

MANAGEMENT CONSULTING

Delivering an Effective Project

Louise Wickham
Jeremy Wilcock

5TH EDITION



Management Consulting

PEARSON

At Pearson, we have a simple mission: to help people make more of their lives through learning.

We combine innovative learning technology with trusted content and educational expertise to provide engaging and effective learning experiences that serve people wherever and whenever they are learning.

From classroom to boardroom, our curriculum materials, digital learning tools and testing programmes help to educate millions of people worldwide – more than any other private enterprise.

Every day our work helps learning flourish, and wherever learning flourishes, so do people.

To learn more, please visit us at www.pearson.com/uk

Fifth Edition

Management Consulting

Delivering an Effective Project

Louise Wickham

Jeremy Wilcock

PEARSON

Harlow, England • London • New York • Boston • San Francisco • Toronto • Sydney
Auckland • Singapore • Hong Kong • Tokyo • Seoul • Taipei • New Delhi
Cape Town • São Paulo • Mexico City • Madrid • Amsterdam • Munich • Paris • Milan

PEARSON EDUCATION LIMITED

Edinburgh Gate
Harlow CM20 2JE
United Kingdom
Tel: +44 (0)1279 623623
Web: www.pearson.com/uk

First published 1999 (print)
Second edition 2004 (print)
Third edition 2008 (print)
Fourth edition 2012 (print and electronic)
Fifth edition published 2016 (print and electronic)

© Pearson Education Limited 1999, 2008 (print)
© Pearson Education Limited 2012, 2016 (print and electronic)

The rights of Louise Wickham and Jeremy Wilcock to be identified as author of this work have been asserted by them in accordance with the Copyright, Designs and Patents Act 1988.

The print publication is protected by copyright. Prior to any prohibited reproduction, storage in a retrieval system, distribution or transmission in any form or by any means, electronic, mechanical, recording or otherwise, permission should be obtained from the publisher or, where applicable, a licence permitting restricted copying in the United Kingdom should be obtained from the Copyright Licensing Agency Ltd, Barnard's Inn, 86 Fetter Lane, London EC4A 1EN.

The ePublication is protected by copyright and must not be copied, reproduced, transferred, distributed, leased, licensed or publicly performed or used in any way except as specifically permitted in writing by the publishers, as allowed under the terms and conditions under which it was purchased, or as strictly permitted by applicable copyright law. Any unauthorised distribution or use of this text may be a direct infringement of the authors' and the publisher's rights and those responsible may be liable in law accordingly.

All trademarks used herein are the property of their respective owners. The use of any trademark in this text does not vest in the author or publisher any trademark ownership rights in such trademarks, nor does the use of such trademarks imply any affiliation with or endorsement of this book by such owners.

Pearson Education is not responsible for the content of third-party internet sites.

ISBN: 978-1-292-12760-6 (print)
978-1-292-13016-3 (PDF)
978-1-292-13009-5 (ePub)

British Library Cataloguing-in-Publication Data

A catalogue record for the print edition is available from the British Library

Library of Congress Cataloging-in-Publication Data

Names: Wickham, Louise, author. | Wilcock, Jeremy, author.

Title: Management consulting : delivering an effective project / Louise Wickham, Jeremy Wilcock.

Description: Fifth Edition. | New York : Pearson, 2016. | Revised edition of the authors' Management consulting, 2012. | Includes bibliographical references and index.

Identifiers: LCCN 2016002742 | ISBN 9781292127606 (print) | ISBN 9781292130163 (pdf) | ISBN 9781292130095 (ePub)

Subjects: LCSH: Business consultants. | Industrial management.

Classification: LCC HD69.C6 W53 2016 | DDC 001—dc23 LC record available at <http://lccn.loc.gov/2016002742>

10 9 8 7 6 5 4 3 2 1
20 19 18 17 16

Print edition typeset in 9.5/12.5 pt ITC Charter by Lumina Datamatics, Inc.
Print edition printed in Slovakia by Neografia

NOTE THAT ANY PAGE CROSS REFERENCES REFER TO THE PRINT EDITION

To Amelia, Annabelle, Constance, Henry, Louis and Mabel

This page intentionally left blank

Brief contents

Preface	xvi
Acknowledgements	xix
Part One	
Management consulting in context and how it adds value	1
1 The nature of management consulting and how it adds value	3
2 Consulting: the wider context and consulting process	30
3 The skills of the consultant and the project proposal	55
4 Consulting across borders and cultures	78
Apollo Tech Solutions case study: Part One	99
Part Two	
Project evaluation and analysis	101
5 Defining the destination, developing a strategy and understanding change	103
6 Evaluating client capabilities and business opportunities	131
7 Working with clients and teams: the 'soft' skills	157
Apollo Tech Solutions case study: Part Two	184
Part Three	
Undertaking the project	187
8 Working with the client	189
9 Creative approaches for developing solutions	211
10 Decision making in the client context	229
11 Managing the project	251
Apollo Tech Solutions case study: Part Three	267
Part Four	
Delivering the product to the client	269
12 Communication skills and presenting your ideas	271
13 Learning from success	288
Apollo Tech Solutions case study: Part Four	300

