



# Newsletter

A Publication of The Association of Internal Management Consultants, Inc.

## Important Dates

### 2002 National Conference

Sunday, May 5 through  
Wednesday, May 8  
Sawgrass Marriott  
Jacksonville, Florida

### Pre-Conference Workshop

May 5, 2001

### Core Conference

May 6-8, 2001

### AIMC Corporate Council

#### Annual Meeting

September 14, 2001  
Dupont  
Wilmington, Delaware

### Fall AIMC Newsletter Deadline for Articles

September 10, 2001

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Neal A.C. Braver, AIMC

## 2001 Conference Held in Marco, Island Florida A Success!

The 2001 AIMC National Conference was held May 5-7 in Marco Island, Florida, attracting over 70 attendees. This year's theme—The 21<sup>st</sup> Century Organization: Internal Consulting in the New Economy—covered consulting techniques for creativity, innovation and learning; the role of the internal consultant in the e-business environment; current trends in internal consulting; and cutting-edge on-line tools and products. This year was best summed up by AIMC member, Linda Padfield, Director of Organizational Development for INCO: "This variety of ideas in a short space of time helped me to rethink my own world and return to the job with new approaches."



Beautiful vista at the Marco Island Marriott in Florida.

The Marriott Marco Island resort provided a backdrop for learning, networking and leisure. Chairperson Cindy Karst and emcee Bill Trotter organized an agenda that was built on the pattern of the previous two conferences: A pre-conference workshop followed by a conference that balanced internal consultants discussing their practices with outside experts and experiential work sessions. The pre-conference workshop, *Value-Added Project Management and Aligned Implementation*, was presented by Dr. Bill Lareau of Kaufman Consulting Group, and attracted 15 attendees.

Conference presenters included Internal Consultant Eva Eagle, Director of Projects for Kaiser Foundation Health Plan, and Laurie Szilvagy, of DTE Energy. As in previous years, the AIMC Corporate Council provided its research on trends on internal consulting, and Bill Trotter provided the results of the ongoing feedback survey profiling internal consulting practices (see article on page 7). Expert presenters included Stanley S. Gryskiewicz of the Center for Creative Leadership, and Rick Hardin of Mercer Delta Consulting. Evening events included receptions, dinners and a nightly trip to the beach to watch the sunset over the Gulf of Mexico.



Attendees played the role of the client in a session with Dr. Chris Musselwhite.

### What Was New This Year?

This year's conference included an experiential session with Dr. Chris Musselwhite, President and

*continued on page 2*



Bill Trotter, Ph. D., Strategic Management Consulting

## President's Message

This issue of our newsletter contains an overview of several key activity areas of your AIMC. Our recent national conference in Marco Island, Florida was a great success.

In addition to an impressive roster of outside speakers and IC practitioners, we introduced our five resource Spotlight sponsors:

- Virtual CEO
- The Kaufman Consulting Group
- Discovery Learning
- Watson Wyatt
- CEO Alliance

Details regarding our sponsorship program are highlighted on our web site ([www.aimc.org](http://www.aimc.org)). I would like to ask all of our members to refer potential candidates, who you feel would provide useful consulting tools and techniques, to the Web site for more information.

An upcoming event of interest is highlighted in the article on the Corporate Council (on page 3). Please join us at Dupont in September to learn more about the activities and membership benefits of this vital network of IC practitioners.

We are looking forward to a successful conference next year at the Sawgrass Marriott in Jacksonville, Florida.

### Year 2001 Conference Held in Marco, Island Florida *continued from page 1*

CEO of Discovery Learning. On the second day of the conference, Dr. Musselwhite led an hour and a half exercise demonstrating how an individual consultant's and client's preference for change impacts on the consulting relationship and team dynamics (see article Consulting Style Indicators: *How Does The AIMC Stack Up Against The Industry?* on page 5). Through role playing participants experienced a consulting relationship from the client's perspective; they saw how the client's preferences impacted the success of the consulting engagement.



