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Consultancy Project

Role of a Management Consultant

Types of Consultancy

Reasons for Engagement



Last time we....

[Recap]

- Reviewed the module's aims and objectives and the assessment process
- Began to consider the role of a consultant
- Looked at organisations and why they might need help
- Touched on the impact of change on organisations
- Considered some possible and previous research topics



Today's Objectives



- 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

Tutorial: Choosing your topic

<http://youtu.be/SWDMtLk1-EM>

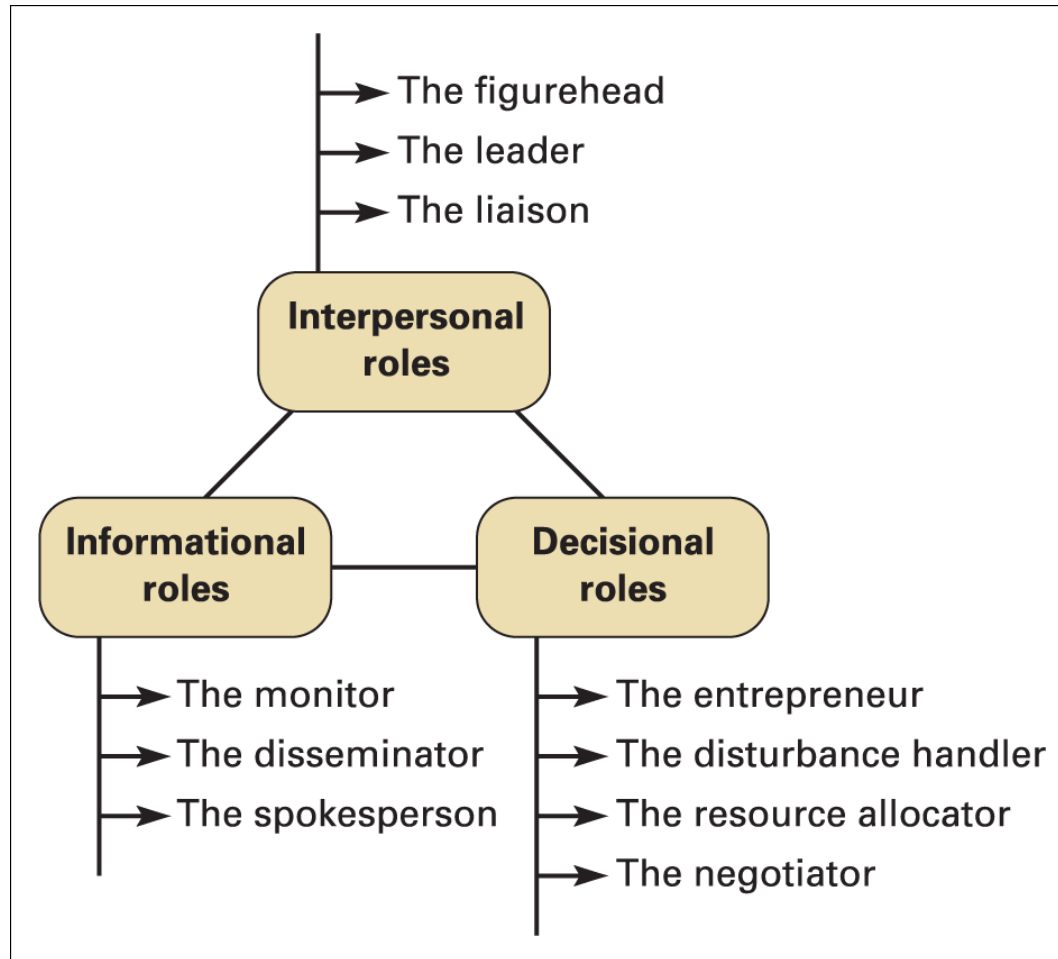


Definition

“A consultant is an independent advisor who adds value by helping managers to identify and achieve beneficial change appropriate to their situation”

(Newton, 2010:6)





Mintzberg's managerial role profile: consulting is a managerial activity

Development of Management Consultancy



- Harvard Business School
- 1963 Boston Consultancy Group established
- Management Trends
- Sales
- Marketing
- HR/Personnel Resourcing & Development
- Managing Change
- Strategic Management
- Brand Management
- Corporate Cultures
- Funding
- Management Fads and Buzz Words

