VAULT CAREER GUIDE TO CONSULTING

JIM SLEPICKA, ERIC CHUNG
AND THE STAFF OF VAULT

Table of Contents

INTRODUCTION 1

THE SCOOP 3

The Basics of Consulting 5

What is Consulting? 5
Consulting Skill Sets 10
Who Hires Consultants, and Why? 14
Industry History and Data Points 17
Current Trends 18
Consulting Versus Other Business Careers 23

Consulting Categories 25

Strategy Consulting 25
Operations Consulting 27
Information Technology Consulting 28
E-Consulting 29
Human Resources Consulting 30
Boutique Firms and Internal Consulting Firms 31

GETTING HIRED 33

Targeting Consulting Firms 35

Researching Companies, the Right Way 35
Understanding the Different Firms 38
Interviewing the Consultants 42

The Hiring Process 45

The Recruiting Process: An Overview 45
Tailoring Your Resume for Consulting 47
How to Strengthen a Non-Business Resume 49
Schmoozing: Building and Maintaining a Network 51

Is Consulting for You? 54
Applying to the Firm 56

The Interview 59

What to Expect in the Interview 59
The Resume/Behavioral Interview 60
Behavioral Questions 62
Practice Behavioral Interview Questions 63
The Case Interview 65
Sample Qualitative Case Questions 68
Guesstimates 72
Sample Guesstimate 73
More Sample Guesstimates 74
Brainteasers 75
Sample Brainteasers 76
Practicing with Your Friends Before the Interview 78
Questions for the Interviewer 81
Interview Questions That Never Get Asked 82

Post-Interview: Accepting, Negotiating, Declining 87

After the Interview 87
Accepting an Offer 89
Negotiating an Offer 90
Turning Down an Offer 93
What to Do When Things Don't Work Out 95

ON THE JOB 99

Project Types and the Project Life Cycle 99

Types of Consulting Projects 101
The Project Life Cycle 104

Tips for High Performance 109

Troubleshooting 109
How to Survive Your First Team Assignment 113
Getting Staffed 117

Better Billing 118
On the Beach 120

The Consulting Career Path 123

Training for Consultants 123
Consulting Job Descriptions 125
Career Progression in Consulting: Promotion Profile 127
Mentors: Top-level Backing 131
Exit Strategies 132

Our Survey Says: The Consulting Lifestyle 135

Days in the Life 143

Associate (McKinsey) 143
Consultant Project Manager (Oliver Wyman) 146
MBA-Level Strategy Consultant 150
BA-Level IT Consultant 155

APPENDIX 159

Industry Buzzwords 161
About the authors 167

The Hiring Process

CHAPTER 5

The Recruiting Process: An Overview

The most valuable asset of any consulting firm is its human capital. Before clients see presentations, reports, or results, they see consultants. Before clients work with products or services, they work with people. Consequently, consulting firms purposefully make their interviews intense and lengthy to measure your intellectual, physical and emotional stamina.

For a long time, consulting firms focused on a relatively small number of undergraduate and graduate institutions when recruiting associates and analysts. When the dot-com boom occurred in the late 1990's, Internet startups that offered leadership positions and the smell of an early retirement stole many highly-qualified students away from the consulting firms. Realizing they might be missing out on talent elsewhere, consulting firms began to take a more open-minded approach to recruiting, including considering candidates with non-traditional advanced degrees, such as MDs or PhDs.

Though the market has tightened up considerably since 2000, it's still possible to get on the radar screen if you come from a less traditional background or a college outside of traditional recruiting haunts. In a rocky economy like that of 2001-2002, competition for jobs becomes extremely high in consulting (or even for initial interviews). That said, there are ways you can increase your chances of being selected for an interview.

Keep in mind that there are many steps to take in order to get to the interview process. It is competitive enough to get an on-campus interview; when firms choose not to come to campus for cost reasons, or if you are trying to break in from another industry without contacts, the competition is much tighter. This section should help you think about the recruiting process at a very high level.

