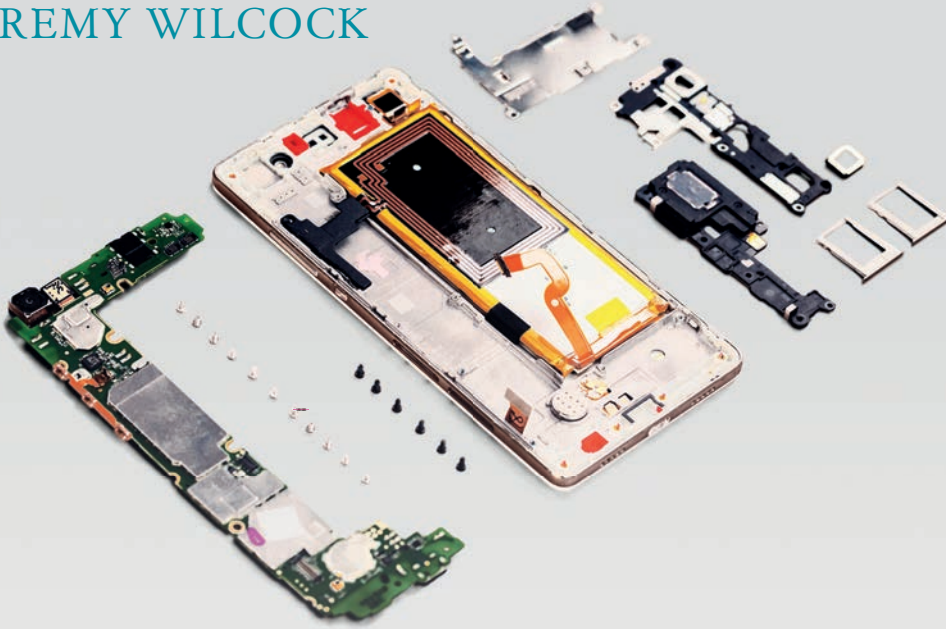


LOUISE WICKHAM
JEREMY WILCOCK



BUSINESS AND MANAGEMENT CONSULTING

Delivering an
effective project



Business and Management Consulting



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

Sixth Edition

Business and Management Consulting

Delivering an Effective Project

Louise Wickham

Jeremy Wilcock



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

PEARSON EDUCATION LIMITED

KAO Two
KAO Park
Harlow CM17 9SR
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)
Sixth edition published 2020 (print and electronic)

© Pearson Education Limited 1999, 2004, 2008 (print)
© Pearson Education Limited 2012, 2016, 2020 (print and electronic)

The rights of Louise Wickham and Jeremy Wilcock to be identified as authors 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: 978-1-292-25949-9 (print)
978-1-292-25951-2 (PDF)
978-1-292-25953-6 (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

A catalog record for the print edition is available from the Library of Congress

10 9 8 7 6 5 4 3 2 1
24 23 22 21 20

Cover: Marko Kujavic/EyeEm/Getty Images; Sitthiphong Thadakun/EyeEm/Getty Images; OnstOn/iStock/Getty Images Plus

Print edition typeset in 9.5/12.5 Charter ITC Std pt by SPi Global
Printed in Slovakia by Neografia

NOTE THAT ANY PAGE CROSS REFERENCES REFER TO THE PRINT EDITION

To Annabelle, Constance, Hazel, Henry and Mabel

Brief contents

Preface	xv
Publisher's acknowledgements	xviii
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	27
3 Consulting across borders and cultures	50
Apollo Tech Solutions case study: Part One	73
Part Two	
Project proposal and start-up	75
4 Selling the project	77
5 Defining the destination and developing a strategy	95
6 Evaluating client capabilities and business opportunities	122
Apollo Tech Solutions case study: Part Two	146
Part Three	
Undertaking the project	149
7 How to work with clients and teams	151
8 Managing the client during the project	173
9 Creative approaches for developing solutions	203
10 Managing the project tasks	228
Apollo Tech Solutions case study: Part Three	249
Part Four	
Delivering the product to the client and beyond	251
11 Communication skills and presenting your ideas	253
12 Post project and consulting as a career	271
Apollo Tech Solutions case study: Part Four	291

