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JAY W. LORSCH
JOHN J. GABARRO

Cambridge Consulting Group: Bob Anderson

As the 747 circled and climbed eastward out of Los Angeles International Airport, Bob Anderson began to unwind from the grueling 48 hours in Los Angeles. As managing partner of the High Technology Group of the Cambridge Consulting Group (CCG), he had spent two long days defining a consulting project for a rapidly growing bio-tech company. Now, while some of the junior members of his team were doing preliminary data gathering, he was flying back to Boston to meet with another client.

Since the computer had not placed anyone in the other seat of his row, he was left to his own thoughts as he sipped a glass of white wine. His thoughts quickly turned to CCG and the Technology Group. He began to reflect on how he had performed during his second year as group head. He began to wonder if, in spite of the great year his group had had, how well he was doing in managing the group for the future. Were they positioned to handle the intensifying competition and was he developing younger staff for the changes the organization would require given the rapidly growing number of clients?

The Firm

CCG, with revenues of $170 million, had been highly successful during the past decade. The firm had 52 partners and operated offices in Boston, Chicago, San Francisco and Toronto, as well as in London and Singapore. The firm's success was reflected in its record profits in each of the prior three years. These profits were generated by a particularly strong showing in working with rapidly growing firms, including high tech ones, as well as a strong practice in implementing mergers and acquisitions.

Much of the firm's success was attributed, by both industry observers and partners, to the firm's rich traditions and strong reputation among its clients. Where many in the industry argued that it was difficult to hold long-term relationships with the same clients, CCG partners believed that the trust and confidence of its clients were a key to the firm's past and future success. The best way to meet these clients' needs was to tackle any client problems or opportunities with team effort and provide long-term service. In fact, CCG partners prided themselves on being able to put together a team of outstanding talent drawn from anywhere in the firm to meet a client's needs.

Professors Jay W. Lorsch and John J. Gabarro prepared this case. This case is not based on a single individual or company but is a composite based on the authors' general knowledge and experience. Funding for the development of this case was provided by Harvard Business School. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

With the firm's rapid growth and a desire to hold the number of partners relative to the professional staff constant, each recent year saw an increasing number of the firm's activities being conducted by non-partners, vice presidents, and more junior professionals (associates). To fill the need for its growing cadre of vice presidents and associates, the firm actively recruited at major graduate business schools in the United States, especially Columbia, Harvard, Stanford, and Wharton. In fact, over 70% of its professional hires in the past five years had MBA degrees from such schools.

The High Technology Group

At 42, Bob Anderson headed a group that included one other partner, five vice presidents, and fourteen associates. Bob had graduated from Williams College with a major in economics and had subsequently worked for a large consumer products firm. After two years with the company, he went on to the Harvard Business School from which he graduated with high distinction. He joined CCG immediately after business school and was made a partner ten years later at age 38 and after two years was put in charge of the High Technology Group.

This group was one of four within the firm which focused on a particular type of industry. The others were banking, transportation, and retailing. Other clients were serviced by a pool of consultants, who usually maintained relationships with companies in specific geographic areas such as the Midwest, Southeast, or West Coast.

The focus of the High Technology Group was on companies whose basic strategy was in new technology, whether it be electronics, computers, pharmaceuticals, or biogenetics. While the group had been successful before Bob assumed its leadership, its performance in the past three years had been nothing short of spectacular. Gross billings had grown at a compounded annual rate of 26% and its success rate in attracting new clients (closure rate) had grown from 20% to 50% in the last three years.

As Bob ruminated about the group, he recognized all of these as signs of his successful management. And he added to them the strong relations he and the other consultants in the group had developed with their clients. They understood these rapidly growing companies well and had earned the respect of their top managers.