Brief contents

14 Consulting as a career	302
Appendix: Example of a consulting report: New strategic direction for W&G Cracking Pie Company	315
Index	319

Contents

Preface	xvi
Acknowledgements	xix

Part One Management consulting in context and how it adds value

1 The nature of management consulting and how it adds value	3
Learning outcomes	3
1.1 What a management consultant does	4
1.2 Consulting and management roles	5
1.3 The client–consultant interaction	10
1.4 The responsibilities of the management consultant	13
1.5 Types of client	15
1.6 Modes of consulting	16
1.7 The decision to use a consultant	17
1.8 Why do businesses fail?	18
1.9 Provision of information	21
1.10 Provision of specialist expertise	22
1.11 Provision of a new perspective	22
1.12 Provision of support for internal arguments	23
1.13 Provision of support for gaining a critical resource	24
1.14 Facilitating organisational change	25
Team discussion points	26
Summary of key ideas	26
Key reading	27
Further reading	27
Case exercise: Go Global	28
2 Consulting: the wider context and consulting process	30
Learning outcomes	30
2.1 Lifecycle of a business and the role of consulting	31
2.2 Management consulting: strategic processes of a business	32
2.3 'Hard' side consulting: operational processes of a business	37
2.4 'Soft' side consulting: human processes of a business	40

2.5 Consulting to the non-profit and public sectors	42
2.6 Overview of the consulting process	43
2.7 Initial contact and initiating the project	44
2.8 Preliminary analysis of the issues and defining objectives	47
2.9 Pitching the project: the formal proposal and project charter	47
2.10 Project progression and follow-up	48
Team discussion points	50
Summary of key ideas	51
Key reading	52
Further reading	52
Case exercise: Waterton Performing Arts Festival	52
3 The skills of the consultant and the project proposal	55
Learning outcomes	55
3.1 The effective consultant's skill profile	56
3.2 Project management skills	57
3.3 Analysis skills	59
3.4 Relationship-building skills	61
3.5 The consulting selling process	62
3.6 The function of the project proposal	68
3.7 What to include in the proposal and an example	69
Team discussion points	73
Summary of key ideas	74
Key reading	75
Further reading	75
Case exercise: SM Scanning	75
4 Consulting across borders and cultures	78
Learning outcomes	78
4.1 Factors encouraging international operation	79
4.2 Researching and selecting overseas markets	82
4.3 Market entry options	84
4.4 Export management issues	87
4.5 Culture	89
4.6 International marketing	91
4.7 Global marketing planning	93
4.8 Managing the client-consultant relationship	96
Team discussion points	97
Summary of key ideas	97
Key reading	97
Further reading	97
Case exercise: Bill Chieftain	98
Apollo Tech Solutions case study: Part One	99

Part Two Project evaluation and analysis

5 Defining the destination, developing a strategy and understanding change	103
Learning outcomes	103
5.1 Identification of opportunities and issues with the client organisation	104
5.2 Problem analysis, specification and quantification	107
5.3 Objective setting: defining the desired end-state	111
5.4 Understanding and reconciling consultant and client objectives	115
5.5 Developing a strategy for the destination	119
5.6 Understanding the client's defining characteristics	120
5.7 Developing the strategy for the journey	124
5.8 The need for change in the client organisation	127
Team discussion points	127
Summary of key ideas	127
Key reading	128
Further reading	128
Case exercise: Delphi Fashions	129
6 Evaluating client capabilities and business opportunities	131
Learning outcomes	131
6.1 Preliminary analysis techniques	133
6.2 Capabilities of businesses	136
6.3 Identification and evaluation of strategic options	146
6.4 Planning for the future	150
Team discussion points	154
Summary of key ideas	154
Key reading	155
Further reading	155
Case exercise: Dance-a-Boogie	156
7 Working with clients and teams: the 'soft' skills	157
Learning outcomes	157
7.1 Client needs, consultant's response	158
7.2 Key skills: influencing	160
7.3 Key skills: communication and rapport	162
7.4 Key skills: listening and questioning	163
7.5 Working with teams	165
7.6 Leading a team	169
7.7 Challenging constructively	172
7.8 Knowing yourself: psychometric tests	176

Team discussion points	180
Summary of key ideas	180
Key reading	181
Further reading	181
Case exercise: Queenswick Adult Social Care	182
Apollo Tech Solutions case study: Part Two	184

Part Three Undertaking the project

8 Working with the client	189
Learning outcomes	189
8.1 Consultant–client engagement for project implementation	190
8.2 Relationship with the client during the project	193
8.3 Client relationships and business ethics	194
8.4 The desire for change by the client organisation	195
8.5 Change-enhancing interactions by the consultant	199
8.6 Overcoming resistance	201
8.7 Benchmarking project progression	203
8.8 Understanding the roles of client team members	204
8.9 Types of project shock	205
8.10 Responding to project shocks	207
Team discussion points	208
Summary of key ideas	208
Key reading	209
Further reading	209
Case exercise: Anglia Vending Services	210
9 Creative approaches for developing solutions	211
Learning outcomes	211
9.1 How to use analysis to develop solutions	212
9.2 Mind mapping	216
9.3 Brainstorming	217
9.4 Seven basic tools	218
9.5 Seven new management tools	220
9.6 Other analysis methods	224
Team discussion points	226
Summary of key ideas	226
Key reading	226
Further reading	227
Case exercise: Youth Travel Agency	227
10 Decision making in the client context	229
Learning outcomes	229
10.1 Decision making in organisations	230