Brief contents

Appendix: Example of a consulting report	293
<i>New strategic direction for W&G Cracking Pie Company</i>	
Index	297

Contents

Preface	xv
Publisher's acknowledgements	xviii

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 The history of management consulting	4
1.2 The consulting industry today	5
1.3 What a management consultant does	8
1.4 The client–consultant interaction	9
1.5 The responsibilities of the management consultant	12
1.6 Modes of consulting	13
1.7 The decision to use a consultant	14
1.8 Rescuing a failing business	15
1.9 What a consultant can provide	18
Team discussion points	23
Summary of key ideas	23
Key reading	24
Further reading	24
Case exercise: Go Global	25
2 Consulting: the wider context and consulting process	27
Learning outcomes	27
2.1 Lifecycle of a business and the role of consulting	28
2.2 Consulting by business function	29
2.3 Consulting to the non-profit and public sectors	38
2.4 Overview of the consulting process	39
2.5 Initial contact and initiating the project	40
2.6 Preliminary analysis of the issues and defining objectives	42
2.7 Pitching the project: the formal proposal and project charter	43
2.8 Project progression and follow-up	44
Team discussion points	46
Summary of key ideas	46
Key reading	47
Further reading	47
Case exercise: Waterton Performing Arts Festival	48

3 Consulting across borders and cultures	50
Learning outcomes	50
3.1 Why firms compete internationally	51
3.2 Preparing to compete internationally	52
3.3 Researching and selecting overseas markets	54
3.4 Ways to enter the international market	58
3.5 Operating successfully in overseas markets	61
3.6 International marketing	63
3.7 Global marketing planning	66
3.8 Managing change and uncertainty	68
3.9 Managing the client–consultant relationship	69
Team discussion points	70
Summary of key ideas	70
Key reading	70
Further reading	70
Case exercise: Deira Bay Shellfish	71
Apollo Tech Solutions case study: Part One	73

Part Two Project proposal and start-up

4 Selling the project	77
Learning outcomes	77
4.1 The effective consultant’s skill profile	78
4.2 The consulting selling process	79
4.3 The function of the project proposal	85
4.4 What to include in the proposal and an example	86
4.5 An example project proposal	88
Team discussion points	90
Summary of key ideas	90
Key reading	91
Further reading	91
Case exercise: SM Scanning	92
5 Defining the destination and developing a strategy	95
Learning outcomes	95
5.1 Identification of opportunities and issues with the client organisation	96
5.2 Problem analysis, specification and quantification	99
5.3 Objective setting: defining the desired end-state	102
5.4 Understanding and reconciling consultant and client objectives	106
5.5 Developing a strategy for the destination	110
5.6 Understanding the client’s defining characteristics	112
5.7 Developing the strategy for the journey	116
Team discussion points	118
Summary of key ideas	118
Key reading	119

Further reading	119
Case exercise: Delphi Fashions	120
6 Evaluating client capabilities and business opportunities	122
Learning outcomes	122
6.1 Using analysis skills	123
6.2 Preliminary analysis techniques	125
6.3 Capabilities of businesses	128
6.4 Identification and evaluation of strategic options	135
6.5 Planning for the future	140
Team discussion points	143
Summary of key ideas	143
Key reading	144
Further reading	144
Case exercise: Dance-a-Boogie	144
Apollo Tech Solutions case study: Part Two	146
Part Three Undertaking the project	
7 How to work with clients and teams	151
Learning outcomes	151
7.1 Client needs, consultant's response	152
7.2 Key skill of influencing	154
7.3 Key skill of building rapport	156
7.4 Working with teams	158
7.5 Leading a team	161
7.6 Challenging constructively	164
Team discussion points	169
Summary of key ideas	169
Key reading	169
Further reading	169
Case exercise: Queenswick Adult Social Care	170
8 Managing the client during the project	173
Learning outcomes	173
8.1 Consultant–client engagement for project implementation	174
8.2 Relationship with the client during the project	177
8.3 Decision making within the client organisation	178
8.4 Client relationships and business ethics	184
8.5 The desire for change by the client organisation	185
8.6 Change-enhancing interactions by the consultant	190
8.7 Overcoming resistance	192
8.8 Benchmarking project progression	195
8.9 Understanding the roles of client team members	196
8.10 Types of project shock and responding to them	197

