

The 10X Consultant

by Kash

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1. Background

The prospect / client was receiving *gyaan* (knowledge) from someone who had a long past in the financial sector space... "Unless you are the leader or the main challenger in your industry, you cannot survive. Therefore, you need to grow 10X in the next 3 years. You can achieve this by cracking four things viz. (Buzzword 1), (Buzzword 2), (Buzzword 3) and (Buzzword 4). Blah Blah Blah"

The buzzword will keep changing in line with the flavor of the season. Current flavors are artificial intelligence, blockchain, data science and social media; the buzzword from the more tech-evolved advisors could include aggregator, platform, virtual reality and augmented reality; some buzzwords like globalization, consolidation and consumer experience refuse to die, even decades after they gained prominence.

If you have experienced such an interaction, then you are not alone. "10X Consultant" is the term I use for advisors who strut around the business-world giving these same pearls to any prospect / client, irrespective of sector, ownership or management capabilities.

2. Aren't these buzzwords important for any organization?

Indeed, these buzzwords are important. The words might have earned their buzz by driving the success of many organizations. Who can discount the importance of, for example, consumer experience or social media or data science? Issue is not of **importance**, but **relevance**.

The relevance of various management interventions is linked to situations. What is the relevance of data science advice to a business-owner who insists on generating manual invoices? Or social media advice to someone who believes a website is a waste of time and money? With due respect to human rights activists, what is the relevance of consumer experience advice to a professional hangman?!

3. Is there a danger with "Management by Buzzwords"?

What is good for a Facebook or Google is not necessarily good for you. Management by buzzwords is a gamble. It might work, it might not.

Before running your business by the last buzzword heard by your 10X Consultant, you need to remember that the payoffs to you and your 10X Consultant are asymmetric. You are the one who will sink money in implementing programs recommended by your 10X Consultant. If things go awry, what you might lose is not only the money you sink, but more. The programs you implement might disrupt something else in your organization and leave you worse than what you started with. Consequently, you might need to invest more to rectify the newly created problem. And what about all the time the organization might have wasted in implementing something that was flawed *ab initio*.

If your 10X Consultant has offered to give you advice for free, remember what a sage from the investment world once said – *The costliest investment advice I received was the one that was free.*

4. Isn't failure a danger with any management intervention?

True. Business, Chess, Investments ... they are all a game of probabilities. You seek to become a champion by increasing your probability of success. But this not an insurance against failure.

5. How does one improve the probability of success?

This calls for more reasoned management interventions. A good strategy consultant will engage with you and your team over several weeks, before proposing a strategy. This is very different from the 10X Consultant who will pull out the strategy from his kit bag in the first meeting itself!

Strategy formulation takes time. The consultant needs to consider various possibilities and then decide what might be good for you and your organization – and what might be the consequences if things do not work out. The possible moves of multiple entities in the eco-system needs to be evaluated, before arriving at strategic alternatives. Often, the process of discussions itself throws open the need for a critical change. For example:

- One client was finding it difficult to explore franchising as a business opportunity. He had a history of one failed franchise. *One swallow does not a summer make*. Over several discussions, we were able to glean the learnings from that failure. At least we knew what to avoid with the next franchise! During those discussions, we realized that the client was evaluating own stores and the franchise on the same metric viz. Gross Profit percentage. The franchise was in fact a financial success, if return on investment were to be used as a metric. Further enquiry revealed that a terminated e-shopping vertical too was, in fact, a financial success.

More often than not, mindsets need to be changed before any strategy can succeed. Mindsets take time to change – a good strategy consultant will find ways to address the mindset first – and craft strategies around the difficult to change mindsets of key decision makers.

- In another case, the prospect wanted us to mobilize money. He had a 10X Consultant who prepared his business plan. The prospect wanted someone to approach financiers with that business plan and raise money. On glancing through the business plan, we were clear that the organization was not ready for the financial market. Fundamental issues of legal structuring had not been resolved. Further, the business plan was at 35,000 feet above sea level. (This is a common problem with 10X Consultants. The “strategy” they formulate will have no linkage to what the company ought to be doing at the ground-level.)

It was clear to us that no financier would lend money for this Business Plan. We stayed away from the mandate. Six months later, the company is still trying to mobilize money.

As these examples show, strategy consulting is neither a kite-flying exercise, nor a text-book exercise. The consultant needs to have the humility to immerse himself / herself in the mind of the client’s decision makers. Several rounds of discussions and debates are required to understand why certain decisions were taken by the client, and what approaches might or might not work in that organization. Therefore, strategy formulation requires investment of time by both the consultant and the client. Beware of consultants who offer to formulate your strategy in a week.

6. Does market research improve the probability of success?

The only thing that is certain about market research is that it costs money! After the money is spent, the research may or may not throw light. A lot depends on how sharply the research objectives are structured, how intelligently the research process is designed, how honestly the research agency goes about collecting data and how smartly the data is analyzed. Rajiv Bajaj, the Managing Director of Bajaj Auto is on record to

say that one of their bikes that became most popular in the market was launched despite the external advice he received.

Since primary research is costly, alternatives need to be evaluated. Secondary data is a possibility. One client knew where their competitors were located, and the locations where the competitors were successful. The client also had a hypothesis on what were the causes for some of the competitor's failed locations. Accordingly, after basic tests of the hypotheses, a few initiatives could be structured as small experiments, without investing in market research. The learning from the experiments was not only cheaper, but also stronger.

We decided on the "feet on street" strategy for a life insurance company, based on various representative variables from the financial world, apart from secondary socio-economic data.

With another client, we found enough data in their inhouse database to draw conclusions without a market research exercise.

Secondary data, inhouse data and experiments are good alternatives to market research. Market research calls for a healthy budget, including for follow-on research in some cases. Further, the structure of market research needs to be sound, if it is to yield results.

7. What is the relevance of long-term strategy in today's fast-changing world?

The benefit of strategy is that you have an initial plan on where to go and how. Without the strategy, you will be a vagabond who is likely to get lost in the market.

The fast-changing world has reduced the gap between strategy formulation and strategy implementation. You can no longer view the culmination of strategy formulation as a report to be updated after 5 years. Strategy formulation needs to be woven closely into a strategy implementation framework that will let you know when your strategy is not working. Design of strategy implementation framework is a challenge that 10X Consultants typically do not attempt.

The results from the strategy implementation framework need to be analyzed on an ongoing basis to assess whether the strategy needs change or the implementation / resource allocation. Accordingly, strategy might need to be re-formulated.

Thus, the dynamic environment is forcing organizations to spend more time on strategy – not less. It is no wonder that strategy consulting, like legal advice, is transforming from being assignment-based to relationship-based.

Feel free to get in touch at team@mavuca.in to share your experiences or discuss how we can help you.