10.2	Types of management decision-making roles	232
10.3	The decision-making unit	233
10.4	The dimensions of a decision	235
10.5	Multi-criteria decision analysis	236
10.6	Decision-making style and influence	237
10.7	Organisational orientation	238
10.8	Organisational culture	239
10.9	Strategy processes	241
10.10	Strategy development processes	242
10.11	External influences on organisational decision making	244
10.12	The naturalistic decision-making approach	245
	Team discussion points	247
	Summary of key ideas	247
	Key reading	248
	Further reading	248
	Case exercise: Dunwich Marine	248

11 Managing the project 251

	Learning outcomes	251
11.1	Individual roles for team members	252
11.2	Setting a timetable and the project budget	253
11.3	Organising meetings	255
11.4	Organising workshops	257
11.5	The importance of time management and effective time management	258
11.6	Time management systems and dealing with slippage	260
11.7	The function of the project log	261
11.8	What to include in the project log and suggested formats	263
	Team discussion points	264
	Summary of key ideas	265
	Key reading	265
	Further reading	265
	Case exercise: Siam Lubricants	266
	Apollo Tech Solutions case study: Part Three	267

Part Four Delivering the product to the client

12 Communication skills and presenting your ideas 271

	Learning outcomes	271
12.1	The nature of business communication	272
12.2	Communication as a business tool	273
12.3	Types of communication	275
12.4	Planning the communication	277
12.5	The consulting report	279
12.6	Formal presentations	281

12.7	Making a case, answering questions and meeting objections	282
12.8	Change programmes and communication	283
	Team discussion points	285
	Summary of key ideas	285
	Key reading	286
	Further reading	286
	Case exercise: Stanley Consumer Electronics	286
13	Learning from success	288
	Learning outcomes	288
13.1	Transferring project ownership	289
13.2	Post-project summary and review	289
13.3	Follow-up projects and key client management	290
13.4	Using consulting projects as case studies	291
13.5	Recognising the successes	292
13.6	Success and transferable skills	293
13.7	Knowledge Transfer Partnerships	295
13.8	Recording successes on your CV and relating them in job interviews	296
13.9	Learning from failure	297
	Team discussion points	297
	Summary of key ideas	298
	Key reading	298
	Further reading	298
	Case exercise: Wessex Custom Design	299
	Apollo Tech Solutions case study: Part Four	301
14	Consulting as a career	302
	Learning outcomes	302
14.1	The history of management consulting	303
14.2	The consulting industry today	304
14.3	Key players in the consulting world	306
14.4	Career structure in consulting firms	307
14.5	Becoming a consultant	309
14.6	The internal consultant	311
	Team discussion points	312
	Summary of key ideas	312
	Key reading	312
	Further reading	313
	Case exercise: Grey Consulting Ltd	313
	Appendix: Example of a consulting report: New strategic direction for W&G Cracking Pie Company	315
	Index	319

Lecturer Resources

For password-protected online resources tailored to support the use of this textbook in teaching, please visit www.pearsoned.co.uk/wickham



Preface

If you can't explain what you're doing in simple English, you're probably doing something wrong.

Alfred Kazin

Being a consultant shares many similarities with being a manager but there are important differences. Doing a student consulting project is a good way for the uninitiated to experience what it is like and more importantly practise the key skills required. This book aims to offer comprehensive support to students undertaking a consulting exercise as part of their course. It will be of value to undergraduates and higher degree students, offering a range of insights, tools and practical advice appropriate for both levels. Although the book is primarily aimed at those studying management, we recognise that students studying many other disciplines undertake consulting projects, such as those on engineering, IT or creative courses, so it is relevant for them as well.

The first four editions of *Management Consulting* have occupied an almost unique niche in providing students with the tools to undertake a consulting project, while at the same time providing a framework for new professional practitioners to use. For the fifth edition, we have added some new material, particularly case studies and reflected the way in which the world of management consulting is evolving. The businesses the consultant works for are changing, as new technologies play a greater role in the way they operate. In addition, as more businesses use external consultants they have become more demanding as clients and expect more concrete evidence of success. Gone are the days when the seasoned operator could just say, 'Trust me, I'm a consultant'. Our favourite cartoon depicted in Figure 3.2 is perhaps becoming a thing of the past but it serves as a useful reminder that successful consulting is about both the client and the consultant working together as equal partners.

Both authors have many years of experience in the world of business and consulting in particular and this 'real world experience', we hope, provides a counterbalance to the more academic literature on management consulting in other texts. In addition Jeremy Wilcock is the Business Engagement Manager at the Business School, University of Hull, working to strengthen the school's relationships with its corporate partners and the business community in general. He has lectured in strategic management at undergraduate and MBA level at Hull, supervised and assessed student teams working on management consulting projects and has acted as academic supervisor for successful Knowledge Transfer Partnerships.