Anderson's Concerns

In spite of all these positive signs, Bob was uneasy as he sipped on a second glass of wine. One source of concern was the other partner in his group. John Burgess was in his late forties and had been involved with their high tech clients for almost a decade. John knew the consulting issues related to these companies and did a good job in serving them. Yet he was not forthcoming with new ideas and was not productive in developing new client relationships; nor did he go out of his way to provide guidance to the vice presidents or associates, except when they were working directly with him on a project.

Bob had always suspected that John was surprised and resentful when Bob was asked to take the leadership of the group instead of him. Bob had always been respectful of John's opinions, but realized that he had not asked for his help in leading the group. What had evolved was a polite but distant relationship between them.

As the group had grown and the pressures on him had built up, he had occasionally wished John would come forward and offer to share the burden, but he didn't. He now realized he resented this. In fact, he found himself feeling quite angry. He felt that John was getting rich as a result of his efforts, while only doing what was needed to handle their established clients.

Having sunk into this reverie, he hardly noticed what he was selecting from the tray of appetizers the flight attendant held in front of him. In fact his thoughts leapt on to his five vice presidents. All had excellent B-school credentials, were in their early thirties, and all had been very effective as associates. He had inherited three of them from his predecessor and had pushed for the promotion of the other two, including Jane Reynolds, one of a small number of female vice presidents in the firm. The five of them were the workhorses of the group, he knew. They worked long hours and got the job done. He wasn't so far away from being a vice president himself that he couldn't remember the frustrations they must have and the stress of the long hours and the constant travel. The hoped-for reward in addition to money: partnership! That's what made it all worthwhile. But given the ceiling on new partners and the growth in the firm, there was no way they were all going to make it. Maybe one or two of the five, but no more.

That reminded him of a conversation he had had with Jane on another transcontinental flight last summer. It started innocently enough. He'd thought he'd ask her how things were going, to show interest. That was something that Jerry Davis, vice president of professional development, had suggested might be useful to help understand his staff's attitudes. Anyway, it had sure backfired. Initially Jane expressed concern about business problems—did they understand the long-term competitive situation? Why were there so many misunderstandings and arguments with the staff in other offices? What could he do to help with the chronic under-staffing she and other vice presidents faced? How could they teach the associates, when they were so busy? All of this, he had heard from the other vice presidents—so it seemed like normal griping. But then she got more personal. She was not getting any feedback from him about how she was doing, or about her chances to make partner. All she heard were rumors. She worked 'like the devil' to the detriment of her marriage. She seemed to think a divorce was a distinct possibility. It had been a disturbing conversation—it reminded him of that line from 'My Fair Lady': why can't a woman be more like a man? At the time he thought, maybe she had too much scotch. After all his efforts on her behalf, her complaints had left him feeling angry. Now, six months later, he was wondering—was she saying things that his other vice presidents felt but were too afraid to say? If so, he had more problems than he thought.

Then he connected another set of events and concluded he might really have serious problems with his vice presidents. Nine months earlier, Bill Prince, another vice president, had come to him with the news that he had just been offered a key job in the Midwest with a newly formed consulting division of a large public accounting firm. Because his wife wanted to stay in Boston, Bill said he wasn't inclined to consider it seriously. Besides, the immediate compensation was much lower than he was receiving at CCG. Yet the offer and the opportunity to make partner there led to several conversations about his future at CCG. In one of them Bill made a comment which now seemed more ominous than it did originally. Bob could remember it verbatim:

> You know December is the worst time of the year for me. I get a huge bonus. I earned $450,000 last year, but what's sad is I don't feel good about it. When I get the bonus news in December, I don't get any other feedback—How am I doing, what are my future prospects—to be a partner? What do I need to prove to make it?

Bob now wondered whether that offer had really been unsolicited or whether it was Bill's way of getting attention.

After the supper tray was cleared away, Bob turned on his laptop to do some reading and analysis in preparation for tomorrow's meeting. But he found it difficult to concentrate. Not only was he wondering about his vice presidents, he also began to recall several recent encounters with his associates.