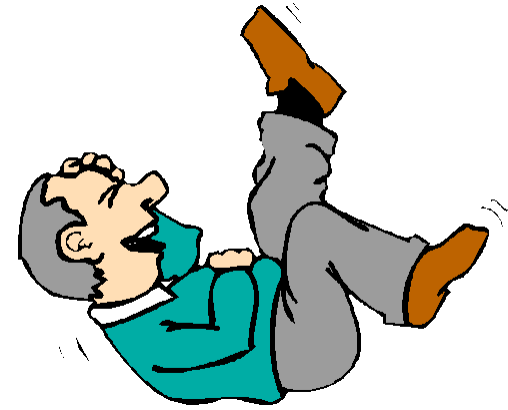


Defining management consultancy



- The MCA's definition of management consultancy is:
 - *Management consultancy is the **creation of value** for organisations, through the application of knowledge, techniques and assets, to improve performance. This is achieved through the rendering of **objective advice** and/or the **implementation of business solutions**.*
- This clearly states that its concern is to create value for organisations

A 1960s joke.....



A management consultant is someone who will borrow your watch to tell you the time
(Sturdy et al, 2009)

....be assured that the client is someone with a very expensive watch who doesn't know the time of day (The Times, 16/10/14)



A management consultant is someone who knows how to make love in 120 exciting, spectacular and exotic ways, but does not know any women.

D.Himsworth, letter to The Times, 16/10/14

Benefits and risks: what are they?

In groups consider the following:

- a. What are the potential **benefits** of employing a management consultant?
- b. What are the potential **risks**?

Appoint a spokesperson to feedback your thoughts to the rest of the class



Employing Management Consultants: benefits & risks identified

BENEFITS

- ▶ Fresh ideas
- ▶ Independent
- ▶ Professional
- ▶ Specialist skills
- ▶ Funding
- ▶ No employment costs
- ▶ Short term or long term solutions

RISKS

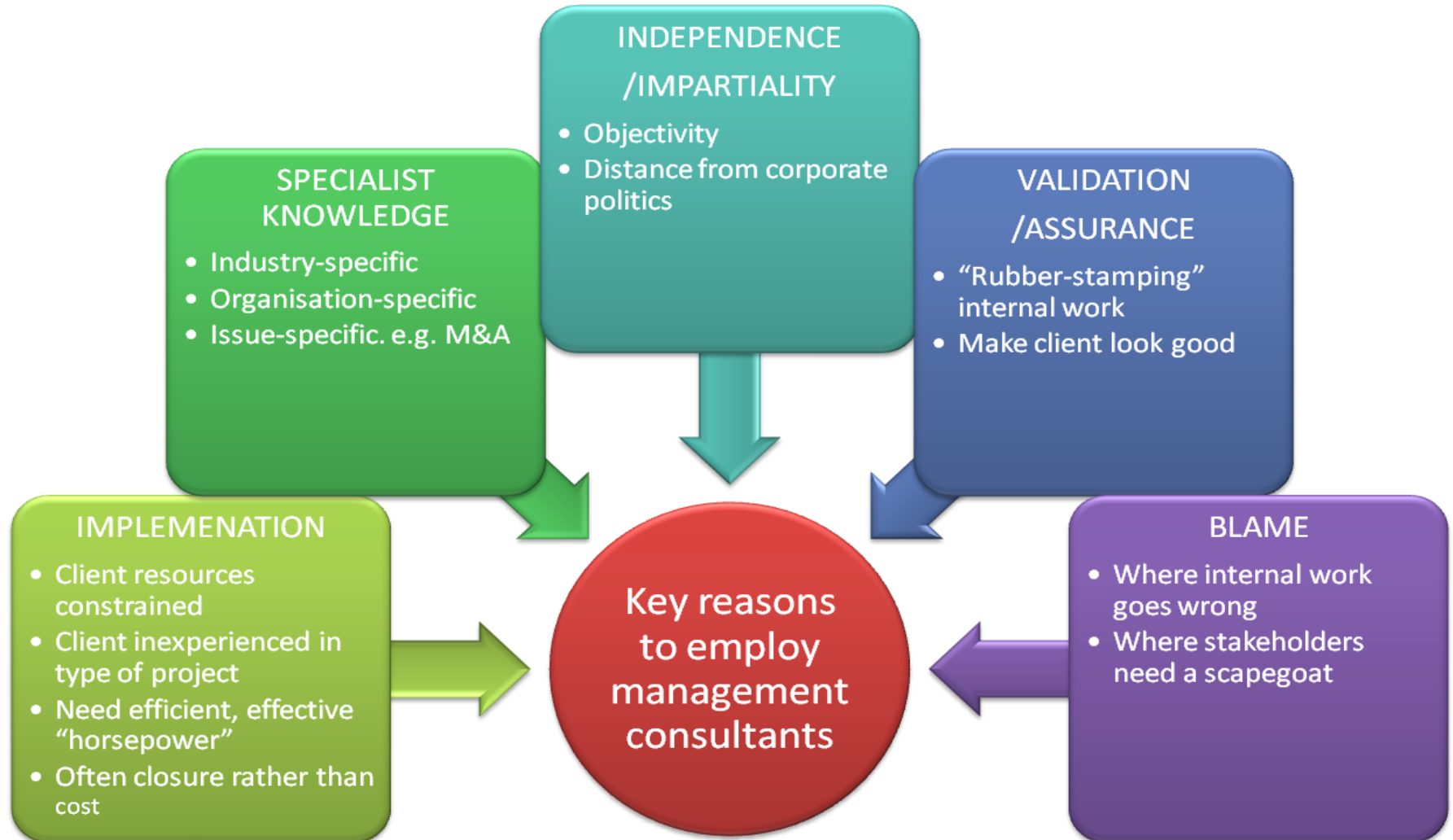
- ▶ Costs
- ▶ Lack of control
- ▶ External Issues



