

CHAPTER 2

DEVELOPING MANAGEMENT CONSULTANCY



INTRODUCTION

This second chapter commences by exploring both the individual and consultancy practice's development and then looks at its approach to marketing its services. It next discusses the important consultancy tool of networking and finally examines the value of understanding the client's requirements as the first step in developing the

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relationship and the process leading to the award of a contract.

INDIVIDUAL DEVELOPMENT

Without exception, and not unreasonably, clients expect consultants to be “professional” however rarely do they understand that consultancy *per se* is unregulated with no barriers to entry and where anyone can set themselves up to practise as a management consultant. In fact qualifications in any business or management field which may be used to demonstrate a level of business understanding, knowledge and skills are not needed to undertake fee-earning work, as a common approach is for consultants to secure work purely on the basis of their technical qualifications and domain knowledge. Large practice consultancy organizations have their own methodologies which they religiously instill into their consultants as a way of achieving a level of quality assurance; as a way to be consistent in their approach, programme and outputs; and as a way to have some comfort from a governance aspect as their approach has been tried and tested in a number of situations. This training, common within the large “Tier 1” consultancy practices, fits well into the development of individual professional consultants and as part of a wider organizational competency management process, where the elements may be considered to be:

- **Competencies** – How they go about their work.
- **Attitude** – How they prepare for work.
- **Skills** – What they can do.
- **Knowledge** – What they know.
- **Differentiation** – What unique benefits they bring.

Over the last decade there has been a proliferation of smaller consulting organizations and it is these smaller organizations – down to self-employed, one-man consultancy businesses and internal consultancy groups – who are often unable to commit time and funds to such development and usually rely more on their experience than any formal learning and development. However, the proficiency of the above four areas will contribute to the professionalism of management consulting and are applicable to a number of activities required for consultancy delivery such as communications, teamworking, innovation, facilitation and problem solving to name but a few. In looking wider at the requirement for professionalism within consulting it is proposed that the following eight features are necessary:

- Competency, attitude, skills and knowledge (as shown above).
- A commitment to be cognisant of advances in the profession and their domain knowledge area in order to provide a currency of information and best practice knowledge.
- The concept of service and wider social interest.

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- Professional approach with adherence to ethics and standards.
- Self-discipline and self-control.
- Trust and confidentiality.
- Impartiality and objectivity.
- Flexibility, quality and “value for money”.

It is suggested then that the development of competencies, attitudes, skills and knowledge is linked into the individual’s performance as shown in Figure 2.1, itself part of a performance management system, described in more detail in the sister publication *Essential Tools for Organizational Development and Performance*.

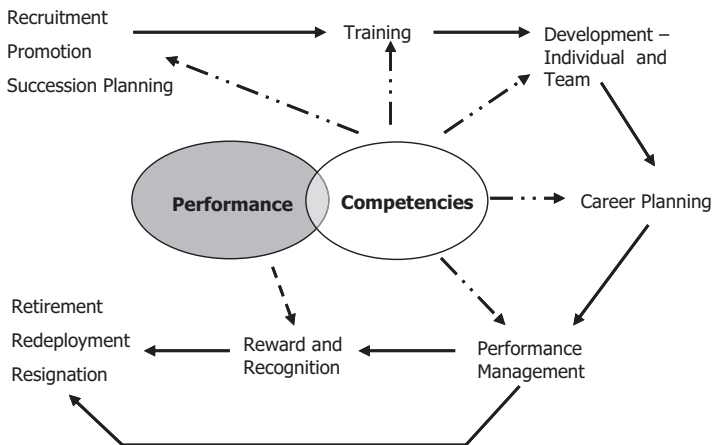


Figure 2.1 The cycle of recruitment, training and career management as part of a performance management system. From *The Essential Management Toolbox: Tools, Models and Notes for Managers and Consultants*. S.A. Burtonshaw-Gunn, 2008.

