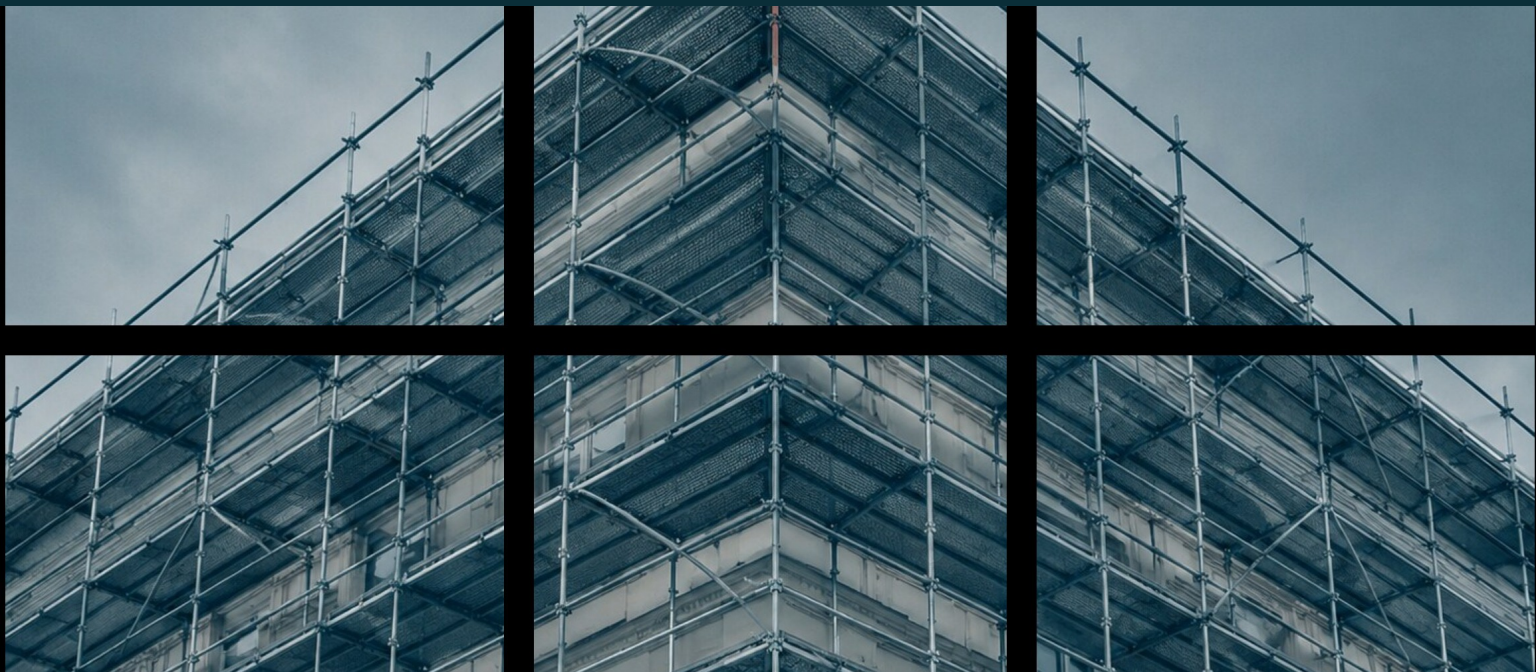


BEYOND COST CUTTING

The Consultant Cull Exposes the Capability You Never Owned

Why cutting external spend in a downturn is necessary—and indiscriminate cuts are strategically expensive



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“The bill was variable; the dependency was not.”

The first line to fall

At 4.30 on a Thursday afternoon, a transformation director is handed a single instruction: remove one-third of external spend before the next monthly close. By Monday, the programme office has a list. Contractors with short notice periods go first. Advisory work is suspended. The systems integrator is told to reduce its team. Workstreams remain nominally open, but the people who knew why key decisions had been made are suddenly outside the building.

The saving is visible immediately. The cost of the dependency appears later.

This is the pattern the present downturn is exposing. When revenue expectations fall and credit becomes scarce, external spend is an obvious target. It is discretionary, comparatively easy to identify, and faster to stop than permanent employment. Yet organisations often discover, too late, that they have not merely bought temporary capacity. They have rented judgement, memory and the ability to join decisions across functions.

The consultant cull is therefore not simply a procurement event. It is an audit of whether the organisation ever owned its transformation capability.

The case for cutting is stronger than consultants admit

There is a serious argument for acting quickly. Cash preservation is now a governing discipline, not a finance department preference. An organisation cannot defend every programme, every work package and every external team while simultaneously asking employees, suppliers and shareholders to accept restraint. Consultancy assignments also have a habit of outliving the question that justified them. Some teams produce analysis because analysis was commissioned, not because a decision still depends on it.

In those circumstances, reducing external expenditure first is rational. Variable costs should be variable.

The error lies elsewhere: treating all external spend as though it carries the same consequence. A market study that has already informed a decision, a team of interim business analysts, and the only two people who understand the dependency between a finance-system change and the monthly close are all labelled “consultancy”. Financially, that classification is convenient. Operationally, it is meaningless.

A sound cut distinguishes between work that can stop, capacity that can be replaced, and capability that must remain. Most hurried cuts distinguish only between employee and non-employee.