*Exercises demonstrating how a consultant's and client's preference for change impacts the consulting relationship and team dynamics.*

New this year was the sponsorship by consulting vendors. Sponsors received space on the conference brochure, a link on the AIMC conference site, a booth at the conference and the opportunity to display their materials in the conference room. According to Vic Revenko, AIMC's Chairman of the Board, "This sponsor strategy was to build new relationships with organizations that would provide financial support and add value to membership and a new avenue for membership development. Feedback from

one sponsor, Virtual CEO, was very positive. All the sponsors were impressed with the quality of the meeting and the caliber of members."

The Showcase Spotlight was shared by Virtual CEO, The Kaufman Consulting Group, Watson Wyatt & Co., Discovery Learning, Inc. and the CEO Alliance. The Showcase provided additional depth of information to attendees. Spotlight sponsors provided thought provoking, hands-on examples of their tools and services. In addition, Virtual CEO sponsored a number of events, including a cocktail reception and dinner, broadening the conference activities.

The AIMC thanks Cindy Karst, Bill Trotter and Francine Sandomeno for their commitment and hard work in planning and running this year's conference. We also thank all sponsors for their contribution to the success of this year's conference and look forward to a terrific conference next year.

### Help Us Identify AIMC's CSI Database

Help us define the CSI's for AIMC members. Visit AIMC's web site and click on the CSI Survey button and answer the questions on the survey.

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# AIMC Corporate Council

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The next AIMC Corporate Council Meeting will be on Friday, September 14, 2001. Under the guidance of Nanette Rivera, AIMC's Vice President of the Corporate Council, the Council will return to its quarterly meetings, rotating to different hosting sites. September's meeting will be hosted by Brian Daggett, Planning and Resource Manager at Dupont. The meeting will be held at Dupont in Wilmington, Delaware.

The Corporate Council is composed of one representative from member companies who have joined at the Corporate level. The purpose of the Council is threefold:

First, the Council serves as an ongoing learning and networking forum for its members. It provides a discussion venue on issues pertinent to internal consultants, allows organizations to share best practices, and provides applicable practice ideas for members to take back to their workplace.

Secondly, the Council conducts research on topics of interest to the internal consulting community. In the past, the Council has developed the AIMC Model for an Internal Consulting Organization and a balanced score card to measure the effectiveness of an internal consulting group.

Third, the Council serves as an advisory group that provides input into AIMC's direction. This input serves as a trueing mechanism that allows the AIMC to better serve its primary constituencies: The internal consultants.

The agenda is designed around these three areas: An open discussion on AIMC business, a networking discussion among internal consulting managers on best practices that they can take back to their workplace, and work on continued research by the council.

## Interested In The Corporate Council? Attend A Meeting On Us!

Any internal consulting manager (member or nonmember) is welcome to attend one meeting (one time only) of the Corporate Council without paying the fee to join the AIMC or the Council.

For more information about attending a Corporate Council session, or for info on the upcoming session, contact the AIMC Office at 508-820-3434.

Michael Venn, Kohler Company

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## AIMC Offers Help With Certified Management Consultant Certification

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Certified Management Consultant (CMC) is the mark of competency for the management consulting industry and is recognized in over 30 countries. The CMC designation is consistent with internationally accepted standards and indicates that a management consultant meets certain requirements of character, education and experience.

The AIMC, in conjunction with the Institute of Management Consultants (IMC), offers help in the CMC Certification and Recertification of our current members and new members. The application for Certified Membership requires each candidate demonstrate that he or she is engaged in internal consulting, and devotes a substantial majority of their working time to internal consulting or the administrative or supervisory support of internal consulting.

The certification process is based upon a point system. Initial points will be given in the areas of education, work experience, and professional activity. A total of 40 points must be obtained to qualify for mandatory written

examination on professional ethics and the certification interview with three Certified Management Consultants (CMC's) (Certification Interview Panel). The examination and interview may be administered in several U.S. locations each year at the sole discretion of the IMC.