Whilst this figure suggests a close working relationship between HR and functional managers as part of a cyclical business process, investment in the training and development aspects of the model should be undertaken as part of a wider programme of management consultancy competency with objectives around the four areas of competencies, skills, attitude and knowledge.

The only professional institution in the UK representing management consultants is the Institute of Business Consulting (IBC) which has its own competency model that can be used by individuals and practices to determine their future training and development requirements against a competency matrix covering three levels termed “development”, “independence” and “mastery”. Many large consultancy practices often have their own competency requirements allied to career progression which typically range across more levels from researcher, analyst, junior consultant, consultant, managing consultant up to partner level. The advantage of IBC’s competency profile tool is that it allows for a clear recognition of individual skills between job transfers whether inside the same company or externally to a new consultancy company. With no tangible product it is the competency, knowledge, standing and gravitas of the consultant that very often provide a consulting practice with not just fee income but added value from the ability to use this for the benefit of the company in future business development. The IBC Management Consultancy Competence Framework is well established and its origins can be traced to its previous organization, the Institute of

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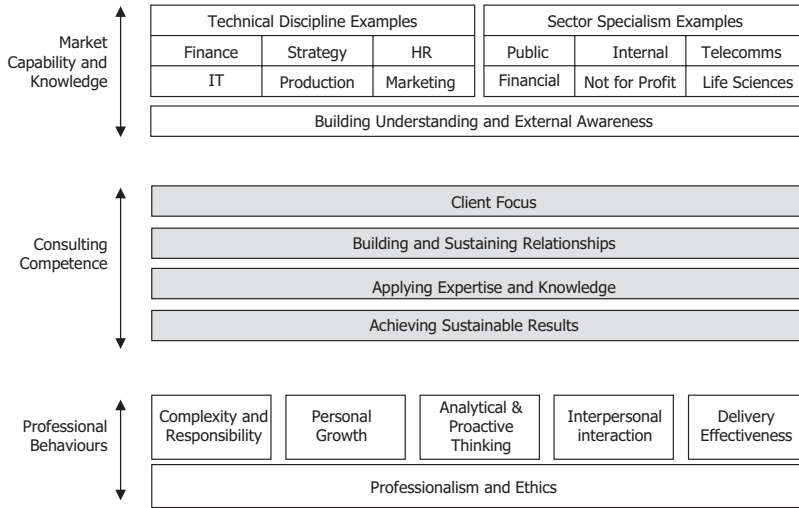


Figure 2.2 Management Consultancy Competence Framework. Reproduced with kind permission of the Institute of Business Consulting.

Management Consultancy. The model shown in Figure 2.2 is taken from the 2002 document on the Competence Framework and although is the same in format, logic and requirements, this model is not illustrated in the latest version of the Framework document.

The professional behaviours such as governance and ethics have been discussed in Chapter 1; within this model all the elements relate to the individual consultant. Although the large consulting organizations provide training for their staff which results in a uniform approach to problem solving and consultancy assignments it has to

be recognized that both the smaller consultancy and indeed internal consultancy groups are not as wedded to a set tool or methodology and as such may offer a broader range of solutions than just those in large practice vogue or which are more convenient for the consultancy provider.

If consultancy is a new activity for an organization then training and other development activities should be regarded as being very important. Even with the most qualified, experienced and professional consultants, organizations still need to attract new clients and retain their existing ones; as such marketing of the consultancy's up-to-date knowledge should be regarded as part of their marketing message and a key facet of their intellectual capital asset and talent management strategy.

MARKETING CONSULTANCY

It has to be said that marketing a consultancy service where there is often no actual product, where the consultant needs to understand the issues of the potential client base, and where the marketplace is potentially huge, requires a systemic, or at least a considered and targeted approach. Whilst it is easy to produce a brochure and mail it out in a confetti fashion, this clearly is not the ideal approach; and certainly one that is least likely to connect with the intended decision makers of the target client audience. A point to be returned to later.

