

THE CONSULTING PROCESS: LOGIC TREE APPROACH

1.0 Introduction

A senior manager working for a leading passenger airline is concerned about profitability of the business. The industry as a whole is under pressure, fuel prices are high, and with operations spanning more than 20 countries he need to make strategic decisions that will deliver short-term profit improvements. Having executed a number of internal initiatives, he has decided to approach external consultants and to evaluate the additional value that they could add. He has elected to engage with “Mtaalamu” Consulting, a firm with experience in a number of industries including the airline business, although not an airline specialist. He could have approached a number of airline-specific consultancy firms, but he is keen to see how lessons learned from other industries could be leveraged beyond the traditional practices within his industry. The question posed to the consultants, however, is an open-ended one: “What steps should we take to increase our profit?”

2.0 Composing the Consulting team

“Mtaalamu” Consulting assigned two consultants to the task. Mr. Bingwa Wetu is a principal consultant with nine years of experience in management consulting, one year of which relates to airline operations. He is a graduate of Ifufu Business School, one of the reputable Business Schools in the World. Besides, he has undertaken several postgraduate trainings spanning around management, negotiation skills, leadership, and consulting. The second consultant is Mr. Mbobezi Sana is a junior analyst who graduated recently from Uzunguni University and has worked for six months with Mtaalamu Consulting. They familiarize themselves with the client’s business by carrying out routine preparation activities and agree upon the objectives for the assignment.

3.0 The debrief meeting

An intensive debrief meeting between the appointed consultants and Chief operations officer of Mtaalamu Consulting was held thereafter, the team was required to meet the client for further discussions and arrangements. The team set up three objectives when meeting the client. First, to make a credible impression as a consulting team. Second, to agree on the scope of the assignment aimed to identify profit improvement opportunities. Third, to collect additional information related to the proposed areas within the scope. During the discussions between the consultants, they decide that it was imperative to reach a mutual agreement on the scope of the study between them and the client. The key question then was how could they know the scope of the work from the client? One option would be to simply ask the client “which areas should the assignment cover in order to help improve profitability? However, they suspected that a client may not have a clear way forward and on the other hand they might be regarded novice consultants. They recalled a consulting principle informing that in many consulting situations, the consultant will need to find a way to combine their own experience, guidance, and analytical capabilities with the client’s knowledge of the business to determine an optimal way forward. With that understanding in mind, they decided to

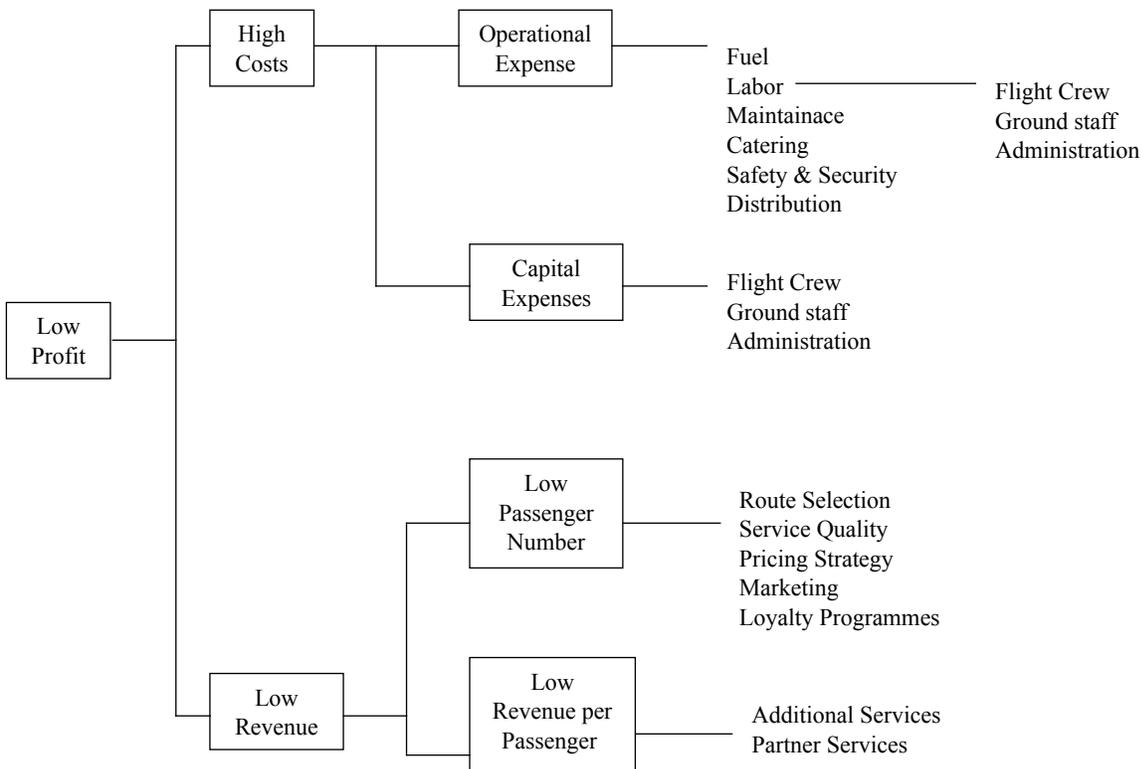
understand the scope of the work by sketching the work plan. They asked for an inception meeting with a client in a fortnight to present their work plan.