For each firm in which you are interested, you will want to

1. Tailor your resume and experiences for consulting

2. Find the appropriate contact, either through on-campus recruiting or networking (you can ask an alum to point you to the right contact, for example)

3. Apply to the firm by crafting a cover letter specific to the firm, delivering it to the firm, and following up by e-mail or phone

4. Arrive at the interview prepared and appropriately dressed

There is no step in this process that is necessarily more important than the others, for each is a key piece to the recruiting puzzle.

Tailoring Your Resume for Consulting

Consulting firms receive thousands of applications each year, both during recruiting season and otherwise. Your resume serves as an important tool for recruiters in the selection/elimination process. You increase your selection chances by tailoring your resume and cover letter to specific consulting firms and positions. Consulting recruiters look for the following on resumes:

- **Evidence of academic strength.** Some firms insist on this information and even set GPA/board score cutoff points. It is more important for undergraduates than career changers.
- **Team player characteristics.** Consulting firms structure their teams very carefully. Some of them use complicated matrices to determine the best fit for each project based on available resources, necessary skills, and training plans. Recruiters want people who can play their roles with flexibility and grace.
- **Propensity for leadership and confidence.** Consulting firms mold their employees into leaders because they want to see you hold a senior management position there or elsewhere. Consulting firms want to work with employees who already demonstrate a predisposition to leadership, not someone who needs to be taught from scratch. Evidence of such potential includes things like leadership positions held in college or the undertaking of new initiatives without support.
- **Accomplishments.** Firms seek people who boast long lists of accomplishments that demonstrate reliability, tenacity, commitment, motivation, and high standards of excellence. Clients want to hire consultants who can get things done well, in a short amount of time and without too much hassle.
- **Distinctions.** You've got lots and lots of competition. However, if you can differentiate yourself on your resume – highlighting technical skills, foreign languages, publications, awards, notable public appearances – it will be to your advantage.
- **Client skills.** Consulting is a client business. Consultants must work well with clients. Evidence of this might include a service-oriented job, like a part-time technical support position or a community service position.

In some cases, recruiters look for relevant functional expertise (e.g. engineering or finance) or for specific industry experience or technical skills. If you know this ahead of time, emphasize any germane experiences and their successful outcomes. Wherever possible, quantify your results to make your achievements more concrete and tangible.

Be aware that how you write and structure your resume says a lot about how you communicate with others. Make your resume as terse as possible, and make your layout easy on the eyes. A consultant's time is worth many hundreds of dollars per hour, and your client's time is equally important. No one involved has enough patience to read through copious paragraphs, so learn to use bullet points and get to the bottom line.

How to Strengthen a Non-Business Resume

It is true that consulting firms love to hire candidates with direct experience in business. Most of us don't have it. The good news is that you can strengthen your resume significantly by reframing your experiences in consultant language.

Keep in mind how consultants think: they *assess the situation, define the problem, identify the solution and execute*. They also look for management potential, leadership qualities and soft skills. You wouldn't be interesting in consulting if you hadn't had similar experiences in your life, would you? For example, how did you research and identify your history thesis topic? You had to invent a methodology and answer an interesting question. Are you a doctor? Then every day you use situation assessments and hypotheses. Did you tutor a student part-time in calculus? Then you will likely be a solid people manager.

The following is an excerpt from a resume of an MBA student. Prior to business school, he worked for a fictitious investment bank called Smart Brothers as a computer programmer. He is knowledgeable in C++ and Oracle and spent 80 hours a week in front of a monitor coding financial software engines and Windows applications. His challenge was to reflect skills that a consultant would be interested in, for strategy firms aren't specifically interested in programming skills. Here is how he wrote up his work experience:

SMART BROTHERS New York, NY

Project Manager – Information Technology June 1995 – July 1999

- Managed project teams to develop profit and loss systems for Proprietary Trading group
- Promoted to project leadership role in two years, well ahead of department average of four
- Developed an original mathematical algorithm for trading processing module, improving performance by 1200 percent
- Led team of six analysts in firmwide project to re-engineer loan syndicate trading flows in firm's largest technology project of 1999. Recommendations established new firmwide standard for real-time trade processing

How To Survive Your First Team Assignment

You're a team

The first few weeks at a consulting firm are a crash course in teamwork, and job seekers often underestimate the extent to which collaboration determines a project's success. A common misperception is that consultants sit down with corporate vice presidents, tell them what to do, and watch the client's metamorphosis. The truth is that nothing gets accomplished without extensive discussion, countless status meetings and plenty of ad-hoc brainstorming sessions where everyone involved works feverishly to build a consensus.

