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Consultancy Project

The Consultancy Process-
Bid to Delivery
Working with Clients



Last time



- To understand the origins and development of management consultancy
- To recognise the contribution it plays today
- To consider the benefits it offers organisations
- To examine the different types of consultancy activity and business sectors involved
- To begin to consider the issue of client engagement



Today's Objectives

- To define the terms consultants and consultancy
- To highlight the qualities required by consultants
- To identify & analyse the functions undertaken by consultants
- To consider some of the key issues faced by consultants
- To identify & discuss the different stages of the consulting process
- To consider 'the client' and the term 'client engagement'

Tutorial:

Applying the consulting cycle:

The Consultant in Action – The Hotel Inspector

What is consulting?

Consulting is:

“what happens when someone with a problem or difficulty seeks help to solve that problem or difficulty from someone who has a special skill”

Source: Cockman, P. Evans, B. & Reynolds, P (1999:p4)

Consulting for Real people: A Client Centred Approach for Change Agents & Leaders, Maidenhead, McGraw-Hill

“Consulting is done today, but is about tomorrow”

Newton (2010:70)

http://youtu.be/PVqr6yg_jJ8

So who are consultants?

“ people who find themselves having to influence other people or advise them about possible courses of action to improve the effectiveness of any aspect of their operations without formal authority over them or choosing not to use what authority they have over them”

Source: Cockman, P. Evans, B. & Reynolds, P (1999:p4)
Consulting for Real people: A Client Centred Approach for Change Agents & Leaders, Maidenhead, McGraw-Hill

What do consultants need to enable them to do their job?

- ✓ sufficient expertise in their particular field
- ✓ competence in the consultancy process (remember everyone has to start somewhere & you are no exception!)

In addition they should have:

- ✓ self-awareness
- ✓ understanding of likely client behaviour (individual & group)
- ✓ a range of personal & professional skills
- ✓ flexibility of style to deal with different clients/situations
- ✓ understanding of the helping process within their discipline

They also need to be ***self confident, sensitive & responsive*** to client needs & feelings

So what is consulting actually about?

- Starting where the clients are, not where you think they are;
- Helping clients decide what data or information is needed;
- Allowing clients to diagnose their problem for themselves;
- Helping them make sense of the data
- Providing theory to help clients make sense of data or take decisions
- Helping them to commit to a plan of action
- Helping to implement decisions & arranging follow up if appropriate;
- disengaging responsibly;
- Ensuring clients retain ownership of the problem & solution

Cockman, Evans & Reynolds(1999)

Dilemmas for the consultant?

Two problems:

1. How to use their *“technical expertise and know-how without appearing to tell the client what to do?”*
2. How to avoid the *“expert trap”* i.e. giving too much advice so that the client becomes dependent on the consultant

Consultant's main function?

Consultant's job is to help the client:

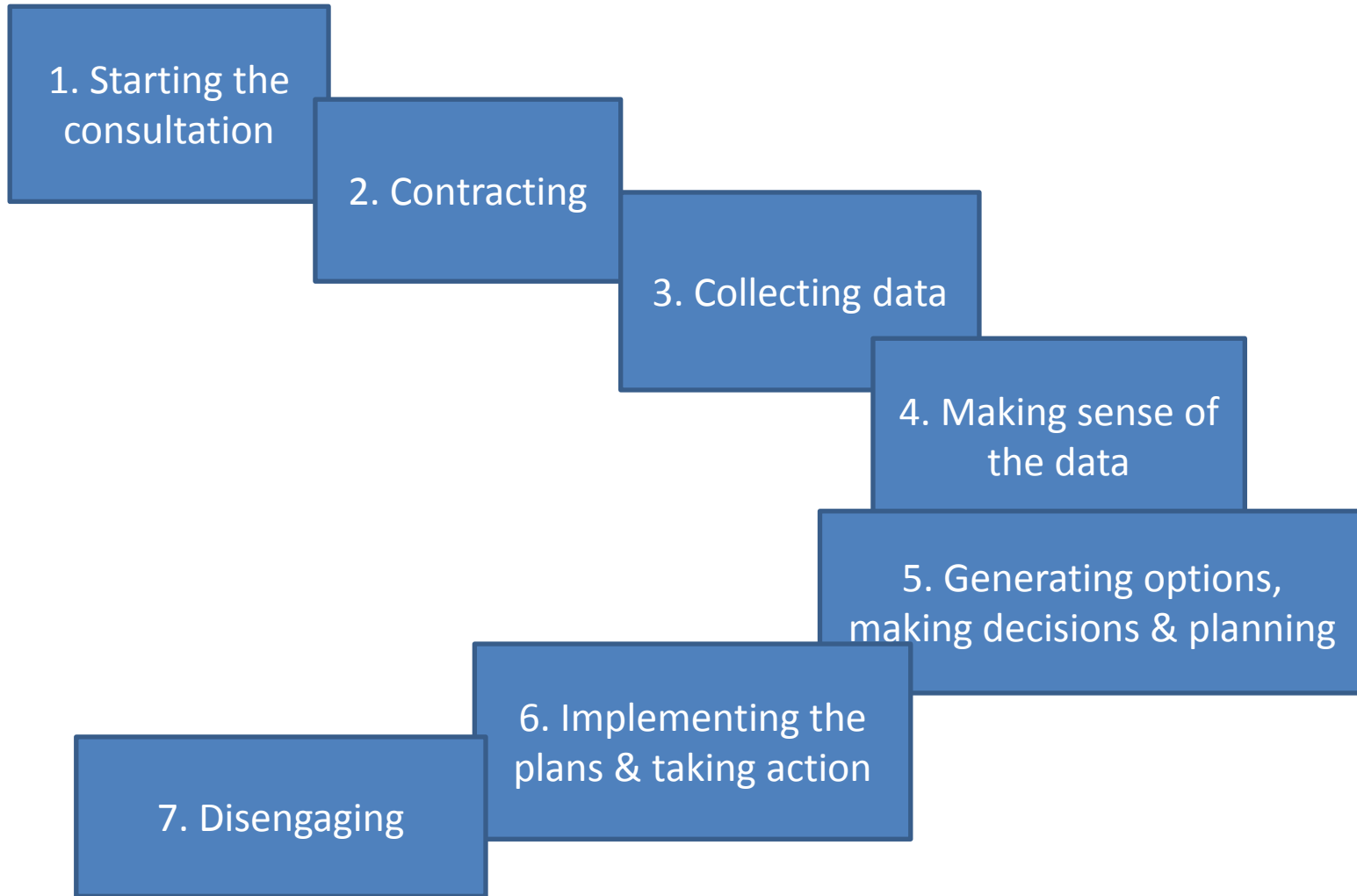
- ✓ clarify the problem & identify the options;
- ✓ identify alternative approaches/courses of action for dealing with the situation;
- ✓ evaluate the alternatives;
- ✓ decide what course of action should be taken;
- ✓ devise and implement a plan of action

..... and it is vital for the consultant to be client centred

What does consultancy work involve?

- Bid process
- Funding
- Research
- Data analysis
- Communication
- Teamwork
- Organising Business Presentations
- Putting forward Proposals
- Managing a highly motivated results focused team
- Identifying & isolating issues
- Formulating & implementing solutions & strategic recommendations
- Assisting clients to put plans into action
- Managing programmes and projects
- Providing on going feedback

The Consulting Cycle involves:



The Consulting Cycle: requirements & considerations

Steps in the process:

1. Starting the consultation

- Gaining entry i.e. initial contact & starting to build a relationship
- Preparation essential e.g. have you done the ground work about your client, their situation & problems etc, what sort of impression do you hope to make?

2. Contracting

- Necessary to clearly identify client's needs & what you are prepared to do
- Identify the input expected from the client
- Establish mutual understanding & boundaries

Requirements & considerations:

Steps in the process:

3. Collecting data

Requirements & considerations:

- Finding out what is happening now i.e. collecting info relating to the existing issue
- Data sources may be factual e.g. from staff or records, opinions/feelings, views of internal/internal customers
- Have you identified organisation constraints, policies /procedures which help/hinder?