This book can be used both as a reference point to check on tools and techniques and used sequentially to manage a consulting project. Part One (Chapters 1–4) is concerned with consulting in its managerial and business context and also looks at key skills required to be an effective consultant. These are divided into: analysis skills, project management skills and relationship building skills. Part Two, on project definition and analysis (Chapters 5–7), considers the factors that a student should look at to successfully start a

project, including vital people and analysis skills. Part Three, on undertaking the project (Chapters 8–11), considers the key project management and relationship-building skills required for successful delivery. The final part of the book (Chapters 12–14), delivering the product to the client, considers communicating the outcome of the project and learning from it. It also looks at consulting as a profession and some of its recent developments in the industry. Furthermore, it provides a guide to major consulting firms and the career structures they offer to those who are considering consulting as a future career.

Another way to use the book is to divide the sections into the ‘consulting experience’ and the ‘consulting process’. Figure P.1 shows the two areas. The ‘experience’ is about what is consulting, what it can do for a business and the skills required. The ‘process’ is the mechanics by which the reader can achieve a successful project.

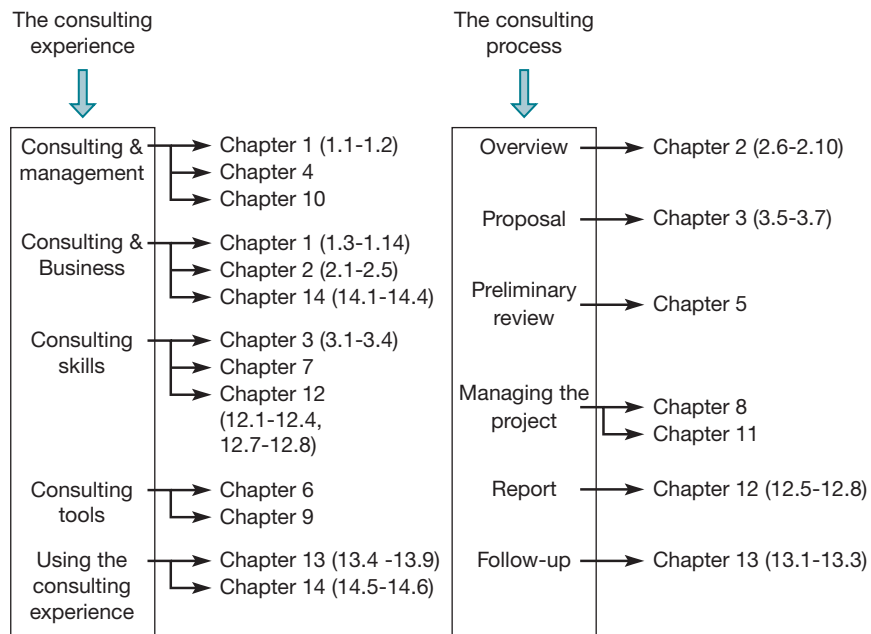


Figure P.1 Sections of the book by area

We also recognise that this book is being used by a wide variety of students, ranging from undergraduates who are doing their first consulting project to experienced managers who have had some experience of consulting but wish to know more. Whilst it would be impossible to identify which parts of the book are relevant for each individual student, we have instead created some ‘pathways’ (see Table P.1) for four ‘typical’ users to help readers navigate and get the most out of the book:

- 3rd year undergraduate (principally business) students doing first project (A)
- Masters or PhD students without business experience (B)
- MBA and other Masters students with business experience (C)
- Business managers working with consultants or starting out in consulting themselves (D)

Table P.1 Sections of book relevant for each student type to follow

	A	B	C	D
Chapter 1	All	All	All	All
Chapter 2	All	All	All	All
Chapter 3	3.1–3.4, 3.6–3.7	All	All	All
Chapter 4	–	–	All	All
Chapter 5	5.1–5.3, 5.5	All	All	All
Chapter 6	6.1–6.2	All	All	All
Chapter 7	–	–	All	All
Chapter 8	8.9–8.10	8.1–8.2, 8.9–8.10	All	All
Chapter 9	9.1–9.3	All	All	All
Chapter 10	–	–	All	All
Chapter 11	11.1–11.2, 11.5–11.9	All	11.4	–
Chapter 12	12.1–12.7	All	12.4–12.5, 12.8	12.4–12.5, 12.8
Chapter 13	13.7–13.8	All	13.1–13.5	–
Chapter 14	14.5	All	All	14.5–14.6

This is a large subject and students should look at the suggestions for key and further reading to explore the ideas further. At the end of each chapter there is a short case exercise. Many of these are new and based on real cases (though names have been changed to protect the guilty!). In addition, there is a new longer case study that runs throughout the book on a strategic consulting exercise undertaken at the Apollo Tech Solutions company. The latter is designed for the student to use the knowledge learned in the preceding chapters. All of these changes are in a large part in response to the reviewers of the fourth edition, who gave us many valuable comments and feedback as to how we could improve the text. We would like to thank them for their contributions as well as Margaret Dewhurst and David Bishop. Finally, we would like to thank the team at Pearson for all their help and support, without whom this book would not be possible.