Adding value – research

- Ringland and Shaukat (2004) summarised research that found management consultancies were employed in five key areas consisting of:
 - Implementation
 - specialist knowledge
 - blame
 - independence/impartiality
 - validation/assurance

Ringland and Shaukat (2004)

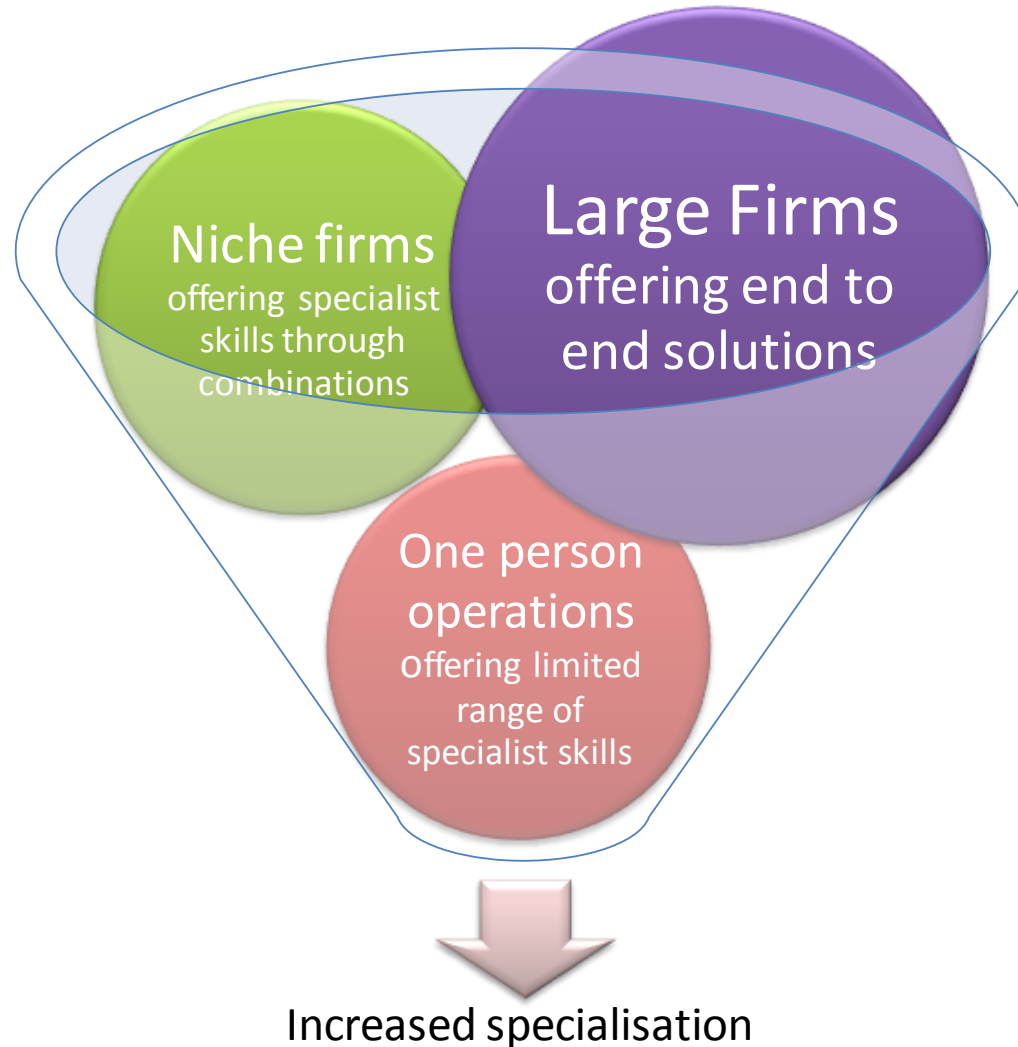




What is management consultancy

- In pairs, spend 5 minutes considering what types of firms exist within management consultancy
- Do these firms operate in different markets or industries?

Consultancies ARE different



Fields of consulting activity

- Consultancy in
 - SMEs
 - Public sector
 - Large corporations
 - International



SME's



- Some 23 million SMEs provide around 75 million jobs and represent 99% of all enterprises in the 25 countries that make up the enlarged European Union
- SMEs are also important for other large economies such as the US
- Most business research is only conducted in larger organisations (Biggs & Crumbie, 2000; Mughan, Lloyd-Reason & Zimmerman, 2004).

SME's



- SMEs prefer sustained support almost like having a trusted advisor on hand to discuss issues tends to be different and take on the role of trusted advisor than being more project based (Harris-Loxley & Page, 2001)
- Thus project based consulting is unlikely to work with SMEs as with larger firms
- However, this may not be the case if the firm is going under

Public Sector



HM Government

