



HANDOUT 2: THE NATURE OF CONSULTANCY WORK

2021

1. WHAT WE MEAN BY CONSULTANCY

The Management Consultant Association defines management consulting as: *“The creation of value for organisations, through improved performance, achieved by providing objective advice and implementing business solutions.”*

“Consulting involves individuals, whether self-employed or employed, individually or collectively using their knowledge, experience and analytical and/or problem-solving skills to add value into a wide variety of organisations, and therefore to the UK economy as a whole, within a framework of appropriate and relevant professional standards, disciplines and ethics.” (Institute of Consulting)

CONSULTING is about helping an organisation get from A to B...

... perhaps without knowing at the outset where A is, where B is, the appetite for the journey or your role in it.

Give a man a fish and you feed him for the day. Teach a man to fish and you can charge a consulting fee.



MANAGEMENT CONSULTING BUSINESS

- Management Consulting Market to Reach \$295 Billion by 2020,
- RALEIGH, North Carolina, Oct. 23, 2019 /PRNewswire/ -- The global management consulting industry is expected to continue growing at a rate of 4–5 percent, according to Beroe Inc., a procurement intelligence firm. Within management consulting, Operations Consulting holds the largest market share of 28.4 percent and is growing at a rate of 3–4 percent, followed by Financial Advisory with market size of 28 percent and growth of 4–5 percent.
- The market in North America is estimated to be worth \$109 billion and is growing at a rate of 3 – 4 percent annually, followed by Europe, estimated at \$107 billion, with an annual growth rate of 3 – 4 percent. The Middle East market, valued at \$3 billion, is the fastest-growing, with an annual growth rate of 9–11 percent, followed by the APAC, valued at \$44 billion, growing at 6 – 7 percent annually.



BUSINESS CONSULTANT



BUSINESS CONSULTING

KEY TRENDS IN 2020 FOR CONSULTING

Patty Wood (2019), Key Trends in 2020 for the Consulting Industry, InfoDesk.

The consulting industry may experience various operational and technological trends in the year 2020. Some of these trends are affecting other industries, such as keeping up with the pace of new technology, but consulting also has some of its own unique issues. As consultancy firms face more aggressive competition from new players entering the field (e.g. freelancers, crowdsourcing), they are being further burdened by the demand for greater levels of expertise at lower, criteria-based prices. These emerging consultancy trends in greater depth, including their suspected causes and expected outcomes as we move into 2020.

- 1) Newer players like freelancers and crowdsourcing are increasingly entering the field and are gaining traction.
- 2) Demand for consultants to have a wide breadth of knowledge.
- 3) Collaboration among different professional services firms is becoming more commonplace.
- 4) Value-based performance is being demanded.
- 5) Billing and pricing models are changing.

CONSULTING SERVICES PURPOSES

Additional
goals

8. Improve organizational effectiveness

7. Facilitate client learning

6. Build consensus and commitment

Traditional
purposes

5. Assist implementation

4. Provide recommendations

3. Conduct diagnosis that may redefine problem

2. Provide solution to given problem

1. Provide requested information

COMPETENCE FRAMEWORK

© Institute of Consulting

1. Client Focus
2. Building and Sustaining Relationships
3. Applying Expertise and Knowledge
4. Achieving Sustainable Results
5. Market Capability and Knowledge



2. PERSPECTIVES HELPFUL TO CONSULTANTS

Strategy Based
Consulting

Problem Based
Consulting



Top consulting firms by revenue (2016) Strategy Consulting



What is Strategy?



...is the creation of a unique and valuable position, involving a different set of activities (few needs of many customers or broad needs of a few)

...requires you to make trade-offs in competing – to choose what not to do.

...involves creating 'fit' among a company's activities.