What the invoice was concealing

External support tends to accumulate for understandable reasons. A programme needs to begin before recruitment can finish. A specialist is required for six months, not six years. A troubled initiative needs independent challenge. None of these choices is inherently weak.

Dependency begins when the temporary answer becomes the permanent mechanism. Three forms recur:

- Decision dependency. Internal leaders retain formal authority, but external advisers frame the options, assemble the evidence and choreograph the decision. Remove the advisers and meetings continue; decisions do not.
- Delivery dependency. Plans, risks and interdependencies are maintained by people whose contracts can be ended quickly. The organisation owns the milestones but not the machinery that makes them credible.
- Memory dependency. The rationale for design choices sits in personal notebooks, presentation packs and conversations rather than in usable records. When the people leave, the organisation keeps the decision but loses the reasoning needed to adapt it.

These dependencies are easy to miss while a programme is well staffed. Progress reports are issued, steering meetings occur and actions are chased. The apparatus looks organisational. In reality, it may be a service being performed on the organisation's behalf.

The bill was variable; the dependency was not.

A cut that saved £4 million and put £28 million at risk

Consider a composite situation typical of a large, multi-year change portfolio. Eighty-four external people are spread across six programmes. Their annualised cost is approximately £12 million. A savings instruction requires £4 million to be removed within ten weeks.

The first proposal releases 31 people: programme planners, business analysts, testing specialists and several senior advisers. On a spreadsheet, the arithmetic works. In practice, the cut creates three immediate failures.

First, a regulatory workstream loses the analyst who holds the traceability between 126 business requirements and the planned system changes. The requirements exist, but the links do not. Second, the portfolio planner who reconciles resource conflicts across six programmes departs with two weeks' notice; each programme then reports a plausible plan that assumes access to the same scarce finance staff. Third, an internal programme manager inherits supplier negotiations without the commercial history behind 17 disputed change requests.

Within a fortnight, leaders realise that £28 million of committed programme expenditure is now being governed with less reliable information than before the savings exercise. Rehiring everyone would be costly and embarrassing. Continuing would be reckless.

The turn comes when the portfolio is assessed by consequence rather than contract category. Nine assignments stop because their decisions can be deferred. Eleven roles are replaced by internal staff with explicit handovers. Seven specialists remain for fixed, shortened periods tied to named outputs: a reconciled requirements record, an integrated

resource plan, and closure of the disputed changes. Four advisory roles are removed entirely because they duplicate management judgement.

The eventual saving is slightly smaller in the first quarter, but more durable. Crucially, the organisation can explain what has been stopped, what has been transferred, and what risk it has chosen to retain.

This is not an argument for protecting consultants. It is an argument for protecting organisational control.

The test leaders should apply

Before ending an assignment, four questions reveal whether it is genuinely disposable:

Question	Evidence required	Warning sign
What decision or output does this role enable?	A named decision, artefact or operational result	The answer is a broad activity such as “support” or “coordination”
Who can perform it after departure?	A named internal owner with time and authority	A department is named, but no person is accountable
What knowledge must cross the boundary?	A short, testable handover list	“Documentation will be provided”
What fails if the work stops now?	A stated consequence, exposure and recovery route	The answer is either “nothing” or “everything”

The questions matter because rapid savings exercises encourage false precision. We can calculate the monthly fee to the pound, yet describe the operational consequence as high, medium or low. That imbalance tells us the cost is understood better than the work.

A responsible cull ends assignments only when the organisation can name the decision, capability or memory that will remain after the person has gone.

Where the answer exposes dependency, leaders still have choices. They can stop the underlying work, transfer it deliberately, retain a smaller external contribution until a defined gate, or accept the risk openly. What they must not do is end the contract while pretending the capability remains intact.

Why knowledge transfer usually fails

The customary answer is to demand “knowledge transfer” before departure. The phrase is comforting because it suggests knowledge is a parcel that can be passed across a desk. Much of the important knowledge in transformation is not information but judgement: which stakeholder objection is substantive, which milestone contains hidden contingency, which supplier commitment depends on an unwritten concession.

A folder of documents does not transfer that judgement. A usable transition requires the recipient to perform the work while the external specialist is still present. The internal

owner should chair the decision meeting, rebuild the plan, defend the requirement or conduct the negotiation. The departing person observes, challenges and corrects. Transfer is demonstrated by performance, not declared by document delivery.

This is where many organisations reveal the deeper problem. The nominated internal owner has neither the time nor the standing to assume the work. That is not a handover failure. It is evidence that no internal capability was ever funded.

The opportunity inside the cull

A downturn forces decisions that more comfortable conditions allow us to postpone. Some external work should end. Some programmes should be stopped rather than staffed more cheaply. Some leadership teams should recover judgements they have gradually delegated.

But indiscriminate withdrawal confuses lower expenditure with stronger management. It may produce a cleaner cost base while leaving behind slower decisions, weaker plans and internal managers carrying accountabilities without the means to discharge them.

The better ambition is not to become consultant-free. It is to become dependency-conscious. External expertise is most valuable when it brings a scarce skill, a genuinely independent view or temporary capacity against a defined outcome. It becomes dangerous when the organisation cannot explain how the work will be owned after the assignment ends.

The present cull will be remembered inside many organisations as a procurement exercise. It should be treated as something more revealing: a test of which capabilities were built, which were borrowed, and which existed only on an invoice.