We hope that this book will both aid your consulting project and make it more interesting and rewarding, whether as a student exercise or in real life.

Louise Wickham
Jeremy Wilcock
 September 2015

Acknowledgements

We are grateful to the following for permission to reproduce copyright material:

Cartoons

Figure 3.2 from Copyright © Scott Adams, Inc./Dist by UFS, Inc. Reproduced by permission. Scott Adams, Inc.

Figures

Figure 2.2 from The Institute of Risk Management. *A Risk Management Standard* © AIRMIC, ALARM, IRM 2002. Reproduced with permission; Figure 4.2 from *Marketing Management*, 11th edn, Pearson Education, Inc. (Kotler, P.) p. 395, Prentice Hall © 2003. Reprinted and electronically produced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey; Figure 5.5 from *Business Process Change: A Guide for Business Managers and BPM and Six Sigma Professional*, 2nd edn (Harmon, P. 2007) p. 171, with permission from Elsevier; Figure 5.6 from *Exploring Public Sector Strategy*, Pearson Education, Ltd. (Johnson, G. and Scholes, K. 2001) p. 301, © Pearson Education, Ltd. Used by permission; Figure 6.9 from *The Delta Project: Discovering New Sources of Profitability in a Networked Economy*, Palgrave Macmillan (Hax, A.C. and Wilde, D.L. 2001) Figure 1.1, p. 10. Republished with permission of Palgrave Macmillan; Figure 6.11 from 'Using the balanced scorecard as a strategic management system', *Harvard Business Review*, Adapted from Figure 1.1: Translating Vision and Strategy – Four Perspectives (Kaplan, R.S. and Norton, D.P.), Copyright © 1996 by the Harvard Business School Publishing Corporation, all rights reserved. Reprinted by permission of Harvard Business Review; Figure 6.12 from 'Strategies of diversification', *Harvard Business Review*, Issue No. 25(5) (Ansoff, H.I 1957), Copyright © 1957 by the Harvard Business School Publishing Corporation, all rights reserved. Reprinted by permission of Harvard Business Review; Figure 6.13 from © Boardroom Associates, 2011. Used by permission; Figure 6.15 from Bruce D. Henderson, *The Product Portfolio Matrix* (1970). The Star, the Dog, the Cow and the Question Mark – The Growth Share Matrix, used by permission; Figure 6.17 from *Crossing the Chasm*, HarperCollins Publishers (Moore, G. A.) Adaptation of figure [p. 17: 'The Revised Technology Adoption Life Cycle'] Copyright ©1991 by Geoffrey A. Moore. Reprinted by permission of HarperCollins Publishers; Figure 7.3 from *Introduction to Type*®, 6th, CPP, Inc. (Myers I.B. 1998) Characteristics Frequently Associated with Each Type Table, p. 13, Copyright 1998, 2012 by CPP, Inc. All rights reserved. Reproduced with permission from the publisher, CPP, Inc. Further reproduction is prohibited without the Publisher's written consent; Figure 8.2 from The Uncertain Management Consulting Services Client, *International Studies of Management & Organization*, 43(3), 35 (Pemer, F. and Werr, A. 2013), reprinted by permission of the publisher (Taylor & Francis Ltd, <http://www.tandfonline.com>); Figure 10.3 from Four styles of strategic planning, *Long Range Planning*, 26(6), 132–7 (Idenberg, P.J. 1993), with permission from Elsevier.

Tables

Table 5.3 from Tools and Templates>Cause and effect>The Cause and Effect a.k.a. Fishbone diagram. <http://www.isixsigma.com/tools-templates/cause-effect/cause-and-effect-aka-fishbone-diagram/>, iSixSigma. Used by permission; Table 8.1 from The Uncertain Management Consulting Services Client, *International Studies of Management & Organization*, 43(3), 33 (Pemer, F. and Werr, A. 2013), reprinted by permission of the publisher (Taylor & Francis Ltd, <http://www.tandfonline.com>).

Acknowledgements

Text

Epigraph on page 157 adapted from *Man's Search For Meaning*, ISBN-13: 978-1844132393, Penguin Random House UK (Frankl, V.) p. 86 ; Extract on page 194 adapted from *The Seven Cs of Consulting*, Chapter 4, 3rd edn, Pearson Education, Ltd (Cope, M. 2010) © Pearson Education, Ltd. Used by permission; Extract on page 202 adapted from *Flawless Consulting: A Guide to Getting Your Expertise Used*, 3e, John Wiley & Sons (Block, P. 2011) pp. 130–136, reproduced with permission of John Wiley & Sons, Inc.; Epigraph on page 189 from *The Gathering Storm: The Second World War, Volume 1* by Winston S. Churchill, Rosetta Books. ISBN: 0795308329 page 565. Reproduced with permission of Curtis Brown, London on behalf of The Estate of Winston S. Churchill; Extract on page 246 adapted from *Coping with Uncertainty: A Naturalistic Decision-Making Analysis. Organizational Behavior and Human Decision Processes*, 69(2), 149–163 (Lipshitz, R. and Strauss O. 1997), with permission from Elsevier; Extract on page 310 from *Management Consulting: A Complete Guide to the Industry*, 2e, John Wiley & Sons (2001) Table 6.2, page 180, reproduced with permission of John Wiley & Sons, Inc.