STRATEGY

... *is derived from the military, and studies of generalship*

... *a pattern or plan that integrates an organisation's major goals, policies and action sequences into a cohesive whole*

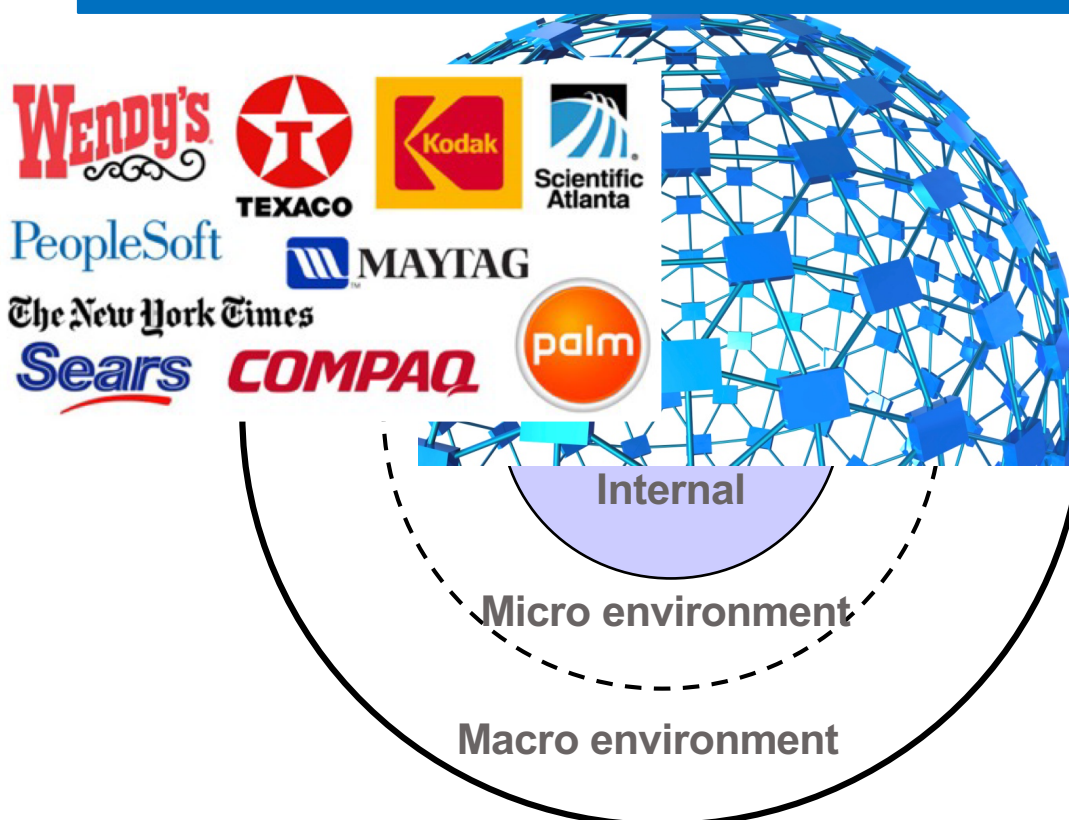
James B Quinn

.... *is to do with the matching of the activities of the organisation to the environment in which it operates*

Gerry Johnson & Kevan Scholes

THE ORGANISATIONAL CONTEXT IN GOLBIZATION AND DISRUPTIVE TECHNOLOGY

Joseph A. Schumpeter (1942), *Capital, Socialism and Democracy*, Harper & Brothers.