Over the course of your career in consulting, you will be a member of many teams, often simultaneously. At a client site, for example, you may be working on an implementation team while also sitting down with a proposal team to generate new work. Additionally, you might be working on an "internal" team to think of new community service programs for your own firm. In the course of your workday, you could interact with as many as six different teams, all with different objectives and time commitments. If you have an aversion to meetings, or if you envision a career defined by isolated thinking and long stretches of time without any human interaction, consulting probably isn't the right choice for you.

Close quarters, high pressure

Since you'll depend on your client for your office space, be prepared to work in non-lavish conditions. At one client site, your project team may have limited access to conference rooms and be forced to hold meetings in a cubicle. At another client site, your team may be sharing a single office with one small window and very little space. Part of your job will be to learn to be productive with frequent interruptions. More often than not, you will share limited technical resources such as printers, copiers, fax machines and LAN lines.

It all comes with the nature of the job. Consultants are high-priced migrant workers; they must know how to pack their bags, move to another location and set up shop, all in the blink of an eye and with little choice in the matter. But whether they are working in a crowded office space, a hotel suite late at night, or on an flight home, good consultants develop a set of behaviors that makes their jobs much easier.

Some coping tips: Take personal calls on your cell phone, away from the project team. If you are frustrated with a software program, take a walk and come back with a positive outlook. Speak only when necessary in order to keep the noise down in the project room. Keep your work space uncluttered. These simple rules can improve a project's efficiency and the quality of life for your fellow consultants.

Know the objectives

Most productive meetings address a set of objectives, assign individual tasks to support the objectives, and set timelines for completion. While this process is fairly routine in a consultant's workweek, the abundance of meetings can have a deadening effect; consultants can spend more time thinking about their mountain of pending work than the actual meeting they are attending.

Walking away from a meeting with only a vague idea of its objectives can lead to a variety of problems, not the least of which is having to meet all over again. Consulting firms operate on tight schedules, and every team needs to milk every single discussion for all it's worth. Project managers generally do not tolerate having to repeat critical directives, because they are pressed for time and need each component of the team to produce solid results.

Once a meeting is brought to a close, you should walk away with a notepad filled with key points from the discussion and a specific list of your own "to do" items. If you are unclear about a certain portion of the meeting, you should raise the issue immediately, rather than spend your time guessing how to proceed. For each and every meeting, no matter how irrelevant it seems, your attention to detail can make or break your performance on the project team. Don't expect anyone to keep you awake. Fellow consultants are bogged down with their own assignments, and even though they may engage you in small talk, the expectation is that you will deliver results – on time and consistent with the original objectives.

Whatever it takes

If consulting firms seem demanding when trying to meet deadlines, the clients can be downright unforgiving. At the start of every project, the thought of missing deadlines simply does not occur to consultants, nor does the prospect of creating anything but high-quality deliverables. The ugly reality is that executives do not always budget enough time or allot enough resources to meet the client's expectations. The result is that consultants must bring a "whatever it takes" attitude to work every day.

If a sixty hour workweek doesn't appear to be enough to get your required work done, then you add on more hours. If a printer breaks down on the night before a big presentation, then you have to find one, even if it means a late night drive to Kinko's. Sometimes, during the end of projects, you will squeeze massive amounts of work into small timeframes, and you may have to pull an all-nighter or two. These things happen in consulting, and consulting firms expect that you will take it all in stride. You do have some latitude with regard to personal time, but when important deadlines approach, getting out of an assignment is nearly impossible. Short of being terribly sick or bed-ridden, your requests for personal time will go unnoticed.

The good news is that never-say-die attitudes are contagious, and the more you work in a consulting firm, the more you begin to appreciate spending time with people who value results so highly. People who leave the consulting profession are often disappointed to learn that their new company employs a more laissez-faire approach to everything it does. The consulting industry's sharp attention to deadlines is both its curse and its strength. Consultants initially bemoan the fact that their job is so demanding, but they grow to love that very facet of it, and in some cases see it as justification for never switching careers.