4. Making sense of the data & diagnosing the problem

- Need to reflect, question, discuss data with client. Insufficient data? Collect more
- Too much data? Sort & decide what's relevant, present clearly
- What is the problem? Is the client 'dealing with the symptoms rather than the real problem?'

Steps in the process:

5. Generating options, making decisions & planning

Requirements & considerations:

- Problem diagnosed? Identify options & possible solutions
- Support the clients choice but make them consider the implications to ensure it's right for them
- Detailed action plan needed. Detailed scrutiny by client needed to see potential problems, costs, resources, time etc
- Does the client understand the process – is some theory necessary

Steps in the process:

6. Implementing the plan & taking action

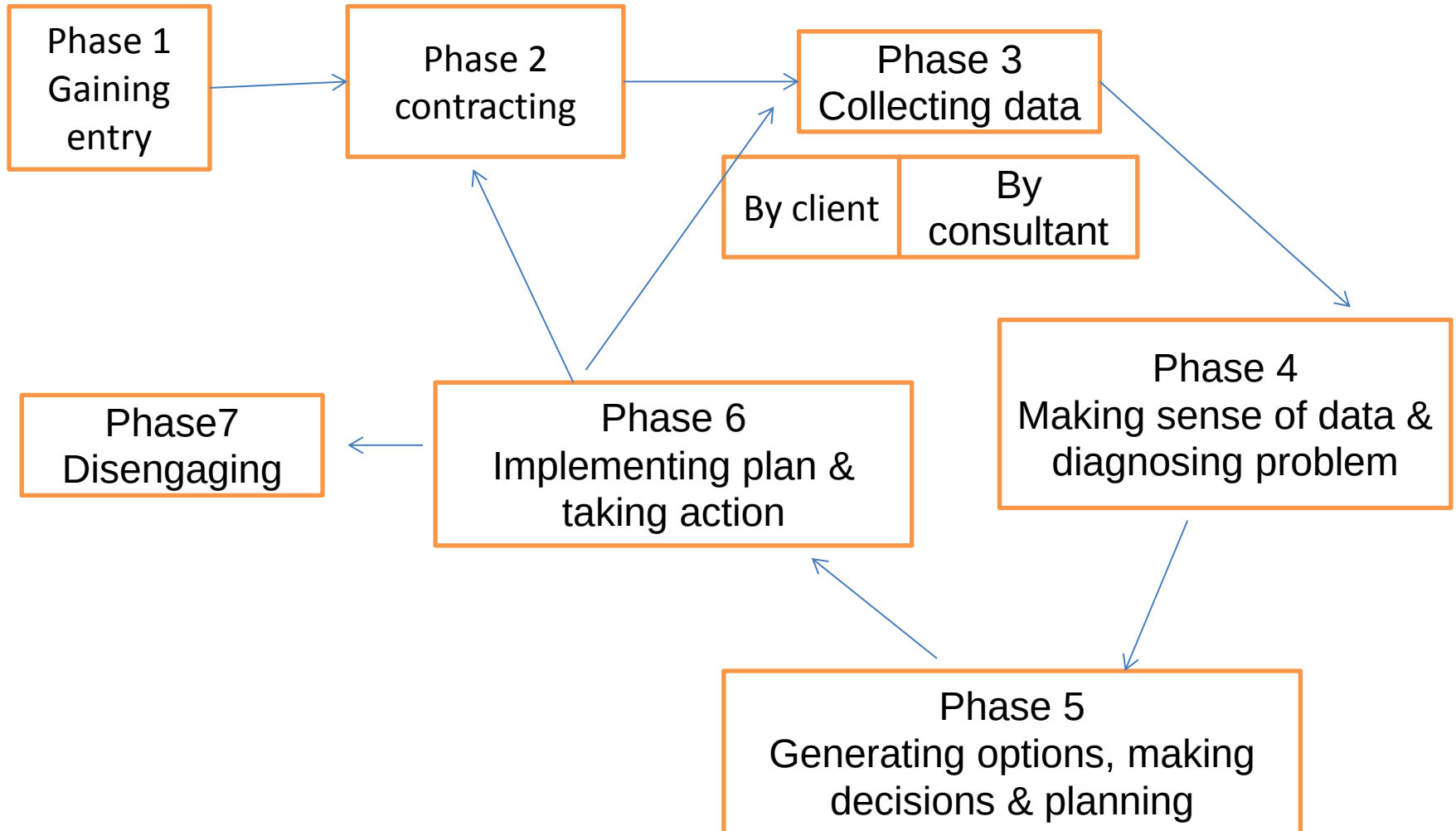
- Is your work complete when your report & recommendations are submitted?
- If involved in the implementation remember the problem & solution belongs to the client
- Monitor, mentor, encourage, support, confront, counsel, train - don't take ownership
- Barriers to implementation linked to capability, organisation, ownership, leadership