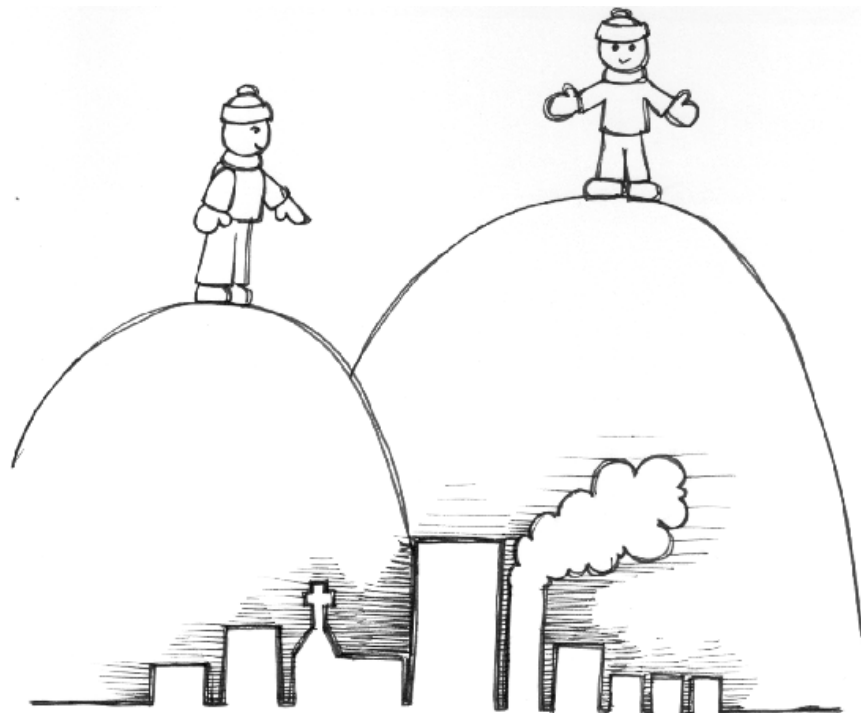


CHANGING ROLE OF CONSULTANT

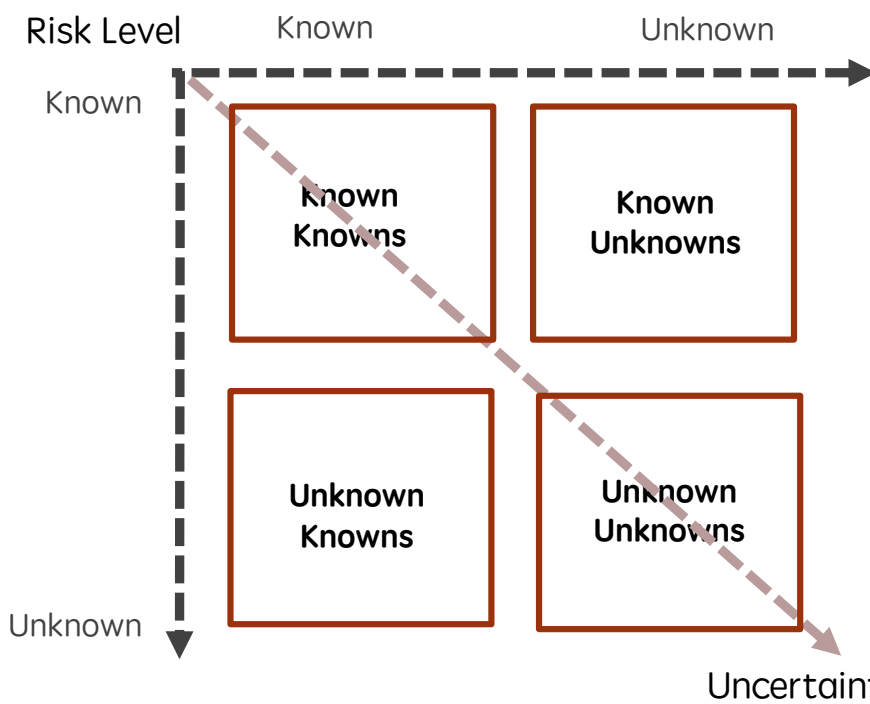
Consulting style: A consultant and others in helping roles:

1. Objective observer
2. Process counsellor
3. Fact finder
4. Identifier of alternatives and linker to resources
5. Joint problem solver
6. Trainer/educator
7. Information specialist
8. Advocate

CHALLENGE 1: 'HILLTOPS'



CHALLENGE 2: UNKNOWN UNKNOWN



In psychology, heuristics are thinking strategies that guide decisions and judgments that are made quickly. These quick judgments are fueled by learned and readily available information.