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An ideal starting point is to understand the consultant team's offering and how this may be matched to market needs. As such, agreeing a consultancy practice vision and mission statement is a useful exercise as this can focus the team into developing a mutually agreed marketing plan. However, it has to be said that this is not absolutely necessary as it is possible just to make it up as you go along, although such an unplanned approach makes monitoring progress difficult in the absence of a "route map" for comparison.

In planning to market a consultancy offering, the skills, knowledge and experience, i.e. the competencies of the staff, need to be articulated to show what type of work the consultancy will do and perhaps what it might do in the future. Figure 2.3 shows how having a shared vision may be used to expand the development of the consultancy services by prompting consideration of markets, resources, competencies, competitors and so on. It can then be used to set short-term and medium-term objectives for converting the goals into reality by assigning actions. These should be detailed in its marketing plan.

Having produced a marketing plan based on the above analysis the next stage is to put this into operation. In trying to raise the profile of the consultancy team this may be done in a passive way, for example production of articles, seminar presentations, blog and website usage, etc.; alternatively, this may take a more proactive approach by placing adverts in client targeted publications and

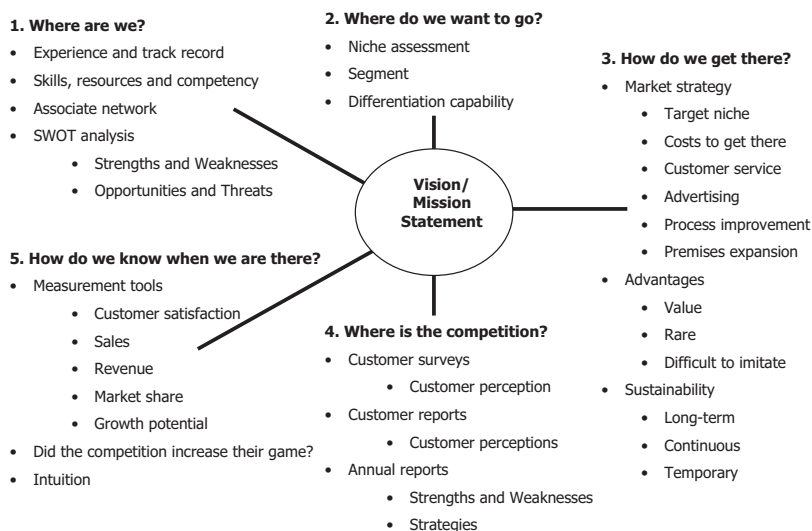


Figure 2.3 Consultancy marketing considerations.

direct mail, brochure, poster campaigns and so on. The prime objective is to connect with the potential client in a way that a meeting to discuss the client's issue and the consultancy's offering becomes a natural and easily arranged event. Connor and Davidson (1997) propose that there are six client-centred marketing activities that when incorporated into a marketing plan will provide a competitive advantage, these are:

- Selecting a targeted industry-market niche for special attention.
- Market research to develop an insider's understanding of the industry and markets.

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- Building a favourable awareness and earning an insider's reputation with targeted members of the niche.
- Preparing, positioning, promoting and providing added value solution to their needs.
- Building strong, value-based relationships with all who are or can be influential to your marketing goals.
- Leveraging your knowledge, skills, experience and resources.

In support of the above methodology to target potential selected clients, rather than adopting an untargeted mailing approach, Leach and Moon in their book *Pitch Perfect* offer the following matrix model (shown as Figure 2.4) which may be used to plan how best to approach the identified clients.

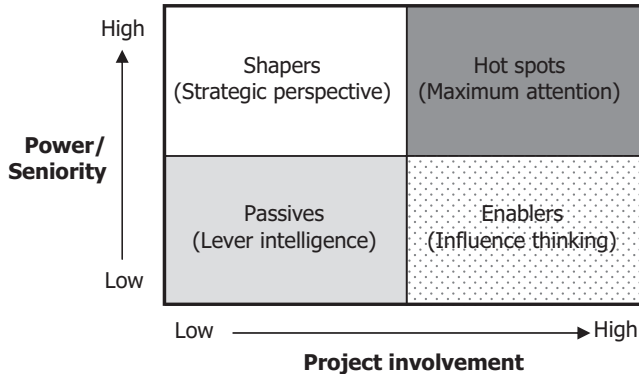


Figure 2.4 Pressure points matrix.
From *Pitch Perfect* by J. Leach and J. Moon. Capstone Publishing Ltd, 2003.

