

An Entrepreneurial Journey

By David Maister and Geoff Considine

In early 2002, Geoff Considine resigned from the job he had held for two years: VP for Advanced Solutions, a firm that provided software and related professional services to the energy industry. He had previously worked on a trading floor developing and deploying software for trading energy derivatives. Before that, he had worked for six years for NASA as a research scientist.

Having been trained as a scientist, the transition to the private sector required many major adjustments. Learning the derivatives trading business had involved lots of new technical knowledge, but learning professional services required an entirely different set of skills.

Some of the most important things that he learned at this job were:

1. There is a pervasive attitude regarding the primacy of the billed hour;
2. Good behavior is often secondary to billing as far as management is concerned;
3. Clients love a highly responsive services provider; and
4. Smart people do not necessarily make good consultants.

He was surprised (somewhat naively) by the short view towards maximizing billed hours at all costs when firms entered professional services. His boss at the time pushed him to bill as many hours as he possibly could.

Senior management sometimes rewarded billed hours at the expense of a healthy culture. This was ultimately at the expense of longevity and health of the group. This approach also led to the decline of client relationships over periods of years.

On the good side, he learned that clients love a highly responsive consultant. He started to think about the responsibility of providing people with a high level of personal service (as well as smart solutions) as the 'concierge element' of his job.

In March of 2002, he decided to leave his job. The company had 60 or so employees at the time, some very sophisticated software products, and some very smart and dedicated senior people. There was, however, considerable tension among the heads of the various practices, and Geoff was also stressed out beyond belief. It seemed as though something needed to give.

He was approached by another firm in the same space. During this same period, however, several clients that he had worked with contacted him and asked if he was available to work with them in some new capacity. He had not contacted any of these client firms to tell them that he was leaving, so they really had to do some work to track him down.

This was compounded by the fact that someone at his previous employer had instructed the receptionist who answered the main phone to tell anyone who called

that they did not know how to contact him. He wondered if this was standard business practice.

The long and short of his new situation was that he suddenly had three projects available and a job offer. Geoff decided to start his own practice (www.quantext.com).

During this period, Geoff ran across *Managing the Professional Services Firm* by David Maister. This book was something of a revelation. Further, David responded to emails and even sent a draft of some of his unpublished work. What Geoff realized as he read David's work was that there are certain common themes that run through much of the professional services world, and many of these resonated deeply for him.

The most important idea that Geoff gained in his first year was this: "You are there to help, not to be right."

This single 'Maisterism' is one of the core ideas that Geoff repeats often to himself and when discussing professional services with others. People hire consultants because they want help with some issue. You don't need to prove that you are smart – that is determined when they hire you.

One of the other key themes that Geoff learned from David is the importance of setting billing rates. As a solo startup, it is tempting to price your services low. You know that you can make a good living even at low rates because you have low overhead compared to a big firm.

David's writing convinced him that this was a bad idea. Further, because Geoff wanted to leave the door open to joining another firm at some future point, low billing rates would have made him less attractive.

The bottom line is that you have to decide whether you are selling Mercedes or Chevrolet and your price point communicates that. Geoff chose a path in which he invested a lot of time in developing valuable and unique products and services and was compensated for this investment via keeping billing rates fairly high. He has not regretted this approach.

David's emphasis on always building new expertise and value to share with clients rather than simply selling an existing theme to death matched Geoff's inclination. The shelf life of intellectual property is relatively short, and is getting shorter.

Trust is always a big theme in David's work, and Geoff feels that this is one of the most important issues that David emphasizes. If you make a big sale but lose credibility as a person or as a professional, it will not be worth it in the long run.

Sadly, overselling is pervasive and many a client of consulting firms ended up with sub-par solutions in the last decade. When Geoff was learning this business, he was told repeatedly that delivering and deploying software that had been not fully tested was simply a standard in Silicon Valley and that everyone understood this.

There are many pressures to get the widgets out the door – especially in software – but the basic rule that Geoff advocates is not to ship a software product in a condition that you would not want to be using yourself. Think of software that goes out the door as having your name on it.

Similarly, he saw many cases where a client was told that a sophisticated analytical model would be used on their project when in fact the model was very simplistic. While these may be common

cases, they often lead to bad outcomes and bad feelings. Common practice does not make this the right thing to do.

In Geoff's work, he has come to believe that there are three ways to do business. There are people who are unscrupulous – class 3. These people will do whatever they can get away with. If you sign a contract with these people and they think you won't sue them if they break it, they will break the contract as soon as it is to their benefit.

Many people think of this as shrewd business. We think of it as wrong. Don't do business with people you don't trust. It is not worth the stress.

Next, we have class 2: people who feel that anything is okay as long as it does not break the terms of a contract or the law. These people feel that it is good business to push the boundaries of what they can get away with – as if it is a game.

These are the types of people who will slip 'clever' language and clauses into contracts to try to gain advantage. There is nothing unethical about this, but clearly this type of behavior does not build trust. You can deal with these people, but read the contracts carefully!

Finally, there is class 1: people who do business as they want to be treated. These are people that you trust and will work with again and again. In both Geoff and David's opinions, life is too short to choose a class other than class 1.

There are plenty of class 1 business people and everyone can probably identify these people. Class 1 people inspire trust. No matter how you were managed when you joined the business, the trick is make your own choice about the kind of professional, manager and entrepreneur you want to be. For Geoff and for David, it's first class all the way.

As Geoff looks back, he finds that all of this common sense is not too common but it certainly has all been reinforced time and time again. The demands for high quality professional services are such that Geoff feels these are the most important guidelines that he has learned – often inspired by David's work:

1. Be worthy of trust.
2. Everyone knows that you are smart – don't try to prove it.
3. You are there to help, not to be right.
4. Be a concierge - if it needs doing, do it.
5. Know your business. Are you selling Chevy or Mercedes?
6. Develop services and products that are worth paying a premium price for.
7. Think in terms of relationships developing over many years.
8. Do business as if you were working with a good friend - Class 1.

Geoff's firm, Quantext, has now been in business for more than four years. Geoff's favorite thing about starting Quantext has been building a business around this philosophy – although being able to ski 25 days a year has not been bad either.

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