The AIMC is proud of its many members who carry this designation. In support of this certification process, the AIMC will be providing a pre-conference workshop at its conference next May along with coordinating certification interviews during the conference for any member at this stage of the certification process.

For more information, please view our web site [www.aimc.org](http://www.aimc.org) or the IMC's web site [www.imc.org](http://www.imc.org)

*Note — The Institute of Management Consultants (IMC) is a member of the International Council of Management Consulting Institutes, which represents the "independent" management consulting profession.*

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# AIMC Announces Version 2.0 of its Web site with Special Members-Only Information

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The new version 2.0 of AIMC's web site ([www.aimc.org](http://www.aimc.org)) is on-line. While the look and feel is the same, the operation is vastly different. According to Neal Braver, AIMC's Vice President and Web Master, "We've increased functionality and information. Our goal is to ensure the site provides information of vital importance to the success of our AIMC members and is useful in attracting new members."

"With this in mind we have updated sections to broaden the member's ability to network and be involved in the organization—for example providing conference registration, access to other members, and detailed information so those interested in membership can get the facts they need to make a decision to join."

New to the site are the Members-Only sections, membership and conference registration, and recommended consulting links. Registration includes on-line forms allowing immediate registration for membership and events. The links include sponsoring consulting services companies who pay to be listed, as well as non-profit consulting related associations who will be providing a reciprocal link at no charge.

## The New Members-Only Section

Key to the improved site is the new Members-Only section. The section is designed to provide additional membership benefits to our active members. Included in this section are:

### Membership Directory

A searchable database of all existing members of the AIMC, including member names, emails, phone numbers, company names and addresses. The Directory is searchable by member names, member company and practice area. It helps to identify other practitioners and similar companies with similar issues, or simply locate other members.

### Publications

All recent publications of the AIMC will be available to members on-line in .pdf format. The newsletter and AIMC Forum will be readily accessible for review and downloading.

### Conference Materials

For the first time, key presentations of each year's conference will be available on-line for all members, to keep them abreast of important consulting skills and knowledge and access to important information for those unable to attend the conference.

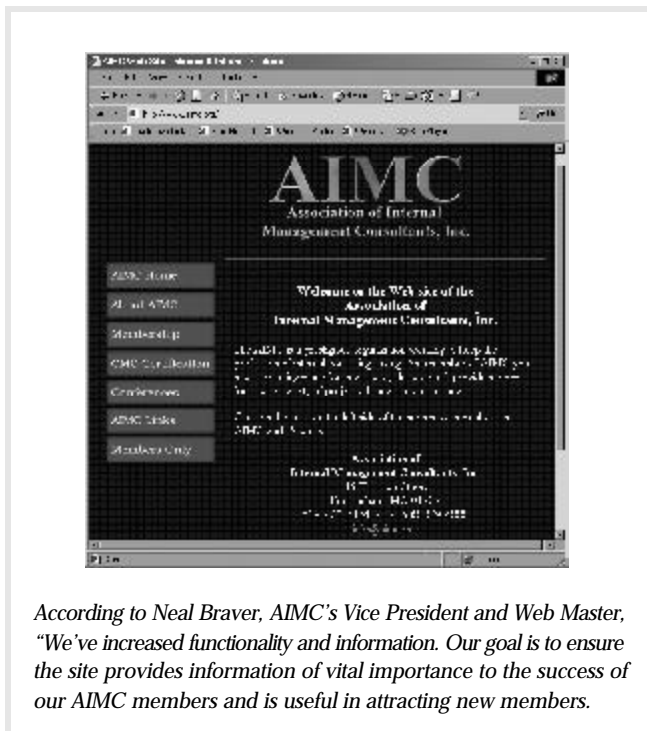
**Please Note:** Access to the Members Only section requires a user id and password. The user id and password for the members-only section will be the same for all members and will be changed periodically. You will receive this information by email. If you do not receive this information, call the AIMC Office at 508-820-3434 or email [info@resource-network.com](mailto:info@resource-network.com) to get the username and password.