Communicating with your team

Sometimes your team will go into head-down mode, where people are working independently on PowerPoint slides or financial models. As a new consultant, you want to take responsibility for updating your team leaders frequently on where you are with your work. Certainly, they will want to always have a best estimate of their project status. But this will help you, too, because the team leader has experience that you don't, and he or she will likely have a suggestion in the form of interesting questions or hints. Once a day is probably fine for an update.

When you are away from your team (say, on a Friday, when all team members are usually in their home office), use voice mail for updates and questions. Most consulting firms communicate as a voice mail culture, meaning that the equivalent to calling a person directly is to leave a voice mail. The recipient can simply hit the "reply" command to respond. Use voice mail for issues of medium urgency, and use email when you can wait 24 hours or more for a response. By the same token, try to reply to each voice mail within two hours or so of its delivery. (Especially at junior levels, consultants are not busy enough to excuse a tardy response.)

Make sure your e-mail doesn't pile up (like your personal e-mail), especially for your project work. To get yourself started on the right foot, play a little game with yourself: give yourself no more than 24 hours to respond to every work e-mail, and buy yourself a little gift for every 10 you successfully respond to on time.

Ask lots of questions

Did one of your junior high teachers waggle his finger at your and claim, "The only stupid question is the one that's never asked?" Remember, you are a new consultant and you are supposed to know nothing. If you are fresh out of college, you are not expected to know what a discount rate or DCF is. At MBA or lateral hire levels, you may have never seen a decision tree before. If you feel at all self-conscious about asking silly questions, you'd better stop it right now. Ask away! Internally, consulting is entirely about mentorship and grooming new consultants, and Q&A is the only way to learn.

At the beginning of your first few projects, take a minute during the kickoff meeting to remind your team members that you are still new to the firm, and you would like to set the expectation that you will be asking the team members lots of questions. This is a really good step to take because (1) It shows that you are proactive about learning and doing a great job and (2) Your more senior team members will be prepared to help you and not be surprised or frustrated when you come to them for help.

One great way to make sure you ask and answer your questions is to keep a question journal. Isolate a couple of pages in your notebook for this task. When something comes up, write it down, whether it's about your firm's methodology, an industry term or how to find the online time tracking system. Once a day, flip through the questions and figure out which ones make sense to ask. Don't forget to jot the answer down next to the question when you're done.

It also helps to have a "buddy" in the firm who can be your go-to resource for mundane things like voice mail or expense guidelines. Many firms will actually assign you a buddy for this reason. If you are not assigned one, figure out who you feel most comfortable talking with and ask that person directly if he or she wouldn't mind being your resource for all things mundane. Again, the point of this isn't to get permission, but to set the expectation with the person that you will be coming to them on occasion for help.

Getting Staffed

Now that you're staffed, guess what? Your job search, in essence, begins all over again. That's because your first few assignments can be critical to your future at your firm. One frequent danger is pigeonholing. (The danger of this tends to be greater at larger consulting firms.) Complete a computer-based training module about the programming language COBOL, go on a few successful COBOL training assignments and voila! – you're a COBOL expert and will be primarily, if not exclusively, on COBOL assignments. This is fine if you're got a desire to specialize, and even better if you happen to become an "expert" in an area where assignments are diverse and plentiful.

However, there can be drawbacks to such an approach. You might grow to loathe COBOL. You might be routinely staffed on assignments where travel is unavoidable. COBOL might be the furthest thing from your career goal.

Ask yourself a few questions. Where do you want to work? Do you want to travel? Do you want to work with a particular client? (Many consulting firms have bread-and-butter clients with whom they routinely work.) Do you want to stay with this firm for a few years, or for a career?

If you're not in an area you like – or worse, if you're not getting staffed at all – you have a few options. Do your best to receive training in an area that interests you. Ask those a level above you, as well as your mentor (whether informal or assigned by your firm) if they are aware of any current or upcoming projects in your preferred area. Some consulting companies have internal intranets; don't be shy about using yours to locate projects that interest you and the appropriate contacts.