7. Disengaging

- Is the problem resolved, have the solutions worked – disengage with confidence
- Still issues? Revisit the cycle re- examine data, decisions , plans , is more action needed?
- Take care to end the process satisfactorily. Your reputation depends upon it!

Requirements & considerations:

The Consulting Cycle: the full circle



Who is the client?

- Identifying the client is a key aspect of forming a client consultant relationship
- The client could be a number of different individuals including:
 - Initial contacts who first approached
 - Sponsors financing the work
 - Beneficiaries
 - Those who have a vested interest
 - The superiors/subordinates of those who have a vested interest (Mulligan and Barber, 2001)

Who is the client?

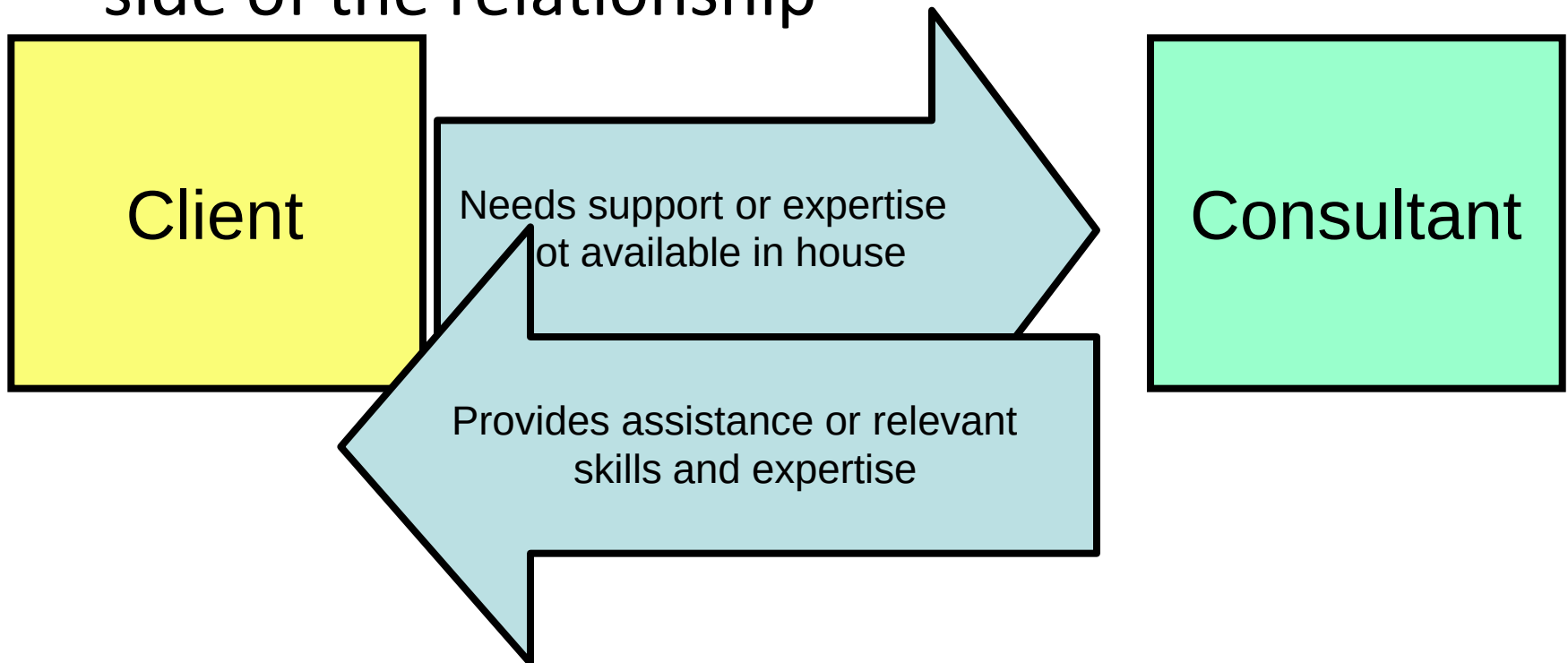
- Mulligan and Barber (2001) states three groups:
 - those who **know**
 - those who **care**
 - those that **can**
- All three groups are vital to engage
- Most initial meetings are with the top two
- It is essential that those that can (the sponsors of the work) are involved in subsequent meetings