- Public sector organisations are becoming more business-like in their focus
- As such they use management consultancies to install business practices and culture from the private sector
- Although sometimes, there IT investment, etc can be greater than their private counterparts

Public Sector



- Roodhooft and Van Den Abbeele (2006) argued that consultancies are used by the public sector due to the following reasons:
 - To reduce workload in the organisation
 - To provide increased knowledge or competence due to the lack of this expertise existing in the organisation
 - To provide a third party, independent perspective on an issue or problem
 - To use consultants as ‘change agents’ bringing in public sector reform

Large corporations



- Large corporations are typically difficult clients but the rewards and opportunities can be great (Jeans & Page, 2001)
- Often it is difficult to get the whole picture within the client
- So the focus here is using a variety of sources to back-up opinions and perspectives

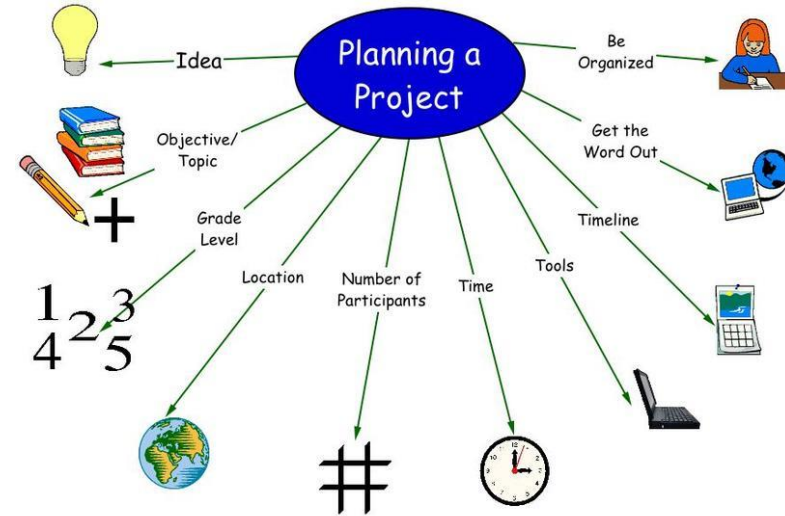
Large corporations

The Coca-Cola Company

- Jeans & Page, (2001) argue that the following are essential in consulting with large corporations:
 - Taking matters at face value and not getting collaborative information
 - Separating yourself from the clients politics
 - Knowing the scope of the project and avoiding project creep
 - Not out staying your welcome



