

The Ring of Power

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By Andrew Sobel

In JRR Tolkien's trilogy *The Lord of the Rings*, there is a gold ring, forged by an evil demon, which is the centerpiece of the plot. The owner of the ring is granted near-immortality, and placing it on a finger renders the bearer invisible. The ring's immense power is a corrupting influence, however, and eventually it will overcome its owner and lead him to evil. A hobbit with a pure heart, therefore—Frodo Baggins—is chosen to carry the ring back to the volcano in which it was made and destroy it once and for all. Only someone like Frodo, who has impeccable humility and morals, could possibly resist the ring's siren song during the long journey back to its birthplace in the land of Mordor.

Unfortunately, as time goes on even the impeccable Frodo begins to succumb to the ring's evil influence. In the end he staggers up the dreaded volcano, barely able to walk forward. As he stands at the edge of the volcano's precipice, he simply cannot bring himself to voluntarily hurl the ring into the molten lava to destroy it—the ring is taking him over. In the end the ring is accidentally destroyed by the creature Golem, a former owner of the ring, who grabs it from Frodo and then falls into the incendiary core of the mountain.

In many respects, large, enduring client relationships are like the ring of power in Tolkien's masterpiece: If you don't have the highest ethical standards, and abide by strong principles of independence, you'll get taken over by the power that such large relationships can confer. The result can be self-destruction.

Take the example of Arthur Anderson and Enron. Former big-five accounting firm Anderson, now defunct as a direct result of the Enron scandal, was apparently billing \$50 million a year to Enron for accounting and other professional services. By some reports, the goal at Anderson was to raise that number to \$100 million a year, thereby making Enron a truly Brobdingnagian client. It now appears that as that client relationship grew larger and larger, the independence and judgment of some Anderson professionals began to diminish, to the point where they were allegedly endorsing and signing off on financial transactions that were highly suspect to say the least. It became impossible for them to say no.

The seductive, even corrupting power of large client relationships can take many forms. Can you resist it? For example:

- A client might pressure a consultant to endorse a particular strategy or cost-reduction program in order to give the action a brand-name stamp of approval, or perhaps ask a lawyer to provide a letter stating that a proposed transaction is legal. Is a large fee enough to overcome your doubts, and to convince you to agree to something you're a bit uncomfortable with?
- As a client's trust in you grows, your voice carries more weight. It becomes easier to convince that client to hire you for more and more work, or to purchase other services from your company. When do you cross the line between providing your client with things that he truly needs and benefits from, and over-selling services that are marginal or could be better supplied by someone else?
- A client is considering making a move—say, an acquisition—which will double your business with that client. If the client doesn't make this step, your business will dry up. No matter how independent you are, do you perhaps feel a small pull towards rationalizing the acquisition? Does this color your thinking?

- A client treats you like royaltyâ€”you are truly her trusted advisor in your area of expertise. Your stature in a broader organization grows by the day, based on your influence at the top. Again, does this go to your head just a little bit? Do you start to enjoy the perks of guru status a bit too much?

I have occasionally ridden with clients on their corporate Gulfstream jets, and attended board meetings where my opinions seemed to carry significant weight. I have also stayed in a lot of musty motels in the middle of nowhere, having arrived after midnight in a rented Taurus that reeked of stale cigarette smoke, and then faced a skeptical audience the next morning. When I'm in the Taurus I like to daydream about the Gulfstream, and when I'm staying at the Four Seasons hotel, I remind myself that my next bed at the "Four Points" or some other absurdly-named motel may not be so cushy. I have a sense for what that gold ring feels like, and if you don't have the right attitude of humility, it can be intoxicatingâ€”that's why Golem is obsessed with getting the ring back, calling it his "Precious."

Resist the ring of power. When you have a large, lucrative client relationship, assume that you have to earn the client's loyalty and respect anew, every month. At each juncture, ask these simple questions: Is this in the best interests of my client? Is my judgment in any way being affected by whether or not the decision is favorable to me and my company? Am I afraid of "rocking the boat" because the revenue from this relationship is so important? If you take the relationship for granted, become arrogant, and start putting your own agenda ahead of your clients' interests, then the very reason clients were attracted to you in the first place will disappear rather suddenly.

PS: Thanks To James Kelly, co-founder of the MAC Group and former chairman of Gemini Consulting, who first suggested this analogy to me.

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