Client consultant relationship

- The client consultant relationship can be defined simply as the association between the two parties
- Appelbaum (2004) stated the consultant should be:
 - **competent and skilled** at what they offer
 - have an emphasis on **client results**
 - have **clear outcomes and expectations**
 - have **visible executive support** from the consultancy firm
 - **adapt** readily to the **client's needs**
 - **invest in learning** about the clients environment
 - **include themselves in the implementation**

Models of client-consultant relations

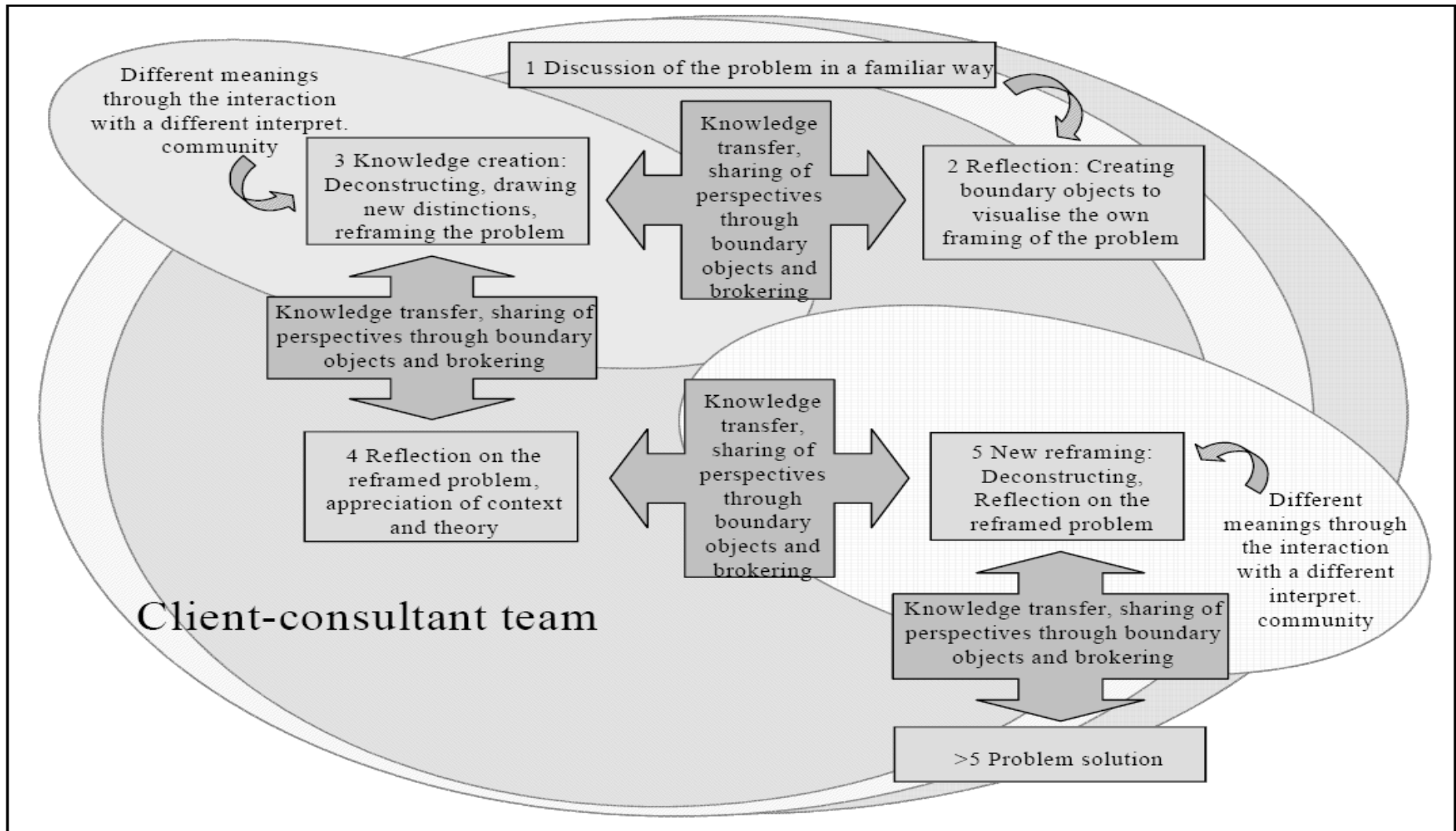
- Mulligan and Barber (2001) defined separately the client side and the consultant side of the relationship