Broad categories of projects



Czerniawska (1999) broadly categorised the types of consultancy projects into:

1. fact-based assignments and
2. process-based or action based assignments

Fact based assignments



- Fact-based assignments investigate a particular issue through gathering relevant data
- It is useful in examining issues that are:
 - Discrete, data can be gathered to understand the issues involved
 - Statistical or logistical, where data can be used to ascertain the environment
 - Finite, the issue is limited and in being so an analytical approach can provide a snapshot of that issue

Fact based assignments



- Gilbert (1998): like a medical practitioner the consultant ascertains the evidence and then presents it back to the client
- Higdon (1969): medical model worked well for describing the professional nature of consultancy
- Disadvantage: a very analytical approach (Czerniawska, 1999)
- But also most clients demand some implementation

Action or process-based projects



- Action-based assignments focus on the implementation of the work rather than just uncovering the facts
- Action-based assignments are ideal in dealing continually changing, developing and growing businesses
- A shared partnership between the consultant and the client (Mulligan and Barber, 2001)

Action or process-based projects



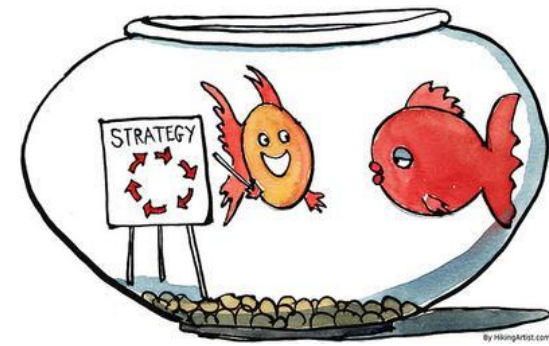
- Czerniawska (1999) criticised them:
 - Process-based consultancy can be subjective
 - Issues may arise which the consultant cannot deal with such as personal problems, etc
 - Consultants may over indulge a client with privileged information (the cat is let out of the bag)
- All can be addressed (and again good subject knowledge, especially about research design, and experience helps in this matter)

Range of consultancy activity

- Management consultants by their very nature tend to have specialist knowledge
- The Institute of Business Consulting defined this as:
 - Business strategy
 - Manufacturing and business services
 - Marketing
 - Financial and management controls
 - Human resources
 - Information technology
 - Environmental management
 - Quality management



Business strategy



- Strategy may be defined as the policies and procedures in an organisation that gives it a sustained competitive advantage (Lawler, 2006; Legge, 2005)
- Business strategy involves more than just specifying an organisation's mission, vision and objectives but also aiding the company through projects or programmes of growth
- Strategy needs to take into account the key stakeholders of the business (Obolensky, 1994)