PART ONE

Management consulting in context and how it adds value

- 1 The nature of management consulting and how it adds value 3
- 2 Consulting: the wider context and consulting process 30
- 3 The skills of the consultant and the project proposal 55
- 4 Consulting across borders and cultures 78
 - Apollo Tech Solutions case study: Part One 99

This page intentionally left blank

Chapter 1

The nature of management consulting and how it adds value

Ninety per cent of the consultants give the other 10 per cent a bad reputation.

Henry Kissinger

Learning outcomes

The main learning outcomes from this chapter are to:

- understand the nature of management consulting as a managerial role;
- appreciate the nature of the client–consultant role relationship;
- recognise the responsibilities of the consultant;
- understand what *motivates* a business manager to bring in a consultant;
- recognise the ways in which a consultant can *add value* for a client business;
- explore why businesses fail and *need* a consultant;
- understand the things a consultant can *offer* a client business by way of value-creating support.

What is a management consultant? The MCA (Management Consultancies Association Ltd) defines management consulting as ‘the creation of value for organisations, through improved performance, achieved by providing objective advice and implementing business solutions’. This sentence encompasses some very critical points: the client organisation expects value for its investment. It needs high-quality and practical advice that it can use. This advice, when implemented, should lead to a measurable improvement in the organisation’s fortunes. But this advice should be dispassionate and impartial – the consultant should not simply aim to please. If it requires major changes to the way the client operates, the advice should be communicated without fear or favour. This needs skill, competence and confidence.

The management consultant's expertise must deliver value to the client organisation.

From figures provided by the MCA, the UK consulting industry has grown from its early beginnings in the 1950s to a business worth around £8.1 billion, employing around 40,000 consultants. The industry is also said to contribute just under £1 billion to the UK's balance of payments by employing its talents overseas. So by any measure, consultancy is valuable and valued. The management consultant should therefore live up to high expectations. For a more sceptical, yet even-handed, assessment of the management consultancy industry, the student is recommended O'Shea and Madigan's *Dangerous Company*. This contains some useful case studies and, in the authors' words, 'has ripped back the curtain and exposed the practices of this secretive industry to the light of day. It has changed the formula of the consulting relationship, putting power back where it belongs, into the hands of the people who pay the bills'.

1.1 What a management consultant does

Management consulting is a special form of management activity.

A management consultant is paid for going into an organisation and undertaking a special project on its behalf. This can be for a profit-motivated commercial venture, non-profit organisations such as charities or government and other public sector bodies, whether local, national or international. Of late, however, there has been a challenge mounted against what has been alleged as the wasteful over-use of consultants in the public sector. In the new era as budgets come under increasing scrutiny the management consultant will be challenged more than ever to deliver real value for the cost of being hired, especially when public money is used.

The types of project undertaken by consultants are as varied as management itself. They may be very specific or wider in scope. They may involve the proffering of specialist technical expertise, such as the development of IT systems. Some projects may be 'softer' and aim at facilitating cultural change within the organisation. In some cases they may have the objective of resolving internal conflicts within the organisation. They may be concerned with helping the organisation build relationships with outside parties. In other instances, they may aim to help the organisation gain a critical resource. Often they will be focused on a specific issue that has been recognised by the organisation's management and has been well defined. In many instances, though, they are of a broad 'business strategy' nature. The extent to which the client organisation has specific objectives in mind varies greatly. Most projects will involve gathering and analysing information and sharing findings with the organisation. A management consulting project can vary from a matter of weeks to a year or more.

A management consultant offers their management abilities, expertise and insights to the client business in order to *create value for it*. However, it is a cost for the client business

and competes with all the other factors a business needs if it is to grow: money for investment; people and their skills; raw materials and equipment. The client will find the service the consultant is offering attractive only if it is something that the business cannot provide for itself. Further, it must be the *best* investment option on offer given all the other things the business could buy in.

This means that a consultant must understand a number of things from the outset. The consultant must know why what they are offering will be of value to the client business and that it represents a good *investment opportunity* for the business given the opportunity cost of other investment options. This forms the basis of what the consultant can 'sell' to the business. The consultant must recognise what they will enable the business to do in its marketplace, why the business cannot do this for itself and how the individuals who make up the business can unify around the project.

Although management consultancy is seen as a specialist management role, the consultant must have the skills of a general manager. The consultant must not only be able to undertake specific (and often technical) projects, they must also be able to market what they offer (not forgetting that marketing includes the development of the actual consulting 'product' as well as its promotion), sell the product to clients and manage a relationship with them. This is a challenge. Experience in consulting provides a fast 'learning curve' in management skills, though consultants should not lose sight of the fact that their credibility will only be defined by the quality of the advice and recommendations that they put forward.