Models of client-consultant relations

- Engwall and Kipping (2002) claim that the relationship between client and consultant is poorly understood
- Devinney and Nikolova, (2004) put forward four models to explain the complex relations that occur between clients and consultants
 - the expert model
 - the critical model
 - reflective practitioner model
 - interpretive model, as interpret things in a meaningful sense

Devinney and Nikolova (2004)



Models of client-consultant relations

- These models demonstrate that client consultant relations is a complex phenomenon that reflects epistemological issues in research

Client-consultant relations

- Functional characteristics of the relationship are also important to consider in terms of the:
 - contractual obligations,
 - the idealised relationship and
 - the actual relationship
- Adopting an authentic relationship can solve many issues and lead to improved client and consultant relations
- In the shadowy world of industrial espionage, problems can be dealt with by adopting an honest and open stance (Hanney, 2008)

Forming the relationship

- Sobel (2006) stated that it is increasingly harder to establish new client relationships
- The phases of forming the relationship are:
 - preparing for contact
 - orientation
 - identification
 - explorations
 - resolution

<http://youtu.be/vv3p6lMdC7c>

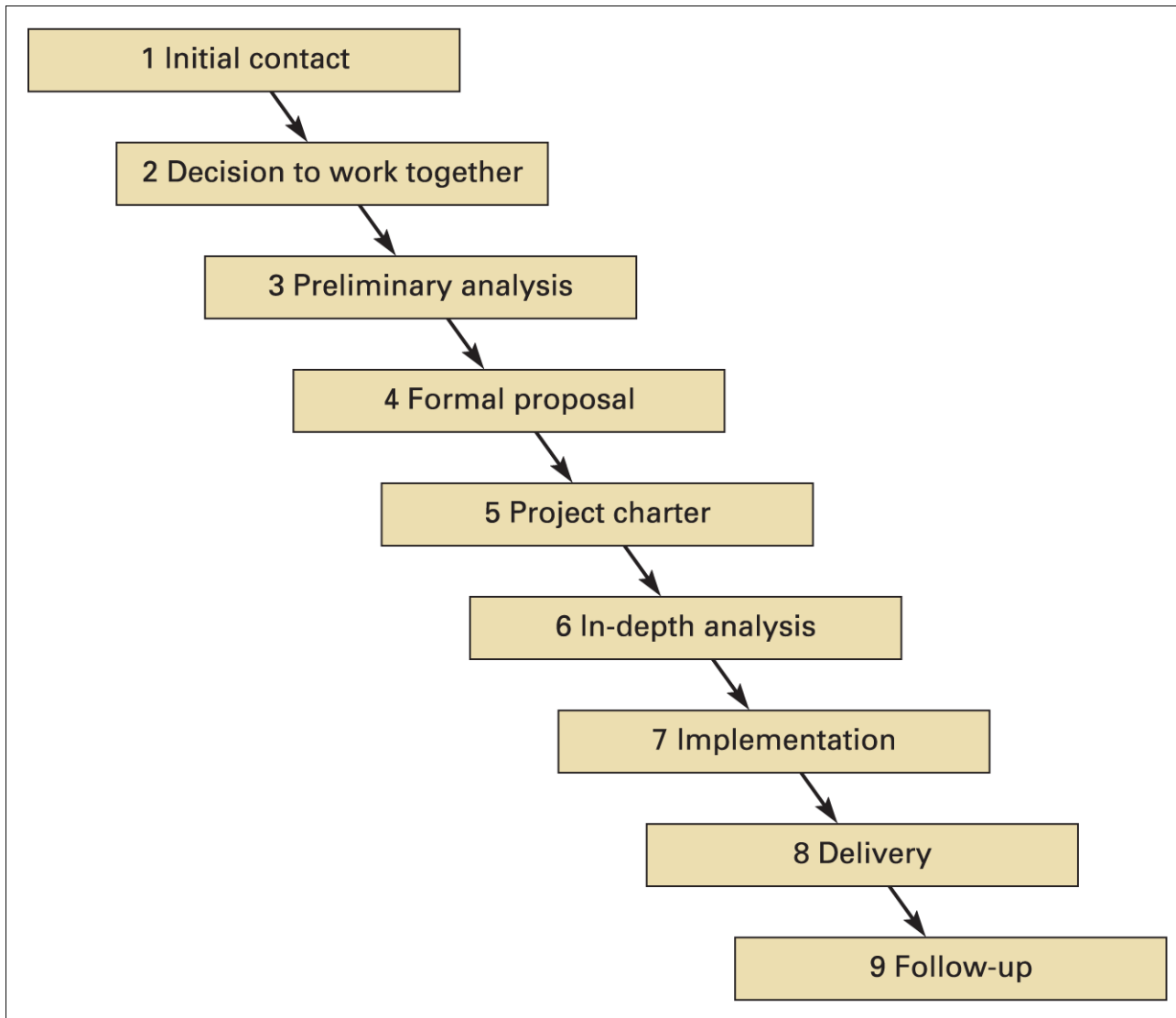
Client engagement – a definition

- Without clients, consultants are unemployed!
- Yatchmenoff (2005) defines the importance of the five dimensions in client engagement:
 - Receptivity
 - Expectancy
 - Investment
 - Working relationship
 - Mistrust

Client engagement – a definition

Client engagement is the involvement with the client that has contractual and social boundaries set at the beginning of an assignment or evolves through the renegotiation of work

Biggs (2010)



Consulting process

The Entry phase

- The entry phase is important (Hussey, 2001; Neumann, 1997; Stroh & Johnson, 2006)
- The success or failure of a consultancy project depends on entering into client engagement
- The entry phase is very much a matching exercise between
 - what the client wants
 - what the consultancy can provide (Karantinou & Hogg, 2001)

Sales pipeline

- The sales pipeline is the number of prospects that have the potential of becoming actual projects



Sales pipeline

- The sales pipeline is a crucial part of business development that requires close monitoring and represents the life blood of a consultancy (Beam, 2006; Hrehocik, 2007)
- Careful managing of the sales pipeline is essential to avoid the “feast and famine” of consultancy
- This is difficult if you are on project work but those that are successful never leave their eye off the marketing side for more than a week (Beam, 2006)