From the model in Figure 2.4 the position of the individuals in the target client organizations may be mapped on the matrix to determine how they may be approached. This is detailed below:

- **Hot spots** are individuals that hold budget responsibility and should be of prime importance to business developers as they often carry the maximum weight in the decision-making process. Personal credibility is at stake with these “hot spots” and as such the consultant will only have one chance to impress them.
- **Shapers** are often the most senior individuals within an organization concerned with strategy and direction. These would typically be individuals whose day-to-day role would not involve them in a project as they tend to take a more strategic perspective on purchasing decisions and would ensure that the decision is in the interests of the overall strategy, policy and direction of the business.
- **Enablers** are project individuals who have a day-to-day high degree of involvement with projects and are often part of the decision-making team.
- **Passives** are the supporting personnel, most likely at the administrative level involved in projects. It should be noted that these often appear to be more influential than they really are; however, they can be very beneficial in finding out company intelligence. They are usually more accessible and can be used to impart knowledge on key decision makers, policy, strategies, personalities and needs.

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The importance of the matrix is its use for plotting current contacts in both existing and potential clients, these can be colour coded (red, amber and green, for example) to show the strength of the relationship which can indicate strengths and weaknesses and where to direct attention in developing the consultancy relationship further.

Tool 5 in Chapter 5 covers the elements of marketing in the match between the seller's approach to price, place, product and promotion and the market's reaction in terms of matching customer, cost convenience and communication. Whilst this tool may be useful to consultants in undertaking work for a client it can of course also be used when considering the marketing of the consultant's professional services. Additional marketing models are provided in the sister book *Essential Tools for Operations Management*.

DEVELOPING CONSULTANCY THROUGH NETWORKING

The wider topic of networking is discussed in the publication *Essential Tools for Organizational Performance* as part of its relationship with Knowledge Management. In this chapter the focus is on the use of personal networking that management consultants may undertake as part of their marketing activities. Here networking is concerned with relationships between people and can cover ways in

which people make or are helped to make professional contacts with each other and how to make the most of such relationships.

Considering how much time is actually available to individuals to “network”, to meet new people and explore common interests, etc. when faced with other demands upon available time, then the selection of where, when and how often to network should be regarded as a serious decision. On the basis of available time it is then possible to select which networking groups or events to target and attend; these can cover any one of the three types of professional networking groups which offer different benefits:

- Some groups provide opportunities to interact with prospective employers and clients, e.g. “business link” breakfast meetings where smaller businesses are encouraged to share experiences and ideas to improve in-house knowledge.
- Some groups enable their members to keep abreast of the latest developments, such as technical products or managerial processes. These are typical of many professional institutes’ local branch meetings and special interest groups such as the Chartered Management Institute’s Women in Management, Police, and Care Management groups.
- Some groups provide opportunities for career skills development that will enable attendees to learn more about self-marketing, interviewing and making

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a successful transition, an example of this is alumni associations.

In addition to these professional networking groups is the use of a more informal casual network such as family and friends, local school PTAs and friends of arts or charity groups as shown as Group 4 in Figure 2.5.

Having identified outward facing external networking it should be noted that there are also internal networks typically formed through proximity and organizational structure rather than by invitation. The purpose of the Group 5 internal networks of Figure 2.5 should be to allow an individual to develop their potential and for them in turn to contribute to the development of others through knowledge sharing. This internal network can also be used to share information about each other's

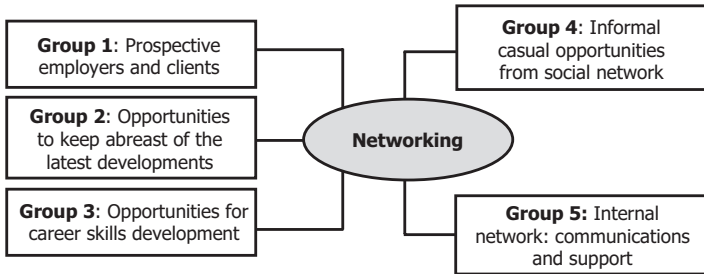


Figure 2.5 Networking groups.