- ▣ Representativeness
- ▣ Availability of instances or scenarios
- ▣ Adjustment from an anchor

Source: Amos Tversky and Daniel Kahneman (1974), *Judgement under Uncertainty: Heuristics and Biases*, Science, Vol. 185.

CHALLENGE 3: CULTURAL WEB



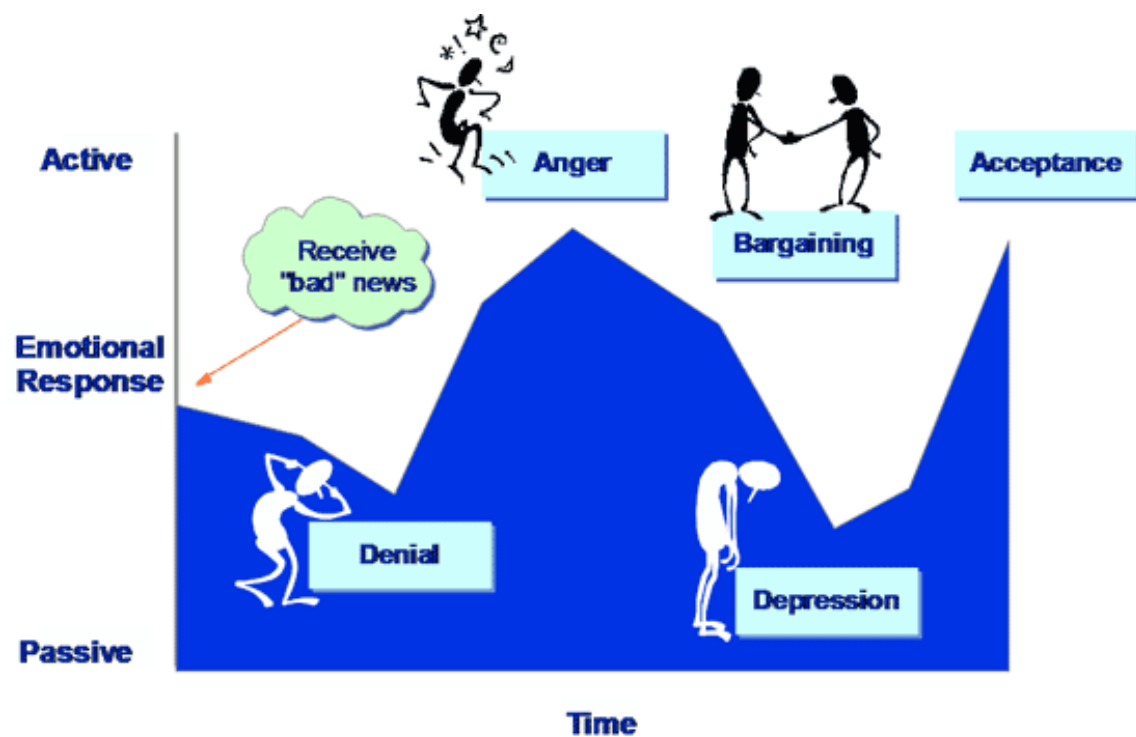
“Culture eats strategy for breakfast”

Peter Drucker

In a very practical sense: No matter what business strategy or strategic plan you try to implement with your team, its success and efficacy are going to be held back by the people implementing the plan if the culture does not support it.

CHALLENGE 4: RESISTANCE TO CHANGE

Kubler-Ross DABDA Model



CHALLENGE 5: UNDERSTANDING THE IMPORTANCE OF SHAREHOLDER VS. STAKEHOLDER

Understanding the Role of the Shareholder

A shareholder can be an individual, company, or institution that owns at least one share of a company and therefore has a financial interest in its profitability. For example, a shareholder might be an individual investor who is hoping the stock price will increase because it is part of their retirement portfolio. Shareholders have the right to exercise a vote and to affect the management of a company. Shareholders are owners of the company, but they are not liable for the company's debts. For private companies, sole proprietorships, and partnerships, the owners are liable for the company's debts. A sole proprietorship is an unincorporated business with a single owner who pays personal income tax on profits earned from the business.