Important for both parties

- Both client and consultant strive towards the successful negotiation of the contract due to economic pressures
 - A client must think about what benefits may be gained from the utilisation of consultancy services
 - The consultancy can think about what the client needs and wants and whether they are able to deliver products or services on the basis of these needs and wants

The contract

- The contract represents the commodification of knowledge in that knowledge that may be gained is specified
- A contract doesn't necessarily have to be in writing but it is an agreement between the client and consultant (Holtz & Zahn, 2004)
- Nevertheless, it aids the relationship if there is a contract

The contract - discussion

- Some contracts may be negotiated in person and then formalised in an informal manner, e.g.,

Dear David,

In principle, we can agree the 4 days @ £2,500 + vat. I will take the lead on the project and then either Julie or I will then do the interviews with the 7 senior managers. What we will then produce out of the interviews is a distinct report stating what we did, what we found and the training needs recommendations on the basis of what we found.

Best regards,

David

In pairs, discuss the advantages and limitations of this contract

The contract – discussion

- The advantages of this contract is it is quick and informal and formalises previous verbal agreements
- The disadvantage is it isn't specific enough on detail
 - E.g., what is the level of training needs analysis?
- Most contracts are very formal documents that are legally binding between partners

Negotiating entry

- Hussey (2001) stated there were four stages in negotiating entry as follows:
 1. Agreeing the brief and scope of the work
 2. Planning the project
 3. Preparing the proposal
 4. Presenting the proposal

Agreeing the brief and scope

- Typically agreeing is done in the initial face to face meeting with the client (Holtz & Zahn, 2004)
- The client has a specific need that needs to be listened to carefully
- This may not necessarily be revealed in a formalised document such as an EOI, tender or contract

Planning the project

- It is essential that given what the client has stated, the project is conceptualised and thought out in adequate detail
- The consultant must make sure that the client's requirements will be satisfied through the adequate placing of resources
- The consultant must broadly speaking work out how much time and what cost particular tasks will take

Preparing the proposal

- Proposals propose how the consultant will perform the work the client desires (Stroh & Johnson, 2006)
- Typical headings within a formal proposal may be:
 1. Introduction,
 2. Objectives and scope
 3. Methodology
 4. Timetable
 5. Staffing
 6. Costings
 7. Annexes

Presenting the proposal

- Often called a beauty contest/parade as consultants demonstrate how they are the partner of choice
- Decisions on which consultancy is best may not necessarily be on the basis of price (Hussey,1988)
- At the presentation stage there may be a renegotiation of the work
- This is often why consultancies will put forward both a basic offering of services and a more advanced one to cater for the client's budget

Summary

- Client engagement is the involvement with the client that has contractual and social boundaries set at the beginning of an assignment or evolves through the renegotiation of work
- The sales pipeline is an essential tool to manage potential projects
- Client engagement is essential for both client and consultant
- Contracts are essential and typically written
- Negotiating entry follows a clear process

Further reading

- Biggs, D.M. (2010), *Management Consultancy: A guide for students* London: Cengage Ltd – Chapter 6
- Beam, C. (2006), How to assess your sales pipeline. *Consulting to Management*, 17(2), 18-21
- Neumann, J.E. (1997) Negotiating entry and contracting. In, Neumann, J.E., Kellner, K., and Dawson-Shepherd, A. (Eds). *Developing Organisational Consultancy*. Routledge: London.
- Werr, A. And Styhre, A. (2003) Management Consultants: Friend or Foe? *International Studies of Management & Organization*; 32, 4, 43-66
- Yatchmenoff, D.K. (2005) Measuring Client Engagement From the Client's Perspective in Nonvoluntary Child Protective Services. *Research on Social Work Practice* 15; 84-96



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Next week:

**The Research Proposal –
Project Initiation
Document (PID)
Consultancy Bids**