From “Networking – a personal view” by S.A. Burtonshaw-Gunn. Published in *Professional Consulting*, Issue 20, 2007. Reproduction with permission.

skills and experience rather than just using the knowledge for which an individual was engaged.

Whilst many people profess to have access to a large network, for the vast majority of these this is passive and often outdated and rarely used to any tangible benefit. It is therefore suggested that it is often much more effective to be active in one professional association where people get to know who you are and what you do, and are able to trust you as a colleague or member rather than as a stranger. Furthermore involvement through a network's committee or organizing team will provide opportunities to get you involved in activities that in turn will enable greater interaction with others and foster a strong personal network. Whilst there is a practical restriction on the amount of people anyone can know, the interaction with groups offers a linkage to others through the use of a network. Indeed, as each network node is connected to another network through people, the book *The Tipping Point* (Gladwell, 2000) proposed what is now a widely accepted phenomenon that "six degrees of separation" allows a connection between any small group of people to the rest of the world. Whilst it may be a powerful concept to know that any one of us is only six contact points away from Barack Obama, Ban Ki-moon, Sting or Madonna, of course this chain is naturally only as strong as its weakest link between the networked groups. The link strength comes from the role that individuals play in their own local networks and not by any group trying to organize itself through links to other networks

in support of the six degrees of separation concept – an example of quality rather than quantity perhaps. However, the strength of networking is only fully realized where an individual is known and trusted by the group and, also importantly, where members feel comfortable to make the next connection with another known network with which they have a trusted relationship. Without the attribute of developed trust and acceptance the relationship with another network is likely to fail as the linkage will be immature and possibly regarded as superficial by its network members. On this basis there is a clear message for consultancy marketing: whether from membership of a professional body or in sharing a common leisure interest, **occasional** ad-hoc attendance should not be considered as “networking” as it is little more than a preliminary meeting with pleasant, yet reserved, conversation.

Consultants may choose to use their membership of professional bodies and their regular meeting as a good opportunity for networking. These offer two good opportunities: first, before the start of the formal programme and second, immediately after the guest speaker’s presentation. In limiting your attendance just to listen to the speaker you will miss out on much of the networking opportunity that the meeting can provide. Skilled networkers arrive in good time and use the expectation of the event as an introduction tool; equally, late departers can make use of the presentation content, speaker’s performance, or the announced forthcoming programme as

a way to initiate an introduction of themselves to others. The well-known cultural/national distinctions are very obvious in this setting with Kate Fox (2004) observing in her fieldwork research the traditional British reserve which inhibits introductions and a preference for small talk around the weather and local traffic congestion rather than any discussion on business or professional practice topics. This is not to suggest that this is wrong and that networkers should spend the occasion jumping from one conversation to another with a haphazard distribution of their business cards to everyone and asking to let them know of any work offers. For even the most confident of people, this approach is usually inappropriate and should be avoided to save gaining a reputation as being too pushy – or even desperate! Instead, good networkers use the meeting as an opportunity to develop a relationship and then suggest a business meeting for a later date.

For networking to provide a real value it needs to be carefully managed and continually rationalized otherwise individuals run the risk of hoarding a myriad of contacts which are never interactive and can even breed complacency over the need to attend networking events. Furthermore, without such self-imposed management it is possible to develop a false sense of security about personal worth in the marketplace which may also prove to be detrimental to other organizations' and individuals' perceptions of you.