You may or may not have a representative in human resources who staffs you. Make sure you meet your HR rep and communicate your preferences to him or her regularly. But be warned: while some HR reps are looking out for your best interests, many are simply trying to staff warm bodies.

If you're new to the organization and know no one, you may not have any options. You may need to take whatever is given to you, be a team player and do the best job you can. If it's not your first choice, in a diplomatic way, make sure your HR rep knows that – to be able to better fit you in your next role. Then use that project to become known as the person who has the great attitude, can do anything, and is someone people want to work with.

Even if you despise your project, build relationships with project managers on every project you are staffed on. They are the front lines to the staffing opportunities, deciding who they want to be on their team. Those managers will also support you for promotion and help you navigate through the company. Soon, you will be staffed directly on projects by your contacts.

Better Billing

By Hannah Im

Billing is an essential part of being a consultant. It's easy to fall into sloppy or even unethical billing; make sure this doesn't happen to you.

The honor policy

As consultants, it's very easy to take advantage of our accounting departments, especially in large firms where almost every consultant travels most of the time. Expenses add up quickly, and most accounting departments only spot check expense reports. We are supposed to submit our reports to our managers for their sign-off, so the accounting staff can focus on processing, rather than on reviewing each report. But when everyone is traveling and working long hours, the review policy can be somewhat lax.

Most of our managers expect us to abide by the unwritten honor policy. However, I've heard of many instances when this policy is abused. It is especially easy to abuse the policy when consultants receive per diems, instead of having to submit hard copy receipts for exact amount reimbursement. Consultants may exaggerate the cost of dinners, report a higher tip than they paid for their taxi rides, and charge through expenses under false scenarios. For example, some consultants double their receipts by going out for meals in large groups and allowing the one who paid to expense it, then expensing a portion for themselves too.

Then there are the expenses that just make no sense. I know of one firm that allows partners to expense their babies' diapers but frowns on directors who try to do the same. In another instance, consultants have "treated" their clients to topless clubs or pub crawls. The consultants charge through the expense as "client entertainment" or "project development" (or some such equivalent), though the client is ultimately billed for it anyway. Of course the clients see only the lump sum on their bills and usually refrain from asking to see the expense reports. But imagine the consequences if a client ever found out the actual expense.

Stealing from yourself

Expense reporting ethics are very important to the health of the firm. All financial concerns, be they incoming or outgoing, impact the firm's bottom line. This, in turn, affects consultants' bonuses. Also, if unethical behavior is caught, it can debilitate a client relationship, not to mention result in an employee's termination. Additionally, imagine your spouse's reaction when you tell her you got fired for something as petty as lying about your expenses. Or try explaining it to a future employer.

You probably will not lose your job if you are ever caught. The more likely scenario is that management would have a conversation with you to make sure you understand the policy. You will probably only lose your job if you take advantage of the system too frequently or get caught with unacceptably large sums. Be warned that the firm holds the right to take legal action against you, in addition to firing you.

By and large, consulting firms are very proud of their code of ethics. Our business is built on trust between the firm and its clients. Breach of expense reporting ethics is breaching the clients' trust. Put in more basic terms, cheating on expenses is no different than stealing. To make it worse, it is not stealing from an employer, but from your own pocket. The firm's revenues are put toward business continuity and your salary. To steal from the company is to steal from your future with the company and from the salary you would have received anyway. Moreover, dishonesty about your expenses is unfair to those who choose to be honest. So not only do you steal from your future with the company and your salary, you also steal from that of your colleagues.

Think twice

Sure, everyone does it once or twice. I admit to taking a taxi on the firm when I worked fewer hours than the policy states, only because I was too tired to take the train. I also admit to fabricating amounts when I lost the receipt and failed to remember the exact amount. I did so knowing that neither the firm nor the client was going to care about a difference of $20. And I did not allow it to become a habit. In total, I probably owe all my employers less than $300 over my entire career. I would not be surprised if others, including top-level management, owe similar amounts, if not more.

