process that creates winning proposals do two important things for their firm. First, they help develop the skill levels and confidence of those who participate in the process. When the call for proposal assistance goes out, instead of not responding or hiding behind billable work, consultants will want to participate in this critical business development function because the process is clear and understandable and will help them to build their skills. Second, they help secure new business for the firm. Upon award of the business, the finished proposal is the critical first tool for the engagement manager to use to clarify what the client wants and how to start the engagement.

# Conclusion

Using eRoom for the engagement management and proposal development processes helps to bring together the people, processes, and information required to succeed. eRoom also helps teams build on their success by capturing and leveraging much of the knowledge that would otherwise be dispersed after teams disband. By supporting this type of engagement collaboration and knowledge management, eRoom improves the quality and value of services delivered to clients and the realization rates of consulting teams.

By comparing the structure of the sample eRooms described in this paper, it can be seen that the engagement management and proposal development processes are interdependent. In other words, the knowledge collected from one process (e.g., a proposal, or engagement quals and debriefs) becomes the vital input to subsequent executions of the other process. Figure 4 depicts this relationship and illustrates how eRoom leverages knowledge for the people who perform these processes.

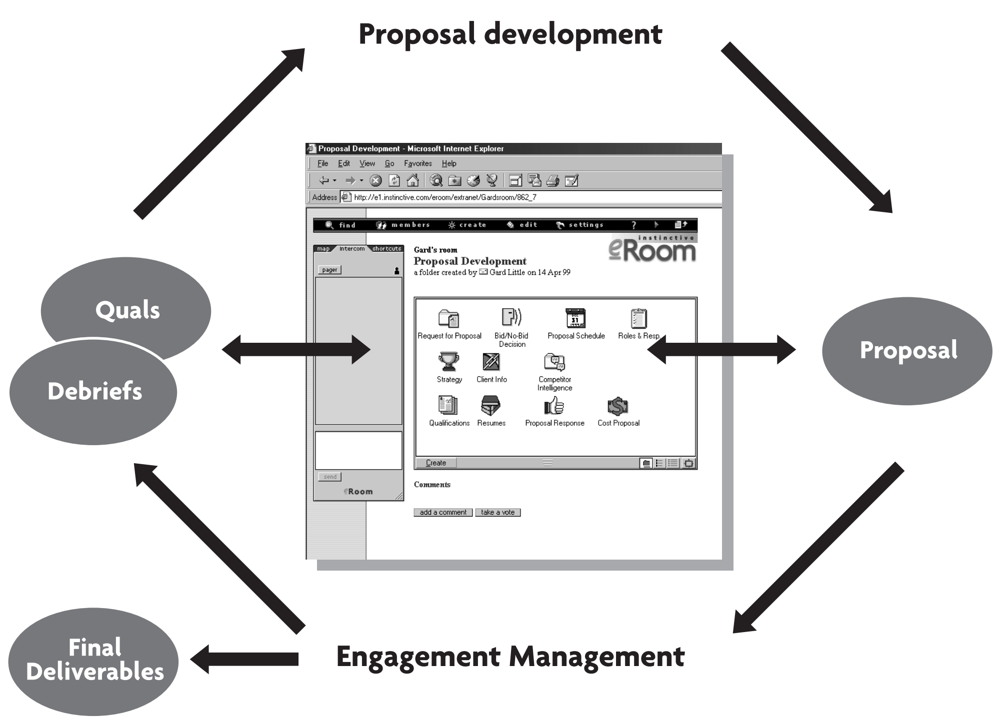


*Figure 4 — eRoom integrates interdependent processes*

The sample eRoom templates described in this paper represent suggestions of how to organize your engagement management and proposal development eRooms. Because eRooms are so easy to set up and change, your team might choose a different set of organizing icons and objects to satisfy your particular needs. This paper is meant to provide you with a set of ideas.

Providing increased value to clients is the only sustainable source of long-term competitive advantage for a consulting firm. Superior engagement management helps to ensure that a client perceives this value. Developing winning proposals helps to ensure a stream of new clients and follow-on engagements with existing ones. eRoom is the best solution for improved engagement management and proposal development, which will help to accelerate service delivery and to improve the quality of the service delivered.

## Footnotes

1 Maister, David H., Managing the Professional Service Firm , ©1993, The Free Press, New York.

2 Utilization (also called billability or chargeability) is the percentage of total available hours that are billed to client engagements. Realization is the fees paid by the client as a percentage of the total billable hours expended times the standard hourly rate.

3 Maister, David H., Chapter 7-Quality Work Doesn’t Mean Quality Service, Managing the Professional Service Firm , ©1993, The Free Press, New York.

4 Depending on the nature of the final deliverables, the service delivery and engagement management might be performed in the same eRoom, or separate eRooms might be set up for service delivery and engagement management.

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