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When making presentations about emerging issues, I start by examining business transformation over the past 100 years. Someone said recently that we have become a nation of Web page designers and e-commerce marketing companies selling products made by other countries. An exaggeration, of course, but the business world has indeed been turned upside down over the past century. One can expect that our environmental systems and issues will evolve at a similar pace.

The key drivers for change in business have been technology, management systems improvements (what used to be called industrial engineering), and the transformation to global markets. In the environmental business, we have all these dynamics at play plus the added dimension of an emerging profession that 30 years ago largely did not exist. “Sanitary engineers,” as many of our colleagues were once called, have been succeeded by a wide range of disciplines and expertise.

Where is all this headed? The answer affects the careers of environmental practitioners inside agencies, consulting firms, and industry. It’s a big topic, so we’ll tackle it in stages, commencing this month with an examination of the consulting profession. Future articles will explore other emerging trends.

SIZE MATTERS

Few environmental consulting firms existed 30 years ago, and if they did, the services resided in engineering and construction firms. What we are seeing today is the emergence of a fully differentiated spectrum of consulting firms and services, ranging from mega “Big 5”-type companies, to medium-sized firms, to niche or “micro” enterprises. For the client, the differences between these firms are worth serious consideration.

As Norman Wei, principal of Environmental Management and Training, says, “Never hire a big firm to do small jobs. Do you really need a firm with 95 offices in 35 countries and five continents to pull an underground storage tank from your facility? Can their overhead really be justified?”¹ In the past, the answer was yes, because the technology and the liability and regulatory issues were rapidly evolving—the rules, so to speak, were uncertain. Nowadays, it may make more sense to hire a small, local firm that specializes in a specific area of interest. When the technology and performance standards are clear, clients will often choose a company based on price.

A large firm is especially valuable when the client needs a

Last month, EH&S Advisor explored the sometimes-troubled relationship between consultants and clients. This month, we pick up where we left off and examine the changing world of client-consultant relationships. We take a look into the crystal ball and speculate how consulting may change in the future. Historically, of course, predictions make liars out of nearly all those who attempt to foretell the future. Nevertheless, the dominant forces that will shape the future of environmental consulting are real and already well underway.

particular brand of consulting. An example of this is when EH&S verification services are needed. In the absence of a standard, the differentiation that matters is a branded signature to certify that the client information is correct.

Extrapolating this thinking further into the future, one sees the underlying force behind the continued evolution of highly competitive suppliers of well-defined “commodity services.” No wonder there is a current shakeout of the consulting industry.

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Profit margins are getting squeezed to the point where the freshly amalgamated mega-firms (i.e., the surviving firms) can prosper based on economies of scale. Through sheer volume and management system efficiencies, they may be able to compete even with the small, local commodity suppliers. Large corporations can also take

advantage of these economies of scale in the form of preferential strategic alliances.

SHIFTING UNDERCURRENTS

The dynamics at play also help explain the evolution of highly reputable nongovernment organizations (NGOs) into the “quasi-consulting” business. NGOs are able to leverage their reputations to take on projects where public trust and credibility are paramount. Some have even raised independent funding and are literally giving their services away to companies where they can pilot new concepts.

U.S.-based environmental consultants have traditionally dominated the international marketplace. This prominence was a natural outcome of the growth in regulations during the 1970s and 1980s, which in turn spawned the development of cutting-edge pollution control and pollution prevention technologies. Will this continue? I don’t think so.

The current rigidity by which government organizations such as the U.S. Environmental Protection Agency (EPA) must structure their bids certainly does not encourage innovation. Unsolicited proposals on innovative ideas are largely ignored in favor of a formal bidding process. Only firms with the resources and patience to endure these hurdles stand a chance. And even if an EPA manager wants a specific expert, he/she

cannot specify whom the winning consultant can subcontract to. Armies of low-hourly-rate consultants win out over small, nimble firms. Brute force and numbers win out over the few and the talented in the bureaucracy game.

But what would happen if the rules changed? You can count on this moving from the realm of mere hypothesis to reality, since future rules will be set by new players. For example, the most innovative ideas for advancing sustainable development are coming out of Europe and Canada. Consulting firms such as SustainAbility in the United Kingdom and SAM in Switzerland are attracting international attention. U.S.-based firms may continue to dominate the “hardware” long into the future, but the strategic concepts of how you run the entire business may be originating elsewhere.

PICKING AND CHOOSING

Industrial clients in the future will be more adept at maneuvering within the spectrum of new offerings. We can only speculate if this flexibility of choice will extend to government clients. For example, large projects often require a project manager, not a technical specialist. Clients may be more willing to pick a primary firm, identify a project manager, and assemble the best team *regardless of where the talent comes from*. It is this last point that really starts to open up a new world of consulting.

Of course, large firms provide a broader range of capabilities and can assign a larger number of people to a project quickly. This can be helpful especially on short-term “fire drill” projects where there is insufficient time to assemble a hand-picked team. When the systems are particularly complex, large firms have the resources. This is especially prevalent in the information technology (IT) arena. Developing major systems that seamlessly integrate into massively complex enterprise business IT systems takes a depth of talent and resources that few boutique firms have in-house.