4.0 Analyzing the problem and sketching the work plan

Mr. Bingwa Wetu and Mbobezi Sana spend a few days preparing for their inception discussion with the client. They plan to use a logic tree, a consulting technique that can be applied in several different ways. During an internal brainstorming session they plan to sketch out an initial tree as a hypothesis, detailing, based upon their knowledge of the domain, potential causes of the issue that would be candidates for analysis. They then plan to present this work to the client as a basis for collecting input and tailoring the approach to accurately target the organization’s specific needs.

On a white board the consultants make a note of the issue to be analyzed, ‘low profit’, and then begin to identify potential contributing causes. For an airline company, an exhaustive list of causes could be identified, spanning from high costs to low revenue. These causes were further broken down to corresponding contributing causes as shown in figure 1. As a second step, they plan to refine the tree during the inception meeting with the client by presenting and validating the hypothesis and leveraging the client’s detailed knowledge of his business, homing in areas of concern and establishing priorities. It is agreed that Mr. Bingwa Wetu will drive the meeting discussion while Mr. Mbobezi Sana will capture the client’s feedback, identifying areas where further input will be required and summarizing the session.

Figure 1: Proposed work plan in a logic tree



5.0 The Client's Dialogue

The consultants unfold the tree diagram and the client takes a moment to review it. As the client was not familiar with the technique, Mr. Bingwa Wetu introduced it briefly: *"...the tree diagram represents a simple way for us to break down an issue, in this case 'low profit' and structure a discussion to identify the most critical causes quickly. As you can see we have organized the tree around two main groups: causes related to high costs, and causes related to low revenues..."*

Before inviting the client for comments or inputs, they asked if the client finds this division appropriate and if anything else should be considered. The client concurred with their hypotheses that both areas are important. He adds that: *"another major area that we are working with is 'regulations'. Although it affects revenue generation possibilities as well as costs, we tend to separate it, and it is a hot topic in the industry today."*

Mr. Mbobezi Sana took a pencil and adds an additional branch, 'regulations' The client also added priorities as an area of concern. He noted that they spent the last three years running cost optimization initiatives. *"Based on that I suggest 'low revenue' as the highest priority, 'regulations' in second place, and finally 'high costs'."* The client narrated. On the route selection, the client confirms that the company is quite strong. It had approximately 89% yield in the long and medium-haul routes, although he admitted some challenges in a few domestic routes. Mr. Bingwa Wetu asked if the information of those domestic routes indicating the average yield and profitability of each could be provided. The client honored the request.

It was also seen that service quality is very important to the Company and, in fact, it is an area that the company aimed to outperform its competitors. It was only last year that all customer-facing staff attended a service skill update program and the feedback has been very positive. From a pricing perspective, the client informed the consultants that they are slightly more expensive than competitors in the home market, but they do offer a strong brand and service level. In other market, they plan to be highly price competitive. The client is satisfied with the marketing function, as they have recently changed the public relations approach. However, he admitted that that more could be done, as currently the company is not using social media in its marketing campaigns.

6.0 Conclusion

Using a logic tree that was prepared based upon the consultants' knowledge of the domain and refined using inputs collected from the client, the consultants have succeeded in defining the scope and key priorities for a potential assignment that is aligned with the client's specific needs. The diagram did not need to go into detail to be useful in directing the discussion. Even if only highlighting the main areas of potential concern, the technique is helpful in prompting the client to comment on what is important and what is not, and provides the consultants with a good platform to navigate efficiently through the discussion.

The technique also brings with it credibility, demonstrating a structured approach towards the task. This is more effective than starting with a blank sheet of paper and asking questions in a sequence that may appear somewhat random.