## The Future of AIMC.org

The site will evolve with time, and depends on feedback from you – the AIMC members.

"We are wordsmithing and reformatting some of the older sections to be more user-friendly and we will be adding new sections and tools," explains Braver. Future improvements to the site will include the consulting links, a Corporate Council section, special models and research conducted by the AIMC and its members, a bulletin board, and improvements of the sites look and feel."

If you are interested in providing input to the site, please contact Neal Braver at [nbraver100@aol.com](mailto:nbraver100@aol.com).



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# Consulting Style Indicators: How Does The AIMC Stack Up Against The Industry?

**At the 2001 AIMC Conference, Dr. Chris Musselwhite introduced Discovery Learning's Change Style Indicator: Styles, similar in concept to Myers Briggs Type Indicator, but focused on an individuals preference for change. The Change Style Indicator (CSI) places individuals on a continuum from Conservers to Pragmatists to Originators depending on their preference. Dr. Musselwhite then facilitated a 'human distribution chart' where participants placed themselves according to the results of Discovery Learning's written evaluation of personal preferences.**

**The following is Dr. Musselwhite's findings from the exercise, comparing the conference attendee's results to the consulting profession and six other professions. You can learn more about the CSI by visiting Discovery Learning's web site at [www.discoverylearning.net](http://www.discoverylearning.net).**

When we started publishing normative professional data on Change Style Preferences, some very interesting patterns emerged. While the general population distribution was 25% Conservers, 50% Pragmatists, and 25% Originators, the distribution for certain professional groups was strikingly different. One of the professional groups that deviated farthest from the mean is composed of individuals that identified themselves as either consultants or trainers. The following table shows the mean score and style distributions for a few professional groups. Distributions for other professional groups, as well as industry norms and Change Style Indicator comparisons with Myers Briggs Type Indicator can be found at [www.discoverylearning.net](http://www.discoverylearning.net).

## CSI Breakdown by Profession

Professional Group	Mean	% Con.	% Prag.	% Orig.
Consultant/Trainer	Orig 9.1	11	46	43
Marketing	Orig 8.7	10	46	44
Sales	Orig 7.4	10	54	36
Senior Executive	Orig 5.6	12	55	33
Info. Systems	Orig 4.3	14	61	25
Accountant	Con 2.6	25	60	15
Security/Police	Con 10.5	35	62	3

The consultants and trainers represented in this original database were not differentiated as either internal or external to organizations. The AIMC conference gave us an opportunity to collect data specifically for internal consultants and trainers. The data collected at AIMC and presented below closely resembles our original consultant/trainer norms.

AIMC Professional Group			
Mean	%Cons.	%Prag.	%Orig
11.24	16%	40%	48%

I believe the Changes Style Preferences have important implications for the type of consulting an individual does best, the consultant's role in change processes, and how the consultant communicates with different professional groups. The following table outlines potential consultant strengths and contributions to clients base on CSI preferences.

## Consulting Styles for Each CSI Preference

Originators	Pragmatists	Conservers
Assessment	Problem-solving	Idea generation
Evaluation	Facilitation	Out-of-box thinking
Continuous improvement	Consensus-building	Conceptualization
Process improvement and refinement	Getting buy-in	Systems integration
Implementation	Team building	Design
Navigating barriers to implementation	Conflict negotiation	Initiation
	Implementation strategies	

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## The Watson Wyatt Human Capital Index (HCI)

# Linking Human Capital to Shareholder Value Creation

**In 1999, Watson Wyatt conducted a groundbreaking survey study of 400 companies to measure the relationship of key human resource practices to financial performance. Here are the results: The Human Capital Index.**