The Associates

The fourteen associates were all under thirty. They all had MBAs from prestigious business schools and graduated at the top of their classes. Having been with the firm for three years at the most, they were still learning about consulting in general and CCG in particular.

What immediately came to mind was Jerry Davis's comments at the Partners' meeting last year. He said that the associates felt disconnected from the firm and needed more direct contact with the partners. Bob had been among the majority who greeted this news with a hoot and a moan. He remembered one of the other partners saying, "It's a tough world out there; these associates need to learn to swing on their own. We can't coddle them." And Bob had silently agreed. Even when the chairman had jumped in to support Davis, Bob remembered thinking, "My associates are hard working. They are turned on, really doing the job!" He still believed this was fundamentally true, but now he realized he didn't have any hard evidence one way or the other. In fact, he rarely had time to speak to associates unless they were working on matters of immediate concern to him.

Bob tried to square Davis's information with his own impressions of his hard-working associates. Were his associates that dissatisfied? After all, they were the cream of the crop from their business schools, and they were getting paid very high compensation and were doing challenging work. Nobody was quitting! Yet on the other hand, he knew he spent virtually no time with them, and the vice presidents and other partners in the group probably didn't have much time or interest in them either. There were no rewards passed out for developing associates. Rewards came for developing business. He had to admit it was very different now from his own early experience after joining the firm. Ten years ago there were fewer associates and the good ones seemed to find a partner to whom they could attach themselves and learn.

He tried to turn his attention back to the preparations for tomorrow's client meeting. After all, even if there were real problems with both the vice presidents and the associates, he couldn't deal with them at 39,000 feet. Tomorrow afternoon he'd think about all of this some more.

The Changing Marketplace

Putting these concerns aside was no solution, he realized. He'd been procrastinating in the same way about doing any long-range thinking about his business. David Lipscomb, the partner in charge of the Boston office, had been pressing him for ideas about the longer-term issues in the high technology industry, but Bob never had time to think about them. He opened a new document and typed out several strategic questions he wanted to answer for himself and David:

> What impact would a decline in defense spending have on the business? Are we vulnerable to foreign competitors? Are major international firms like McKinsey and Booz Allen going to focus on emerging firms that are so important to CCG? What do the megamergers in the telecommunications and pharmaceutical industries mean for our high tech clients? Is it a threat or an opportunity for them and for us?

What bothered him most was that he remembered making those notes on a prior transcontinental trip last spring—over six months ago.

The Time Bind

Time, that was really the heart of the matter. Whatever else he should be doing—dealing with his partners, sorting out the vice presidents' and associates' concerns, doing strategic thinking—there weren't enough hours in the day to do it. He was already working too many twelve- to-fourteen-hour days, to say nothing of weekends. He was driving the business development effort through his personal contacts with present and future clients. He had to get into the details of his projects because the clients were paying for his talent. Besides, he enjoyed it and was good at it. In fact, he recalled how much he resented having to take time out to interview new candidates at Wharton and Stanford last fall. And he really disliked being placed on firm committees. It was a nice honor, and indicated that the Management Committee recognized his abilities and contribution, but he needed more work like a hole in the head.

As the seat belt sign went on indicating the beginning of their descent into Logan Airport, he reached one conclusion. Jane Reynolds wasn't the only one who had problems at home. If he spent any more time on CCG business, he might have to kiss his own marriage goodbye. Barb had said over dinner the other night that she'd gladly trade some of his income for more of his time for herself and the two kids. Her repetition of this theme was becoming increasingly vehement. He knew what she was saying because the kids were already twelve and fourteen and sometimes he felt like he hardly knew them.

He found himself in an increasingly discouraged mood as the plane landed. Maybe there was nothing to be done but to keep plugging along. Maybe he should try to sell the office partners on the idea of assigning him a vice president as a group administrator. One of the other partners had done this. Oh, hell, he thought—I've spent six hours fretting over all this nonsense, and I still have to get ready for tomorrow's meeting.