Manufacturing and business services



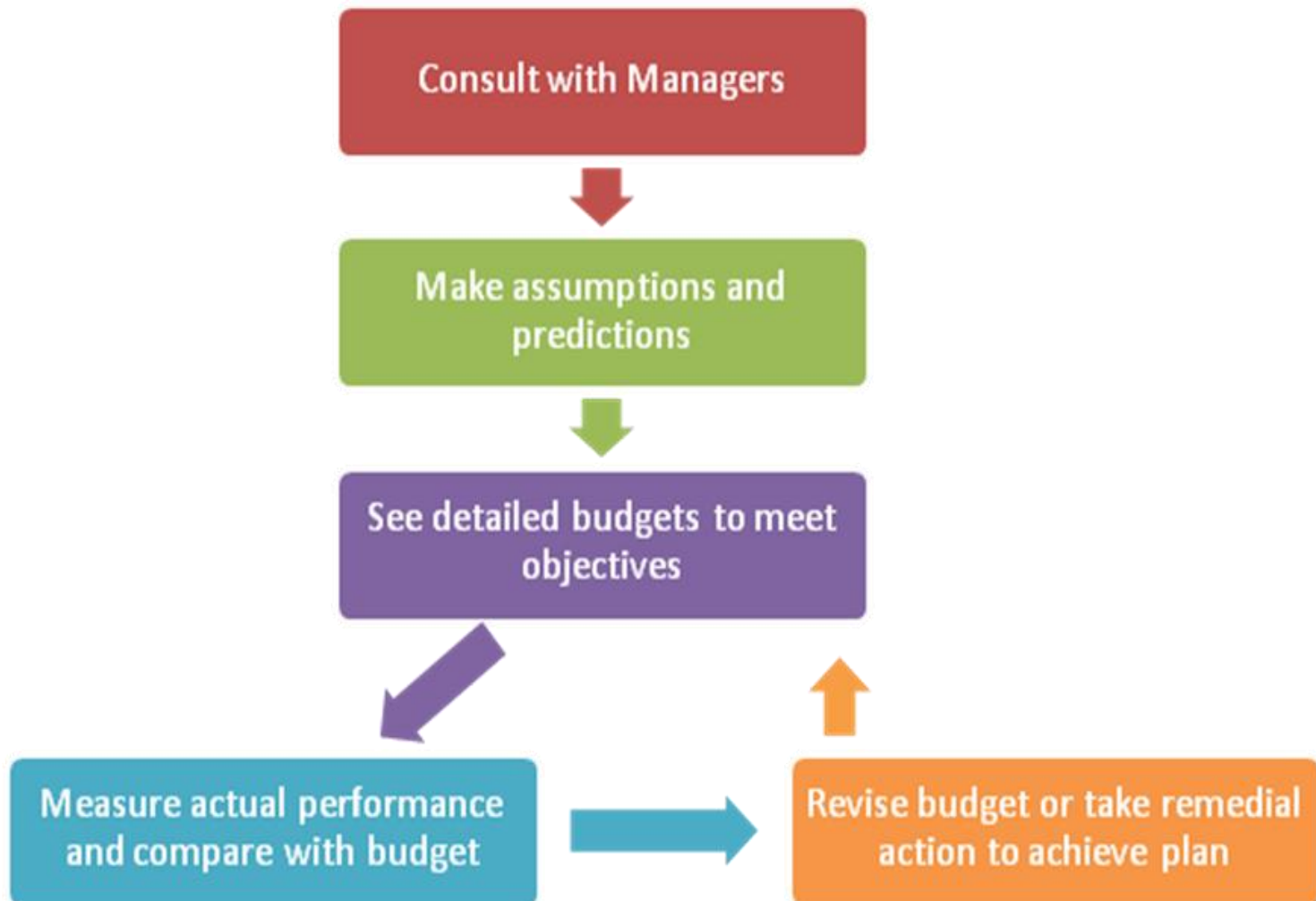
- Manufacturing is the use of machines, tools and people to create objects for use (by other manufacturers) or for sale either directly or via a retailer
- It typically involves large scale industrial production whereby raw materials are manufactured into finished goods
- Consultancies can work in this area examining issues such as production, quality control, use of human resources

Financial and management controls



- Financial planning and control are essential for any business (Collis & Hussey, 2007; Kind, 2001)
- Consultancy in this field may range from implementing budgetary control, financial planning, or calculating large investments in capital
- Area fraught with difficulties: overspends/accountability/politics

Financial and management controls



Marketing



- The American Marketing Association defines the activity of marketing as:

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large

- Consultancy may examine marketing as
 - a function (examining a clients sales activity) or
 - market research (e.g., consultation)

Human resources



- Human resource management (HRM) which may be defined as the strategic and consistent approach to the management of individuals within an organisation
- Through the management of the organisation's most valued assets, great business benefits can be released (Hackman & Oldham, 1975)
- HRM represents a major investment in terms of what has been spent on individuals not only to recruit them but also to train and develop them into an effective employee

Information technology



- Projects and programmes in information technology (IT) or more often name Information Computer Technology (ICT) can range in size like projects
- Smallest may be simply investigating why users are not using a particular programme in terms of human machine interaction (e.g., Biggs & Marshall, 1999)
- Other projects, may be vast such as NPfIT, a computer system being developed for the NHS may be vast (Brennan, 2005)