If a networking opportunity either at the earliest stage in the contact cycle or through lack of contact at the

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latter stages is not adding value then it should be tactfully brought to a close. From a professional work perspective, networking should be considered to be valuable and an essential exercise in both organizational and personal branding; where such brand management and visibility may help to raise your industry profile, credibility and consequently “brand value” – all of which are important characteristics in the management consulting profession.

For some consultants, a professional network is one of their most valuable assets with networking meetings regarded as one of the best ways to continually keep up to date on industrial, commercial and professional developments and to revitalize and grow future business contacts. Whilst many advocate a highly structured approach to networking through contact mapping and customer relationship management frameworks, it is easy to forget to seize those unscripted opportunities which sometimes present themselves as they may prove serendipitous from a future development perspective. Returning to an earlier point, it is the “quality, not quantity” of the networking that in the vast majority of cases produces the best results.

A final word of caution on this topic is that having begun to establish a relationship and perhaps allude to a meeting it is important that this is followed through to show commitment and to begin to engender a degree of trust and reliability. It is also important in a practical way to follow up immediately while the person, the conversation and the issues discussed are fresh in both your minds;

forgetting all about it until the next time the two parties meet is unlikely to progress the relationship or any business opportunity. This leads to the initial exploratory stage and the development of the consultant–client relationship discussed below.

CONSULTANCY SELECTION PROCESS

When a client wishes to engage the services of a consultant there are a number of indicators even at this early stage which may be used in the selection process; based not on price but on the perceived value and relationship with the consultant that the work will involve. The importance of understanding the client's requirements at this early stage is crucial in order to eliminate the risk of failure which may arise from:

- An ill-defined client requirement,
- Poor communication of the problem to be addressed,
- An inappropriate level of expectation, or
- A mismatch between the competencies needed to undertake the work and those of the consultant.

Time spent on this initial understanding will strongly support the successful outcome of the consulting work and assist both parties in developing a fruitful and long-term relationship. A recommended checklist, shown in Figure 2.6, offers benefits to both parties in providing a framework to assist the consultant to understand the

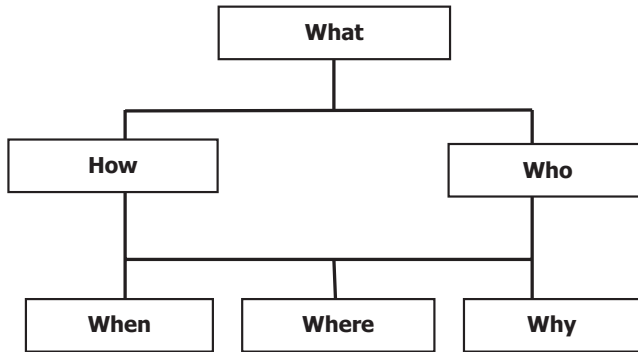


Figure 2.6 Example consultant's checklist format.
 From *Managerial Consulting – A Practical Guide*, 2nd edition. C.J. Margerison, 2001. Reproduced with permission of Gower Publishing.

client's business, issues and expectations. This model is taken from Margerison's book on managerial consulting which includes the checklist developed by Sue Morrell of the Queensland State Public Service in Australia. This checklist is not to be used as a step-by-step mechanistic approach to the first meeting but by keeping this approach (What, Why, Who, When and How) in mind it will allow the consultant to explore many of the key issues at the first meeting and gain a full appreciation of the immediate issues and any future working with the client in terms of project delivery. For the consultant the checklist offers a robust approach to understanding the client organization's issues and problems together with constraints, risks and expectations.

What

- What is the background to the request for a project?
- What is the client system?
- What are the objectives of the project?
- What does the client want from the consultant?
- What information is sought?
- What criteria will be used to measure results?
- What resources (staff, financial, materials) will the client commit to the project?
- What support does the consultant need to carry out the project?
- What checks will be made on progress?

How

- How long will the project take?
- How will the consultant and the project team work?
- How much time will the client commit to the project?
- How will information be communicated?
- How will confidentiality be maintained?