Efforts to measure and put a value on a company's human capital are usually criticized as being more qualitative than quantitative, more elusive than incisive. But few things are more critical than accounting for human capital. It is the chief resource and result of a knowledge-based economy. It is the source of innovation and renewal. And once it can be measured, it can be managed to increase shareholder value. What if you could tell your CEO that the money senior management has budgeted for R&D is less likely to bring value back to the bottom line than your newest HR initiative? Or, as CEO, what if you could tell your shareholders that reorganizing into teams and the addition of flexible work arrangements for employees may actually help meet the organization's financial goals for the next fiscal year?

In 1999, Watson Wyatt conducted a groundbreaking survey study with a diverse group of more than 400 U.S.- and Canadian-based companies to measure the relationship of key human resource practices to financial performance. Results from this study revealed a clear statistical relationship between the effectiveness of a company's human capital and the creation of superior shareholder returns. The Human Capital Index, or HCI, was created with one goal in mind: linking human capital to shareholder value. A daunting challenge, but one that was met head-on through a carefully designed and executed research study.

## The Study

The initial research included respondents from 405 publicly traded companies, a sample highly representative of the NYSE composite. In a series of 72 broad-ranging questions, participants were queried in several areas, including recruiting and talent acquisition, training and career development, culture and workplace environment, communications and rewards programs. They were asked about their human resources practices – Do you pay your employees above market? What kinds of efforts are made to develop people? Do you share financial information broadly? Do you maintain training programs even during down cycles? In addition, there were numerous questions about customer loyalty and company demographics.

Once human capital data were gathered from the initial research respondents, it was linked to objective financial measures – market value, total return to shareholders and Tobin's Q. Tobin's Q, defined as the ratio of a firm's market value or market capitalization to the replacement value of its physical assets, is a key economic metric that captures

how the market values a company's intangibles. Next, factor analysis and multiple regression statistical techniques were employed to identify the factors that predict value creation.

Using a statistical formula, total HCI scores were created for each organization, so results could be expressed on a scale from 0 to 100, where 100 would represent ideal human capital management. The higher the HCI score, the more economic value a company creates.

## The Results

All of this well-intentioned, well-crafted research could go unrecognized if the findings were inconclusive or simply told a familiar story. This was not the case with HCI. In fact, the findings from this survey culminated in some very usable, intelligible information that can be applied to a variety of business scenarios. The relationships found in the survey were very clear – a significant improvement in 30 key HR practices was associated with a 30% increase in market value. These practices fall into five categories, which are the links to shareholder value: *recruiting excellence*, *collegial, flexible workplace*, *clear rewards and accountability*, *communications integrity*, and *prudent use of resources*. Below are listed the expected changes in market value for a significant improvement (defined as 1 standard deviation or in our study, a move of one point on the rating scale used to collect the human capital data) in an HCI dimension:

- Recruiting Excellence = 10.1%
- Clear Rewards and Accountability = 9.2%
- Collegial, Flexible Workplace = 7.8%
- Communications Integrity = 4.0%
- Prudent Use of Resources = - 10%

Note: Each of the aforementioned dimensions is comprised of a unique set of HR practices, each with its own individual expected change in market value, for example:

### Collegial, Flexible Workplace

- Flexible work arrangements = 1.7%
- Culture encourages teamwork and cooperation = 1.5%
- Perquisites do not vary with position = 1.4%
- High employee satisfaction = 1.4%
- Employees on first-name basis with top management = 1.3%
- Titles not designed to designate authority = 0.6%

Ten percent may not sound like a lot (see Recruiting Excellence), but for a \$10 billion dollar company, gaining \$1 billion in market share is more than significant.