Environmental management



- Environmental management is a growing area for consultancy
- Projects within this area may include urban, regional and international development planning
- Projects may seek to improve the quality of lifestyle for poorer nations
- Other projects demonstrate how physical, economic, ecological and sociological aspects manifest in our environment for the good of all human kind

Quality management



- These types of project range in scope from revising how a department measures performance through to large scale implementation of quality procedures
- Investigate the existing quality procedures of a company and then revise this setting out policy, performance measures and revised quality assurance
- May involve satisfying the requirements of quality assurance bodies (e.g., ISO9001)

Range of consultancy activity

- All of these areas can have textbooks and even degree programmes in their own right!
- Human resources for instance can be completed from the CIPD (personnel & HRM) angle
- Human resources can also employ business/occupational psychologists for:
 - Selection
 - Training
 - Motivation, etc

8 pre-requisites for selling consultancy



1. There is a client
2. The client has a currently unfulfilled need
3. The client believes that they require help to resolve this need
4. The client knows about you and your services
5. The client perceives that you are capable of fulfilling this need
6. You (or someone else acceptable to the client) are available to fulfil the engagement
7. The client has a budget/finances to pay for your services
8. The client has authority to spend the budget/finances

Product Types:

who uses consultants and why?

Who?

- Public, Commercial and Voluntary sectors
- Large and small organisations

Why?

- Support/progress aims and objectives
- Process Improvement
- Operations Management
- Motivation
- Systems
- Product Performance
- Service Quality



Consultancy Services

- Business Strategies
- Finance
- Management
- HR/Personnel Resourcing & Development
- IT Marketing / E Business
- Marketing
- Supply Chain
- Tourism/Events
- Sports Programming



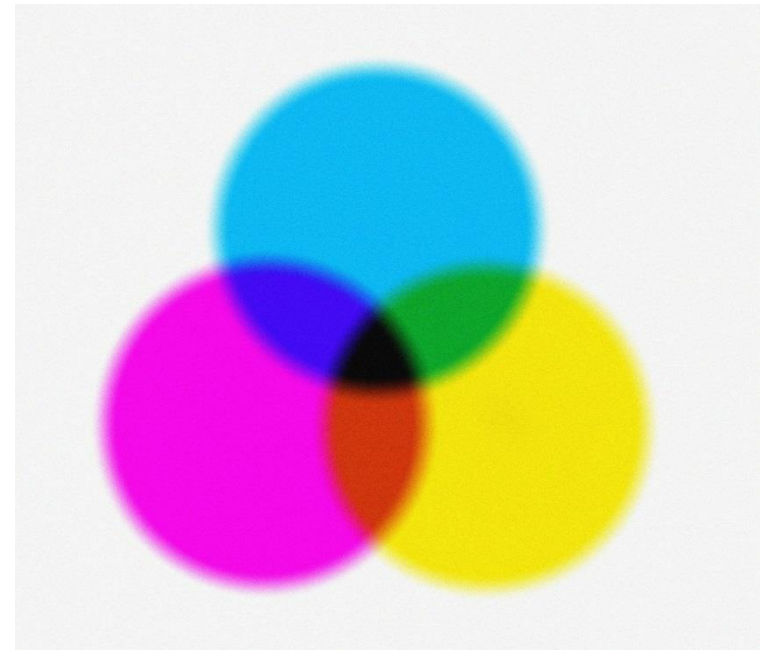
What does consultancy work involve?

- 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



Organisational Consultancy Processes

- Strategy
- Structures
- Management
- Operations
- Cultures
- Managing change
- Resources
- Solutions
- Implementation



Consultancy Role: what may be expected?

- Varied activities
- Specialist skills
- Professional Expert
- Consultation
- Facilitator
- Advisor
- Entrepreneur
- Innovation
- Teamwork / working alone
- Strategic Solutions
- Project Management



Consultancy

Qualities & Skills

Qualities?

- Solutions person
- Ideas person
- Learning styles
- Professionalism
- Team player
- Management understanding
- Appreciation of corporate cultures
- Confidentiality

Skills?