A few hundred dollars here and there, multiplied by hundreds of thousands of consultants adds up to impressive sums. That money could have been spent on training or better laptops or other resources that would help to improve your job performance. So next time you submit a report, think twice about how you write the report. Scrutinize your motives and the potential short-term and long-term consequences. If nothing else, by reporting your expenses accurately and honestly, at least you never have to wait for the reimbursement check, wondering if anyone will catch you in a stupid lie.

On the Beach

By the time you've worked in consulting for a few months, you'll be very familiar with the expression "on the beach." This simply means that you are not staffed on a client-billable project. The more consultants a firm has on the beach, the lower the firm's utilization rate. In times when clients spend more on consultants, utilization rates can be in the 90 percent range; in economic downturns, the industry's average firm utilization rate can be as low as 50 percent.

Being on the beach is a mixed blessing for consultants. On the plus side, it means you are not traveling, for once, and you can come into the office at nine and leave at five. On the negative side, it means that you are not gaining any project experience, and the less project experience you have, the less development as a consultant you get, the less likelihood you have of being staffed and the higher chance you face of being let go by your firm. So while being on the beach for a little while is a good thing; too much beach time is something you want to avoid.

That said, there are some productive ways you can spend your beach time.

Play catch up

First, take some time to regroup. Catch up on your expenses and time tracking. Clean your desk. Take care of that health insurance paperwork with your HR folks. Answer those nagging emails from a month ago. Everyone needs downtime for such things, and everyone you work with will understand that you deserve it.

Don't feel bad about squeezing in a little personal time over a couple of days for errands. This is a good chance to get back to the dentist or do that physical you've been meaning to get out of the way. Also, you might as well schedule the cable guy to swing by to fix your cable box, so let someone know you're working from home on Tuesday. And you can finally get some lunch with your college roommate, since you're not traveling. Don't go overboard with the personal stuff-just realize that this is a good time to fit a few things in.

Network for new projects

Revisit the mental process you went through the last time you were staffed . What did you get out of your last project? What are your current project goals? What industries would you be interested to work in next? What skills would you like to develop? Be sure to jot these down and keep them on the tip of your tongue, for you will need to start communicating these topics to others.

If you have someone assigned to staff you, let that person know you're available. You will need to start networking for a new project right away. Target a few partners and senior managers and leave them voice mails, letting them know that you are checking in and looking for a new project. If you're in the office, pop by a few desks and see if the partners you know are close to a selling a new piece of work, and let them know you're available. Remember that your contacts (partners and senior managers) are busy, so you will need to keep following up with them to see if new opportunities have materialized.

Marketing work

When firms aren't working on consulting engagements, they are working on acquiring them. You can guarantee that the partners selling work will always want help doing so. Such help will usually be in the form of research. You might write up an industry overview and do a competitive assessment. You might create a deck of slides on a potential client and come up with possible issues they are facing that might require the help of a consultancy. Or you might be put to work on a draft of the actual proposal.

Be sure to ask your contacts above if they need help on sales and marketing and offer your assistance. While they may not always have a live project available for you, they very likely could use your help elsewhere. And, if you help a partner sell work, he or she will already know that you are familiar with the client and would be likely to staff you on the project.

Internal studies

Many consulting firms put out white papers and articles. Many efforts are the pet projects of just a few people, so opportunities to work on them are few and far between, but sometimes the writers need extra help with research and editing. Find out from your mentors in the firm who manages these efforts. Call up those contacts and ask how you can help. You will probably have some chasing around to do, so keep at it. With luck, you might find yourself working on the next *Harvard Business Review* article. Some larger consulting firms also have intranets where consultants are encouraged to post findings and articles. Why not do so? Partners looking for consultants with specific expertise may be moved to call you in.

Self-training

If you have looked for new projects, done all the available marketing work, and tried to find internal studies to work on, then you still need to keep yourself busy. This is a great time for self-training. Look over your development goals for the year and take steps to pursue them. For example, is your goal to learn Visual Basic? Buy yourself a book and spend six hours a day reading and doing the exercises rigorously. In two weeks or less, you will be reasonably proficient at Visual Basic. (Keep the extra two hours to continue to network for other internal and external opportunities.) Do you want to gain expertise in the energy field? Spend the time reading trade journals, taking notes, and scheduling time with your firm's energy experts to pick their brains.