Understanding the Role of the Stakeholder

- owners and shareholders
- employees of the company
- bondholders who own company-issued debt
- customers who may rely on the company to provide a particular good or service
- suppliers and vendors who may rely on the company to provide a consistent revenue stream
- and...

SHAREHOLDER THEORY VS. STAKEHOLDER THEORY

- Economist Milton Friedman, whose work shaped much of 20th-century corporate America, was a believer in the free-market system and no government intervention. This belief helped shape his shareholder theory of capitalism: that a company's sole responsibility is to make money for its shareholders. Also called the "Friedman doctrine," shareholder theory, outlined in Friedman's book "Capitalism and Freedom," states that a company has no real "social responsibility" to the public, since its only concern is to increase profits for the shareholders. The shareholders, in turn, would privately shoulder any social responsibility.
- When Edward Freeman first published his book about stakeholder theory in 1984, it raised awareness of the relationships and the ripple-effect of a company and its many stakeholders. It suggests that a company's stakeholders include people like employees, customers, community members, competitors, vendors, contractors, and shareholders. Stakeholders could also be institutions, like banks, governmental bodies, oversight organizations, and others.

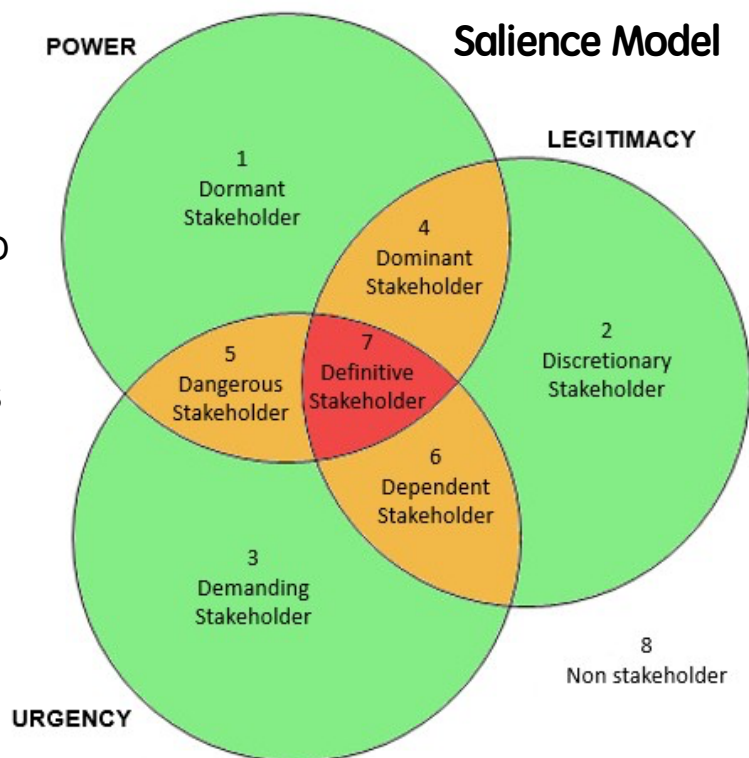
Source: Milton Friedman (1962), *Capital and Freedom*, The University of Chicago Press.

Source: Edward Freeman (1984), *Strategic Management: A Stakeholder Approach*, University of Minnesota.

Saliency Model

Stakeholder Saliency:

1. The Stakeholders' Power to influence the firm
2. Legitimacy of the stakeholders' relationships with the firm
3. The urgency of the stakeholders claim on the firm.



Stakeholder Saliency is a very useful addition to Stakeholder Theory. In addition to providing a model to help identify 'who and what counts' it can explain some stakeholder behaviour. For example people who have an issue that is urgent to them, but don't have any power or legitimacy are demanding. Those with power and legitimacy are dominant the team will report to them and defer to their direction.

STAKEHOLDER MAPPING

Helpful when shaping perception research and change

	Low interest	High interest
High power		
Low power		