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## Linking Human Capital to Shareholder Value Creation

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Many of the findings validated what most HR executives think of as having a positive impact – things like recruiting excellence, stock plan eligibility for all employees, above-average pay scales, a culture of teamwork and, forthright communications. These practices pointed to increases in market value for companies that had them. Some things learned in this research, however, were actually counter-intuitive. We found that some practices such as broad-based training and 360-degree feedback – which conventional wisdom would have us believe are like motherhood and apple pie – did not add any economic value and, further, were actually associated with a decrease in market value. These practices, we believe, are often prone to misimplementation, and therefore must be implemented as flawlessly as possible.

The HCI is highly predictive of financial success. We split companies into high-, medium-, and low-HCI groups and found that there was a relationship between HCI and five-year return to shareholders. Specifically, companies with HCI scores ranging from 1 to 25 had a 53% 5-year return, those companies with HCI scores ranging from 26 to 75 had an 88% 5-year return and finally, those companies with HCI scores above 75 enjoyed a 103% 5-year return.

So, at a time when virtually all companies say that people are their most important asset, the Human Capital Index has begun the process of quantifying that importance. For the first time, it is possible to show that organizations can improve their market value by improving their human capital practices.

In the Spring of 2001, Watson Wyatt collected data for its HCI 2001 study. New questions centering on benefits, HRT, e-commerce, and diversity were included. We are currently in the process of analyzing the data from approximately 500 companies, a large proportion having over one billion in sales and/or 10,000 employees. We look forward to making the results available to you.

*Dr. Michael Warech is a senior consultant in Organization Effectiveness Practice of Watson Wyatt's New York office. He is currently directing the HCI 2001 study. Please feel free to contact him at 212-251-5781 or e-mail him at michael\_warech@watsonwyatt.com to discuss the HCI research or inquire about having an HCI audit done for your company.*

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## Enriching our Feedback on Key Success Factors for Internal Consulting

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Bill Trotter's presentation at the 2001 AIMC Conference detailed the feedback from our extensive survey of internal consulting operations covering a broad cross-section of industries—including both AIMC members and many non-member companies.

As part of the presentation, breakout groups focused on building on and prioritizing key success factors (KSFs) in internal consulting—along our key consulting model dimensions of: relationship building, consulting processes, people/consultant development and consulting culture.

### **The top three KSFs of the relationship building dimension were:**

- Client needs identification and responsiveness
- Business knowledge. Including how the business works; where to focus relationships; and politics
- Trusted agent and shared stakeholder. Including high ethics

### **The KSFs consulting/operating process were:**

- An effective engagement/contracting consulting process

- Two-way continuous communication between ICs and clients
- Feedback/measurement on consulting effectiveness

### **The KSFs on the people dimension, included:**

- Political skills alacrity
- Aligned industry and consulting knowledge
- Screening, orientation, coaching and mentoring system

### **Culture KSFs of the highest priority were:**

- Consulting professionalism and culture including flexibility; cultivating support; client focus; and a sense of urgency
- Need for "common culture" among the team including objectivity; code of conduct; and not over committing
- Empowerment and risk-taking mentality

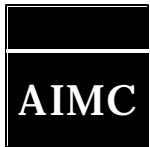
This expanded KSF listing along with key actions for implementation will be posted on our web site shortly. In addition, for more insights on this IC survey and builds from participant and conference discussions, don't hesitate to contact Dr. Trotter, Strategic Management Consulting, at stratmgt@msn.com.

2002 AIMC Conference  
**Maximizing the Value of Internal Consulting  
for Breakthrough Results**

Sunday, May 5 through Wednesday, May 8  
Sawgrass Marriott • Jacksonville, Florida

The conference chairman, Steve Jarecki of Blue Cross Blue Shield of Florida, is in the process of planning next year's agenda, and welcomes any recommendations for presentation subjects, presenters and/or conference improvements.

If you have any comments or suggestions, please contact Steve at [Steve.Jarecki@bcbsfl.com](mailto:Steve.Jarecki@bcbsfl.com) or 904.905.8092.



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