NEXT

OFFICE HANDBOOK

Chapter 33:
Summer policies

To fully enjoy the summer season, employees must adhere to the following seasonal policies through 8:00 a.m. EDT, Tuesday, September 6, 2005.

DRESS: In general, a more "relaxed" style of dress is allowed during the summer. Acceptable clothing, however, does *not* include ornately woven man sandals, leopard patterns of any sort, and obscene souvenir T-shirts from vacations past. In addition, IT employees may not wear Hawaiian prints, short shorts, or any item bearing large, untreatable sweat stains.

HOURS: Since employees routinely leave by noon on Fridays anyway, all are asked to add two hours to their normal workdays, Monday through Thursday. To compensate for the generosity of this program and for its inevitable abuse, base pay will be cut by 35% while summer hours are in effect. Note that this benefit is not voluntary.

INTERNS: Summer interns should be selected from the pool of highly qualified children of Company executives and their clients. They may be employed in noncritical functions such as customer service, technical support, and, depending on ability, Company-sponsored softball games. Thanks to a recent report from Human Rights Watch, however, the ninth-annual Intern Chariot Races have been scrapped.

CHILD CARE: Responding to employee demand, the Company has created Kidz 'n' Kompany Kamp (KKK)—an all-day program designed to give your tot a leg up in their future careers. Departments such as accounts receivable, custodial services, and security are currently enrolling children ages 4 to 18. Cost is $4,500 per child, which includes uniform and coffee breaks and may be deducted from your pretax paycheck.

COMPANY PICNIC: The deliriously fun annual picnic is scheduled for August 27. A full listing of events in which the CEO will be participating (and thus expecting to win) will be posted. Attendance is mandatory; failure to appear as if you are having fun will result in harsh disciplinary action. Please adjust your vacation plans accordingly.

—Ryan Underwood

Consultant Debunking Unit

Return on Consultant

By Martin Kihn

IN THE MIDST OF HIGH SUMMER, with the sun consulting its way across the sky, even the leather-skinned old CDU is inclined to, well, act nice. So it is with a hot flash of joy that we report a counterintuitive finding: Consultants really *are* worth the money.

Just ask them. Consultants "add significant value to society," said Bruce Henderson, founder of Boston Consulting Group. "Consultants can usually outperform corporate people," trumpeted the late Marvin Bower, an early McKinsey & Co. partner. And Bain & Co. currently claims its clients "outperform the market three to one."

Briefcase closed. Or is it? We couldn't help but wonder—with an average-sized McKinsey team running its clients some $100,000 *per week*—if there was any tan under that lotion. That is: Has anyone ever proved that high-priced consultants are worth it?

Turns out, few have even tried—mainly because consulting firms themselves make it so difficult. Just try to confirm, for example, those sizzling Bain returns. "You can't," admitted spokesperson Cheryl Krauss. "We never, ever reveal who our clients are, and very few of them have publicly spoken about hiring us."

A study done in the 1960s showed that some British firms using consultants realized an economic benefit—but that was in England, back when Lovin' Spoonful was realizing economic benefits. More recently, in 2003, Dartmouth College researchers identified a group of 78 publicly traded companies that announced they had hired a top-10 consulting firm between 1991 and 2001. The researchers compared these firms' stock price, return on assets, and so on, against their peers.

What did they find?

Not surprisingly, the sample companies' stock prices fell 4.3% on average after the announcement, which usually included some bad news. But gradually they turned around, and three years after the announcement they were beating their peers by 1.3% before ebbing back into line.

"I was surprised by the results," one of the researchers, Andrew Samwick, told us. "I would have expected to see . . . negative risk-adjusted returns." Does this mean consultants really *do* add value? "I would not characterize the results as strong," said Samwick.

Turns out something else happened at many of the firms after the consultants showed up: layoffs. Although Samwick and coauthor Ajay Prakash found employment contractions and the firms' subsequent rebounds were only "weakly correlated," other studies have shown, sadly, that layoffs *can* lead to brighter days ahead.

And when you factor in all the companies using consultants that weren't included in the study because they didn't make a public announcement (a majority), we're right back where the consultants want us: in the dark.

Martin Kihn is author of House of Lies: How Management Consultants Steal Your Watch and Then Tell You the Time *(Warner Business Books, 2005).*

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afterwork *(n.)* work done after the original assignment ends, for an additional fee

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