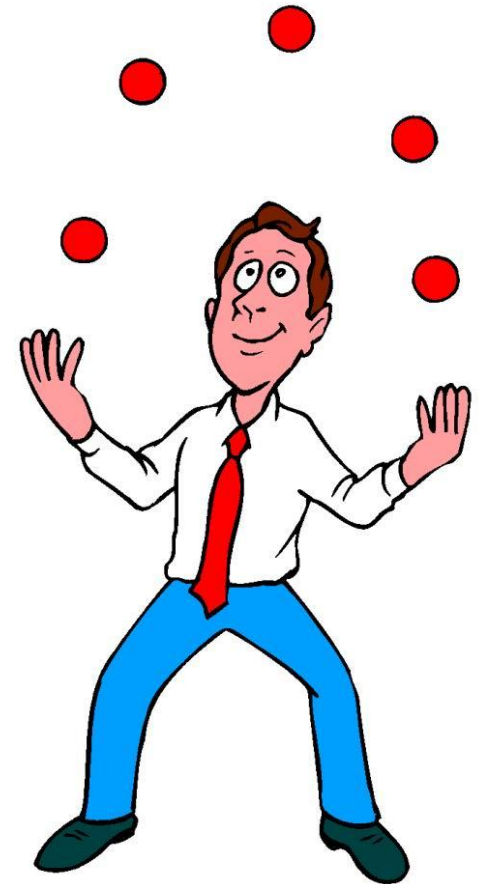
- Communication skills
- Listening skills
- Leadership skills
- Marketing skills
- Networking skills



Skills needed to succeed!

- Ability to identify your competitive advantage
- Create a dynamic marketing plan
- Qualifications, skills and experience
- Ability to write proposals
- Effective pricing for your service
- Funding support and guidance
- Market positioning
- Reputation

<https://youtu.be/HOGROjl5r4A>



Consultancy Research Process



Requirements:

- Identify issues /hypothesis
- Research Methods
- Data Collection:
 - Interviews – clients, staff or management
 - Mystery shoppers/guests
 - Focus Groups
 - Workshops
- Analysis
- Report

Consultancy Reports

Based on research & involve:

- detailed business proposals
- presentation of findings
- report writing

Via:

- Presentations
- Reports

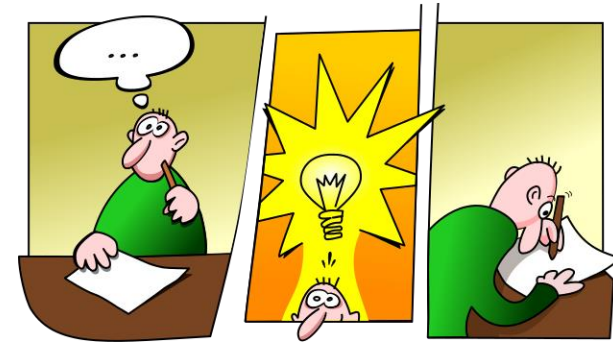
Expectations may include:

- Identification of options
- Putting forward solutions
- Consideration of costs & resource issues
- Implementation strategies
- Review and feedback
- Assist clients at all stages
- Project management



What sort of projects?

Look for those that.....



- Have the potential to be well-defined in terms of objectives and outcomes
- Relate to a well-defined part of the organisation or business unit
- Are sponsored by someone of seniority in the organisation
- Are meaningful to the business (motivates your sponsor)

BUT.....

THINK
POSITIVE

- Are not critical to the organisation's survival (too much pressure on you)
- Offer a broad-based management experience
- Don't demand too specific and advanced a knowledge by you
- Go for positive projects that let you show off your range of management skills, get you working with someone senior on something that they'd like you to do for them
- Extra pair of hands.....do that project they've been putting off.

Ideas that could add



- How could a hotel increase use of the leisure facilities/health club?
- New procedures –e.g. complaints systems?
- Assessment of how good internal communication systems are
- Brand extension opportunities
- Review of marketing effectiveness
- Promotion of corporate social responsibility or community engagement
- Market research into a new product/service



<http://youtu.be/w0PO1eSqm7E>

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Tutorial: Choosing your topic – book it!!



Next week:

The Consultancy Process:

Bid to Delivery

Working with Clients

The Consultant in Action –

The Hotel Inspector