1.2 Consulting and management roles

To be a management consultant requires a thorough and fundamental understanding of the scope of management.

Managerial functions

A traditional approach defines management in terms of the *functions* the manager undertakes. For example, Henri Fayol, a management thinker of the early twentieth century, decided there were five such basic functions: planning, organising, staffing, directing and controlling. This echoes the strategic planning acronym APIC (analysis, planning, implementing and controlling).

Planning

Planning is concerned with defining the business's vision (its desired future state) and mission (reason for being in business) and identifying the courses of action and projects needed to move the organisation in that direction. Planning varies greatly in its level of formality. A simple project with few tasks and low resource requirements will demand only a minimum of consideration and documentation. A major project with complex, and perhaps risky, outcomes will require a considerable degree of time and effort in its planning. Its implementation will involve complex communication networks drawing together a large number of managers.

Formal planning techniques may be advantageous if project organisation is to be effective. Different businesses differ in their approach to planning and the degree to which it is formalised as a management activity. As well as the nature and complexity of the project and the significance of its outcomes, organisational style, culture and individual management traits will be important determinants in the approach to planning.

Organising

The organising function relates to the overall structuring of the business. Roles, responsibilities and reporting relationships are defined for individuals and subgroups. In strategic terms this means ensuring that the organisation's structure is appropriate for its strategy and environmental situation. The organisation's structure and business processes dictate the way in which it will work and how it will use its capabilities. This is sometimes referred to as the strategy–structure–process fit. This topic is reviewed well by Van de Ven and Drazin (1985).

Staffing

Staffing is the function concerned with making sure that the business has the right people in place. People, their skills, abilities and experience are assets the business undervalues at its peril. The staffing function ensures that people have the right skills in order to undertake the projects the business needs to carry out to be successful. In modern organisations the staffing function is often integrated into a broader human resource management function. Key elements of the human resource strategy are recruitment, appraisal, personal development and skills training. Additional elements will include establishing remuneration, career development and coaching and staff motivation policies.

Directing

Directing relates to the process of encouraging people to implement efficiently the tasks necessary to deliver the business or project goals. Originally it referred to the management function of instruction or delegation to subordinates. A modern interpretation would be broader and would include a manager's responsibilities as a leader and motivator of individuals and teams and the creator of a supportive organisational culture.

Controlling

Managers use resources. Resources, be they money, people or productive assets, must be utilised in the best way possible. Controlling is the function that is concerned with making sure that the right resources are in place, that they are being used effectively and that their use is properly accounted for. Traditionally, controlling was largely about *budgeting* – that is, financial control. Now a broader interpretation would regard it as the process of focusing the business towards its goals through the implementation of an appropriate *strategy*. This strategy will direct the optimal utilisation of all the business's resources and the development of its capabilities. A strategic perspective sees resources more broadly than the traditional 'money–labour–machinery' view. Dynamic aspects like organisational knowledge and learning are regarded as resources as well. The consultant engages directly at this resource level.

This traditional approach to the nature of management has been challenged as it may be seen to offer an idealised image of what the manager actually does. It pictures the manager as 'above' the organisation, coordinating its activities in a detached way and

progressing it towards some well-defined, rational end. In fact, most organisations are not like this at all. Managers cannot detach themselves from their organisations; they are very much part of them. The organisation defines the manager as much as the manager defines the organisation. They must work with limited information and make decisions using intuition, their skills and experience as much as formal analysis. The ends they work towards may be motivated as much by implicit and emotional drives as explicit and rational ones.

Managerial roles

Henry Mintzberg has suggested that a more productive approach is to look at the *roles* managers actually undertake rather than the *functions* they are supposed to undertake. He believes that there are ten such roles in three groups: *interpersonal* roles, *informational* roles and *decisional* roles.

Interpersonal roles relate to the ways in which managers interact with other organisational members. It is through interpersonal roles that managers draw their power and authority. The three key interpersonal roles are the *figurehead*, the *leader* and the *liaison*.

The figurehead

The figurehead role is the one in which the manager represents the organisation, or the part of it for which he or she is responsible, in a formal manner. The figurehead role is especially important for entrepreneurs and managers of small businesses.

The leader

The leader role refers to the manager's interaction with subordinates. It is the role the manager is playing when delegating tasks, motivating people to undertake these tasks and supporting them in achieving them. Leadership differs from authority. Authority arises from a position within an organisational hierarchy. It makes leadership possible, but does not guarantee it.

The liaison

Many managers have a responsibility for representing the business to the outside world. The liaison role is the one in which managers interact with people from other organisations. The critical responsibility is one of gaining some resource for the business such as customer goodwill, essential productive factors or investment capital.

Managers must make decisions on behalf of their organisations. Accurate and incisive analysis, wise judgement and a decisive bias for action are the fundamental qualities of a manager. To be effective decision makers, managers need access to timely and accurate information on the business itself as well as its immediate task environment. *Informational* roles are concerned with obtaining and manipulating the information the business needs. The three critical informational roles are the *monitor*, the *disseminator* and the *spokesperson*.

