Unstaffed Consultants Are Inventory

Idea In Short

Treat unstaffed consultants as inventory with real carrying costs. Minimize beach time through predictive staffing, cross-training, and talent-on-demand principles. Getting staffed is a skill that requires proactive selling of yourself.

Everyone Understands Inventory

Inventory is the stuff sitting on Walmart's shelves. It is the frozen pizzas in the freezer. The unsold house in the neighborhood. The empty hotel rooms and empty movie seats. Non-billable consultants are no different. They should either be selling new projects or they are inventory.

The concept is simple but uncomfortable. When professionals are not billable to clients, they are like inventory waiting to be rented to the next client. Clients who hire accountants, lawyers, architects, and consultants are essentially renting people for their knowledge, experience, business savvy, and ability to influence change.

Inventory Is Complex

Inventory management is tricky because it is multi-factorial. Products come in different shapes, sizes, and requirements. Some require refrigeration and climate-controlled transport. Some have short shelf lives while canned goods last years. Some products face stringent regulatory or environmental requirements. Inventory gets complex quickly.

The same complexity applies to consultants. Different skill sets, experience levels, industry expertise, and personality fits make matching supply to demand a dark art as much as a science. No two consultants are identical. Each brings a unique combination of capabilities and limitations.

Wrong Stuff, Wrong Place

It is easy to have too much inventory of one thing while simultaneously lacking another. You might have plenty of a resource in Washington state but none in Washington, D.C. The geographic mismatch alone creates inefficiency. Add skill mismatches, timing mismatches, and personality mismatches, and the complexity multiplies.

Consulting firms face this daily. A health care specialist sits idle while a financial services project desperately needs staffing. A junior analyst is available while the client demands a senior manager. The supply never perfectly matches demand in real time.

Inventory Is About Trade-Offs

Like most management decisions, there is no simple answer. A typical grocery store carries 50,000 unique Stock Keeping Units [SKUs] that need stocking, pricing, and management. The quantity of each product depends on geography, seasonality, pricing, trade promotion, and customer preference.

There are costs to having too much or too little inventory. Like Goldilocks, you want the porridge just right. This dilemma often has only approximate right answers. It requires significant data analysis, modeling, and software. From a consultant's perspective, inventory management is 80 percent driven by data and forecasting models, with 20 percent allocated to experience, intuition, and some luck. Supply chain trade-offs between cost, service levels, and risk are fundamental to the discipline 1.

Too Much and Too Little Inventory

Too much inventory means tying up capital unproductively in product that sits idle. You pay for things to sit there where they are more likely to rot, break, get stolen, become obsolete, or get lost. The carrying costs of excess inventory eat into margins directly.

Too little inventory becomes apparent very quickly. Retailers stock out and have only empty shelves to show for it. Unhappy customers buy substitute brands. Competitors giggle and make money. The lost revenue and damaged relationships cost far more than the inventory itself.

People Are Assets in Consulting

When clients ask for help from consultants, they are asking for people. Crudely put, they are renting people for their knowledge, experience, business savvy, ability to influence change, and ability to get things done. When professionals are not billable, they are inventory waiting to be rented.

The jargon for this state is being on the beach. While new consultants might enjoy the break from client travel, it is a misleading term. Idle consultants mean no billing. No billing means eroding margins. Most consulting firms have utilization targets so finders, minders, and grinders know how much they should be billable. Analysts, consultants, and senior consultants at Big Four firms are typically expected to be utilized or billable 80 to 90 percent of the time.

Industry benchmarks confirm this expectation. The healthy target range for billable consultant utilization is 74 to 84 percent. Below 74 percent, margins compress rapidly. Above 84 percent, burnout risk rises sharply. The average billable utilization across professional services firms in 2024 was 68.9 percent, the lowest in five years and below the profitability threshold 2.

Matching Supply and Demand

As a managing partner of a consulting office, anticipating and reacting to client demand is extraordinarily difficult. Demand is unpredictable. Most consulting firms use software to evaluate the probability of projects and try to manage the pipeline of proposals.

In a perfect world, you could anticipate demand precisely. You would know the timing of projects, the industry and function, and the number and skill level of resources needed. In a perfect world, supply would be equally reliable. Consultants of all industry, experience, and skill levels would be available. No one would be currently staffed, on vacation, getting married, or on maternity leave. All consultants would live near the client. Everyone would work well together with no personality conflicts.

The Real World of Staffing

In the real world, staffing is as much dark art as science. Clients take months to make

decisions, then want projects started immediately. It is wait-wait-rush. Projects get delayed or extended, creating add-on sales opportunities. No two consultants are identical in skill set and experience.

Consultants manage their own careers and may not want to repeat the same type of project twice. They resist being pigeonholed. The best consultants are usually already staffed. Good people are hard to find. Cliques form. Certain people work well together while others do not.

Talent-on-Demand

Peter Cappelli, a professor at the Wharton School, has written extensively about how companies should think of talent more flexibly. Instead of talent planning five to ten years out, Human Resources [HR] departments should think about talent-on-demand. He recommends building flexibility by identifying people's capabilities, cross-training for diverse roles, teaching and preaching flexibility, and understanding the fully burdened costs of repeated hiring and firing cycles 3.

Cappelli noted that organizations often claim they have a deep bench. Yet a deep bench in a supply chain is a costly way of preparing for demand. The same applies to traditional succession management. You are paying people to essentially sit on the shelf.

Consulting Firms Lead the Curve

Unlike most Fortune 500 companies, consulting firms are entirely focused on their people. People are their asset, and they are keen to maintain a high Return on Assets [ROA]. Consultants will be utilized, billable, and productive. Firms minimize the time consultants spend on the beach acting like inventory.

The focus is relentless because the economics demand it. Every hour a consultant spends unstaffed is an hour of cost without corresponding revenue. The carrying cost of idle talent includes salary, benefits, overhead, training, and the opportunity cost of skill atrophy.

Getting Staffed Is a Skill

Seasoned consultants know that getting staffed is a skill. Do great work on your current

project. Keep your ear to the ground to hear about good projects with fun teams, smart clients, cool cities, reasonable hours, high visibility, and meaningful work. Manage the timing of your roll-off from existing projects. Tell your counselor or coach what your goals are.

Be explicit with the people staffing projects. Tell them you want to be staffed on their project and explain why you will do a great job. Getting staffed is a marketplace. Know what you are selling, know who you are selling to, and be clear about the benefits of the product, which is you. As Seth Godin says, be remarkable.

- 1Translytics
- 2Saibon Group
- 3Knowledge At Wharton

Summary

Consultants on the beach are inventory. They carry costs, lose skills, and erode margins. Firms that master supply and demand matching, cross-training, and proactive staffing will minimize waste. Getting staffed is a marketplace skill. Be remarkable.