Virtual teams may be the wave of the future, but clearly we are not there yet. Trust is a major factor. For example, a recent *Wall Street Journal* article reported that telecommuting has lost favor with employers because employers “want you in here, at a desk where we can watch you and trust that you’re doing your job.”² If employers do not feel comfortable with their own staff being off-site and out of sight, can you imagine a network of people from around the globe?

I can. But the hurdles are significant. The trust must be there and, in particular, a proven track record of outstanding deliverables from the virtual team must exist.

Teams that can pass this hurdle offer major advantages to clients. As Frank Friedman states in his classic book, *Practical Guide to Environmental Management*, “I have often found that the best and most cost-effective consultants are individuals with broad expertise operating on their own. Their overhead is limited and ‘what you see is what you get’.”³ For example, virtual team firms

often provide better quality control because they offer TLC (tender loving care) by the principals; real expertise (been there, done that in organizations like the client's); excellent price-value relation; and a lean, flexible, responsive interface.

Technology and a maturing environmental profession have been dominant forces in initiating these dynamics. Needless to say, uncommon rules are needed to effectively play in this arena. Bruce Marsh, founder of Nueva Vista Network, offers some of his favorite rules based on the virtual team concept in the sidebar "Virtual Reality Rules for New Consultants."⁴

THE ONLY CONSTANT: IT'S ABOUT PEOPLE

Selecting a consultant and forging a partnership are not easy undertakings. Simple rules, such as picking the firm with "the most experience," don't always work. A seasoned environmental manager once told me, "There are no good consulting firms, only good consultants." He had been through enough bad experiences to recognize that the size and reputation of a consulting firm are not automatic guarantees for a project's success. The determining factor is the individuals who make up the project team.

In my experience, I've found that the best consulting firms are those with outstanding individuals managing the business. The following two stories illustrate this point.

I once gave several projects to an environmental engineer I had known prior to his joining a medium-sized consulting firm. The projects were managed superbly, and I had the opportunity to mention this to the president of the firm: "Please recognize that I am not hiring your company. I am hiring [this person]. I am holding him responsible for the success or failure of these projects."

Several weeks after my discussion with the president, the consultant was promoted and given greater authority and control over the resources dedicated to my projects. His reputation spread within the large corporation that I was working for at the time, and soon other managers were requesting his sup-

port. In short order he was promoted to vice president.

Two factors contributed to this success story. First, the consultant was outstanding. Second, and every bit as important, the firm's management was responsive in providing this individual with the authority and resources to get the job done.

The second illustration involves a very large consulting

firm with an international reputation. I was working with a consortium of companies that were interviewing consultants for a jointly sponsored project. During the interview, I raised two concerns expressed by several companies in our earlier strategy sessions and by my own experience with this firm: the potential for cost overruns and program delays.

Based on the company's international reputation, it received the initial phase of the project. Several months later, it became obvious that the consulting firm was—you guessed it—heading into cost overruns and project delays. The consortium quickly switched consultants. Here was a case where even excellent individu-

als, handpicked for the project team, could not succeed without competent management backing and direction. It takes a team effort.

CONSULTING FIRMS OF THE FUTURE

Here's my view of where all this is headed. Technology evolution will split the field into several distinct categories. First, there will be extremely competitive suppliers of well-defined services that successfully compete either through sheer volume or local service and delivery advantages. I call them the "McDonalds" and the "In-N-Out Burgers" suppliers. (Note: You have to be from California to appreciate the reference to my daughter's favorite burger chain.)

Second, there will be an emergence of a new breed of consulting NGOs to fill the void left by slow-moving government regulatory agencies. When it comes to public trust and

Virtual Reality Rules for New Consultants

- A consultant should never kiss up to the client.
- A client should never abuse the consultant.
- Consultants who think they know everything are always the first to be wrong.
- A client's organization always knows more than they realize.
- Be able to say "yes" to yourself as a consultant and say "no" to your clients.
- The best marketing tool is a satisfied client.
- Give away your best ideas. That way, they will improve as others build on them. You have a lot more where they came from, and your reputation will grow.
- Market for quality not quantity.
- It's a negotiated relationship, not a price.
- If a client doesn't like your work, don't take their money.
- Trust takes years to win and only moments to lose.
- Never be dishonest, even if the client requests it.
- Never promise, but if you do, then always keep your promise.
- Consulting ain't as easy as it looks!

credibility, one Harvard University School of Public Health or one World Resources Institute beats a full house of the biggest consulting firms. This is the “sleeper” market dynamic that consulting firms have not yet fully come to understand.

Third, boutique firms will grow in number and influence. On one hand, the profession has become more commodity-oriented, but on the other hand, it has also become incredibly complex. The emerging dynamics will reshape the landscape with firms that can move at lightning speed on the edge of new waves. Large firms will have trouble hiring, holding onto, and gainfully employing these high-priced individuals.

Virtual teams will gradually evolve and compete head-to-head with the major management consulting firms. Individual teams may achieve sufficient branding to compete on projects requiring business management name recognition. The rules of how these teams operate to overcome the internal trust and management issues are still being worked out. The turning point will be the evolution of a sufficient number of role models for others to follow.

And finally, the clients themselves will push these changes as they search, not only for more cost-effective services, but also for more creative responses to emerging trends. The best and the brightest will be masters at identifying and assembling more dynamic resource teams. I'll say it again: It is the evolution of technology, and the Internet in particular, that will facilitate the better matching of projects to resources.

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