Who

- Who is the client?
- Who will be on the project team?
- Who must agree to the contract?
- Who should be involved in discussions?
- Who should be kept informed of progress?

When

- When will the project start and finish?
- When will the checks on progress occur?

Where

- Where will meetings be held?
- Where will the consultant work?

Why

- Why has the consultant been asked to assist?

Either following the initial meeting, or as part of a formal selection process, the client will have to implement some commercial process leading to an appointment and the award of a contract to undertake the work. For some clients this will follow a typical process as shown in Figure 2.7 which is designed to provide maximum transparency of the appointment process based on a range of selection criteria such as price, methodology, consultancy team, individual skills and competencies, past track record and experience of similar project undertakings and so on. However, this approach is costly and time consuming for both parties and will need to be planned well in advance of the project commencement date which may also be subject to clearance or approval gates during the bidding cycle depending on the sector.

For those consultancy providers with an established working relationship with a client organization, work

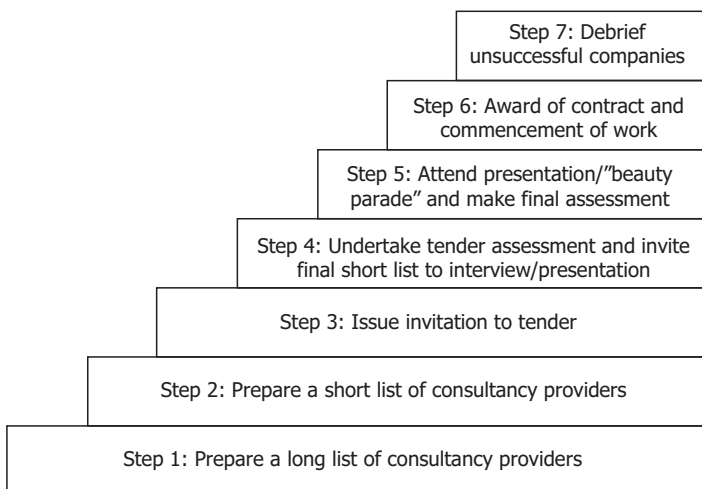


Figure 2.7 Standard appointment process for new consultancy service provider.

may be awarded without the same degree of formal tendering as reflected in the fast-track approach shown in Figure 2.8. Although this offers cost and time benefits for both parties it also demonstrates the importance of maintaining a good relationship between the client and consultant. Indeed, the established level of mutual trust can allow the assignment work to commence in the knowledge that the commercial formal contract will follow later, saving significant service acquisition and delivery.

Figures 2.7 and 2.8 would suggest that consultants should strive to keep close to their clients and reduce the time, cost and effort in gaining new work from competition. Although this clearly provides a financial

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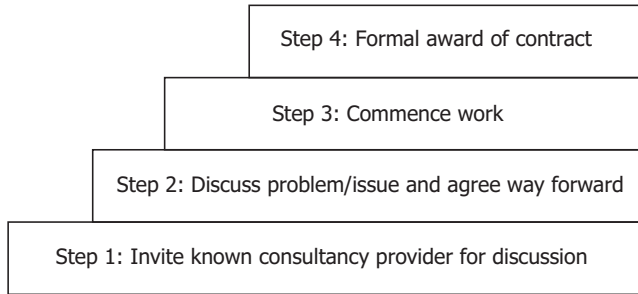


Figure 2.8 Appointment process for consultancy services with established provider.

benefit there are drawbacks for both the client and the consultant in continuing a cosy relationship over a prolonged period of time. Whilst it may be easy for the client to ask the consultant organization to do more work, this may not be in line with the competency (skills, qualifications and experience) of its staff. Not only does this increase the risk of a poor job, it also, over time, dilutes the consultant's independence by being embedded within the client organization and "going native". For the consultant too, repeat work with the same client reduces the future marketability and wider market experience when undertaking new business development especially if the content or scope has not changed.