The monitor

The monitor role leads the manager to identify and acquire information on behalf of the organisation. It may involve the processing and storage of information so that it is readily available for use by decision makers. Analysis is a critical task for the monitor.

The production of sales statistics, accounts and market intelligence are important tasks for the monitor.

The disseminator

Managers do not work in isolation. Information of itself is useless: it must be shared with others in the organisation. The disseminator is concerned with ensuring that available information is passed on within the organisation to information processors and decision makers. Reports, meetings and presentations represent formal means of dissemination. Unofficial 'grapevines' are often an influential way of disseminating information informally.

The spokesperson

The spokesperson is also involved in disseminating information, but to the outside world rather than internally. Important spokesperson roles are taken on by sales and marketing staff, who inform customers about the company's offer; purchasing managers, who let suppliers know what the company needs; and financial managers, who apprise investors of the company's status and prospects.

Third, *decisional* roles are involved in identifying a future direction for the organisation, defining the projects and strategic imperatives to take it there and resolving the crises that may impede its progress. These roles are the *entrepreneur*, the *disturbance handler*, the *resource handler* and the *negotiator*.

The entrepreneur

The entrepreneur is concerned with shaping and making decisions that lead the organisation forward in a significant way. Mintzberg uses the term entrepreneurial in a broader sense than it is used in traditional management theory. In Mintzberg's sense, the entrepreneur need not be an owner or founder of the organisation – any manager can take on the entrepreneurial role. An entrepreneurial decision is one that aims to exploit an opportunity or address a threat. Such a decision may be significant, but it may not be especially pressing at the time. It encompasses the activities of conventional entrepreneurs and what have come to be known as *intrapreneurs*, managers who take an entrepreneurial approach within an established business.

The disturbance handler

Organisations tend to establish and follow set patterns of behaviour. They find their own ways of doing things and abide by them. This can be considered organisational culture, but is better viewed as organisational inertia. A fixed pattern of working will produce satisfactory results provided that there is no change in either the organisation's internal state or its external condition. If change does occur, the organisation's way of doing things may no longer produce the desired results. Such a change is known as a disturbance.

Disturbances demand immediate attention. The business will suffer a reduced performance or even fail if they are not addressed promptly. A disturbance is often referred to as a management crisis. Organisational inertia conditions management's response to a crisis. Often, the first reaction of managers when faced with a crisis is to try to replace any missing resource so as to keep the organisation in its original state. Maintaining the status quo when the organisation has been impacted by a disturbance is the responsibility of the disturbance handler.

Disturbance handling is not a continuous role. It comes into play only when a crisis happens. Some managers may be predisposed to deal with certain crises as a consequence of their roles: sales managers, for example, will be in the front line if an important customer is lost; purchasing managers will lead the way in finding a new supplier. If the crisis is significant enough, conventional relationships can be driven into a state of flux. Recrimination and organisational politics can arise. But the organisation may well need to make functional and structural changes in order to survive in the changed circumstances it faces.

The resource allocator

Businesses consume resources. They do so to be able to pursue the opportunities that present themselves. These resources are valuable and must be used in the best way possible if the business is to be successful. Few businesses face a simple yes or no answer when considering future possibilities. It is not the cost of investing in a project that matters so much as its opportunity cost: the returns that might have been gained if the resources invested in the project had been invested elsewhere.

Managers must decide which of the opportunities that offer themselves is the best one at a particular time. They must prioritise and allocate resources across a variety of options. For example, should the business invest in that advertising campaign or would the money be better spent on a new sales representative? Should export efforts be directed at the Far East, or are the transitional economies of central Europe likely to offer a better return? Should investment be directed at a new product, or might it be more profitable to acquire that competitor? Managers must address such questions every day. In doing so they are taking on the resource allocator role. As with the entrepreneurial role, the resource allocator is dependent on the informational role in order to make good decisions about where resources are best placed.

The negotiator

People collaborate in organisations because value can be created by separating and coordinating tasks. The extra value created must be shared both within organisations and between the different organisations that come into contact with each other. Individuals and organisations must advocate their right to a share of resources available. This advocacy is reflected in the negotiator role. Sometimes this role is concerned with sharing resources with outside organisations. The sales manager will negotiate with customers. The purchasing manager will negotiate with suppliers. Finance managers will negotiate with investors. Inside the operation, personnel managers will negotiate remuneration packages with employees.

Many negotiations take on an informal character. They may manifest themselves as unofficial 'understandings' between managers about how resources will be shared. Organisational politics is a consequence of (and limited by) unofficially negotiated outcomes. Not all negotiations are a 'zero-sum' game: that if one party wins, the other must lose. Effective negotiators look for win-win solutions. Nor is effective negotiation a matter of taking a stance and holding to it. It is more about identifying what is required from a situation and then being flexible in finding ways to achieve what is wanted.

Any one management role will have a profile that combines some or even all of these ten roles in a particular way. The way in which these roles define the profile of management responsibilities within the organisation will depend on a range of factors. The organisation's size will be a critical determinant. The bigger the business and the more managers