

## Coleton Consulting [Human Resources Consulting Firm] - Interview Transcript

**Interviewer:** Your client is a human resources consulting firm based in London. Over the past few years, the firm has been struggling to retain its top talent and consultants. Employee attrition rates have been steadily increasing. Could you walk me through how you would diagnose the issues and provide recommendations to improve retention?

**Interviewee:** Sure, I'd be happy to walk through my approach. To start, I'd want to better understand the client's business - what are their main service offerings and target industries? Who are the major competitors and how does their talent retention compare? Historically, what has driven growth and profitability? This context would help frame the rest of the analysis.

**Interviewer:** The firm offers end-to-end HR consulting focused on compensation, benefits, change management, organization design, and leadership development. They primarily serve financial services clients. Competitors have slightly better retention rates. Growth has been driven by existing client expansion and new clients. Profitability correlates to consultant utilization rates.

**Interviewee:** Thank you, that's very helpful context. My approach to diagnosing the root causes of attrition would be to analyze across three dimensions - organizational culture and work environment, career development and growth opportunities, and compensation and benefits. Starting with culture, I'd look at workload and work-life balance, office politics and leadership style, diversity and inclusion programs, and recognition and rewards. Could you share any insights into the current culture? Are there any red flags?

**Interviewer:** Workloads have increased significantly as the firm has grown, and work-life balance is frequently raised as a concern in exit interviews. The leadership is seen as disconnected from day-to-day realities. D&I initiatives are nascent. Consultants often feel under-recognized.

**Interviewee:** It seems like the work environment needs improvement in terms of work-life balance, leadership disconnect, and lack of recognition. I would recommend focusing on cultural transformation - leadership coaching, improved communication, and enhanced recognition programs. Now, looking at career development - what training, mentoring, and promotion pathways exist currently?

**Interviewer:** Training is inconsistent and driven by client needs, not individual development. Mentoring is informal. Promotions have slowed despite a growing talent pool.

**Interviewee:** There's a clear need to invest more in formal training and mentoring programs and create transparent promotion paths to provide growth opportunities, especially as the firm expands. The organizational design may need realignment as well. Finally, on compensation - how does pay compare to competitors? Any issues with the bonus structure?

**Interviewer:** Pay is 10-15% lower than competitors. Bonuses are tied to firm profitability rather than individual performance.

**Interviewee:** In that case, I would recommend a compensation benchmarking exercise to remain competitive and a bonus redesign to tie bonuses to individual contributions.

# Coleton Consulting [Human Resources Consulting Firm] – Detailed Case Analysis

## Defining the Purpose:

The purpose of this case study is to explore the challenges faced by a fictional human resources consulting firm in improving talent retention and reducing high attrition rates. The key objectives are to diagnose the underlying issues and provide solutions to enhance employee engagement and retention.

## Understanding the Industry and Company:

The industry is human resources consulting, with a focus on services like compensation, benefits, change management, and leadership development. The fictional company is Coleton Consulting, based in London. Coleton is a mid-sized firm founded in 2010 that serves clients predominantly in the financial services sector.

## Understanding the Background:

The HR consulting industry has seen steady growth over the past decade, driven by high demand for talent management services. However, consulting firms face challenges in retaining top talent due to demanding workloads and a lack of work-life balance.

## Problem Definition:

Coleton Consulting has struggled with increasing attrition rates over the past 2-3 years despite business growth. The loss of top consultants is impacting service delivery and customer satisfaction.

## Key Characters:

- Sarah Mills, CEO
- John Smith, Head of Consulting Practice
- Emma Thomas, Senior Consultant

## Current Scenario:

Despite efforts to reduce attrition, Coleton has continued to lose top talent. Emma recently resigned due to burnout and lack of career progress. Customer feedback indicates quality issues on recent projects.

## Key Data and Information about the Organization:

- The attrition rate increased from 12% to 18% over 2 years.
- Exit interviews reveal concerns with work-life balance, career growth, and compensation.
- The utilization rate is 93%, with an average of 60+ hour work weeks.
- Pay is 10-15% below industry averages.

## Situation Analysis:

The analysis indicates issues with the work culture, lack of career development, and non-competitive pay. Long work hours are burning out employees.

### **Possible Solutions based on Analysis:**

- Redesign performance management and promotions.
- Institute formal mentoring/training programs.
- Increase pay and restructure the bonus scheme.
- Hire additional staff to reduce the utilization rate.
- Offer flex schedules and remote work options.

### **Approach:**



### **Best Solution/Recommended Solution:**

A combination of promotions, training, competitive pay, and work-life balance initiatives is recommended. This holistically addresses the issues identified.

### **Other Suggestions:**

- Redesign promotions and implement mentoring programs.
- Conduct market pay analysis and adjust compensation.
- Hire 5-10% more consultants to reduce utilization/hours.
- Institute flex schedules and remote work options.
- Develop manager coaching on work-life balance.

### **Potential Results and Outcomes:**

The expected result is an improved culture and a significant reduction in attrition within 12-18 months. Risks include high costs of implementation and management resistance. Success metrics are attrition rate, employee satisfaction, and customer retention.