Having been party to the initial exploratory meeting it is usual for the consulting process to commence formally when the consultant and client are in agreement with the arrangement to work together; this is part of the above appointment processes and is often also Step 1

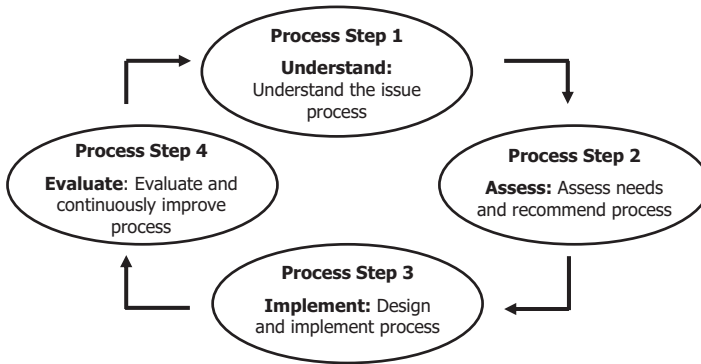


Figure 2.9 The consulting process.

From *High Impact HR: Transforming Human Resources for Competitive Advantage* by Dr David Weiss, 1999. Reproduced with permission of John Wiley and Sons.

of the model shown in Figure 2.9, which illustrates a four stage process of organizational consulting. Although this is presented in a sequential order, the initial consultant and client meeting may have to determine modifications to this in order to suit the business situation and stage of business lifecycle, client requirements, market expectations, stakeholder pressures, resource limitations and time and/or budget constraints, for example.

This model is expanded below to provide more detail for each step.

Process Step 1: Understand the issue process

- Identify the issues through either a proactive approach as a strategic partner to identify opportunities or

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problems or reactive investigations where a client identifies an opportunity or problem.

- Through conversation about the issue to discover any underlying latent needs.
- Determine consultancy intervention by deciding if you should assess need in depth, implementation and advice and follow-up.

Process Step 2: Assess need and recommend process

- Identify what success would look like for this initiative and the barriers to its success. Identify what is the preferred future for the business, the organization and people processes and the individual and team performance.
- Engage in data collection and analysis through interviews, documentation, surveys, observation and personal experience.
- Identify current reality with individual and team performance, organizational and team processes, and business implications. Determine gaps and recommend direction to address shortfalls. Determine metrics for evaluation of the entire initiative.
- Hold conversation with client on data analysis and recommendation. Propose and agree the next steps.

Process Step 3: Design and implementation process

- Prepare design to implement the needs analysis recommendations. Identify metrics for evaluation and secure client approval.

- Communication and formal rollout to the wider business.
- Implement in the simplest way possible, identify “quick hits” and implement recommendations. Consider conducting a pilot project of implementation in more complex situations.
- Implement full project.
- “Roll in” the change to the business so it becomes “business as usual”.

Process Step 4: Evaluate and continuous improvement process

- Hold conversations with client on desired outcome of evaluation.
- Design overall impact and evaluation analysis.
- Evaluate performance results based on metrics identified and agreed in the proposal.
- Identify the areas of continuous improvement and shared learning and review these with the client.
- Ensure that the project is regarded as part of the normal day-to-day business.
- Prepare close-out report if necessary.

The details of Steps 2 to 4 of David Weiss’s Consultancy Process model are also incorporated in the following chapter which covers the management of consultancy projects.

Finally, it has to be remembered that in all of this tendering and development process the consultant should also keep in mind that there may be competition for the

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work and that this is potentially broader than may be first suggested; the competition may come from:

- Other providers of the same consultancy services.
- Providers of an alternative product or service.
- Other ways of achieving the same required end result.
- Other competitors for the client's budget for the provision of other goods and services.
- The client organization in choosing to adopt your proposal but undertake this from their own resources.
- The client organization using your proposed scope of work, programme and methodology as a basis to engage another service provider to undertake this work.

Such recognition of competition either prompts a reduction or alternatively an increase in the details to the client about methodology, programme, costs, actions and so on in an attempt either to protect the details of their offerings or to promote them more than the competition.