Team discussion points	199
Summary of key ideas	199
Key reading	200
Further reading	200
Case exercise: WorkToGo	201

9 Creative approaches for developing solutions 203

Learning outcomes	203
9.1 How to use analysis to develop solutions	204
9.2 Mind mapping	207
9.3 Brainstorming	208
9.4 Seven basic tools	209
9.5 Seven new management tools	215
9.6 Other analysis methods	220
9.7 Tools for digital analysis	223
Team discussion points	225
Summary of key ideas	225
Key reading	226
Further reading	226
Case exercise: Youth Travel Agency	227

10 Managing the project tasks 228

Learning outcomes	228
10.1 Individual roles for team members	229
10.2 Project and financial planning	230
10.3 Organising meetings and workshops	235
10.4 The importance of time management and effective time management	237
10.5 Time management systems and dealing with slippage	239
10.6 The project log	240
10.7 Getting the right decisions	243
Team discussion points	245
Summary of key ideas	245
Key reading	246
Further reading	246
Case exercise: Battlefields UK	247
Apollo Tech Solutions case study: Part Three	249

Part Four Delivering the product to the client and beyond

11 Communication skills and presenting your ideas 253

Learning outcomes	253
11.1 The nature of business communication	254
11.2 Communication as a business tool	257

11.3	Types of communication	258
11.4	Planning the communication	260
11.5	The consulting report	262
11.6	Presentations	264
11.7	Making a case, answering questions and meeting objections	266
	Team discussion points	267
	Summary of key ideas	267
	Key reading	268
	Further reading	268
	Case exercise: Supergelato Ice Cream Ltd	268
12	Post project and consulting as a career	271
	Learning outcomes	271
12.1	Transferring project ownership	272
12.2	Post-project summary and review	273
12.3	Follow-up projects and key client management	273
12.4	Using consulting projects as case studies	275
12.5	Recognising the successes	276
12.6	Success and transferable skills	276
12.7	Knowledge Transfer Partnerships	278
12.8	Recording successes on your CV and relating them in job interviews	279
12.9	Learning from failure	280
12.10	Becoming a consultant	280
12.11	The internal consultant	284
12.12	Knowing yourself: psychometric tests	285
	Team discussion points	287
	Summary of key ideas	287
	Key reading	288
	Further reading	288
	Case exercise: Grey Consulting Ltd	289
	Apollo Tech Solutions case study: Part Four	291
	Appendix: Example of a consulting report	
	<i>New strategic direction for W&G Cracking Pie Company</i>	293
	Index	297

Lecturer Resources

For password-protected online resources tailored to support the use of this textbook in teaching, please visit **go.pearson.com/uk/he/resources**



Preface

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 edition of *Management Consulting* was published 20 years ago and since then, this book has 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 sixth edition, we have added some new material to reflect the way in which the world of management consulting is evolving in the rapidly maturing digital age. The businesses the consultant works for are changing, but many of the same challenges remain. As more businesses use external consultants, they have become more demanding as clients expect more concrete evidence of success. Gone indeed are the days when the seasoned operator could just say ‘Trust me, I’m a consultant’. Our favourite cartoon depicted in Figure 4.2 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’ experience in the world of business and consulting in particular and this provides a counterbalance to the more academic literature on management consulting in other texts. In addition Jeremy Wilcock is Lecturer in International Marketing at the University of Hull, where he has also spent many years strengthening the Business 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 1–3) is concerned with consulting in its managerial and business context. Part Two, on project proposal and start-up (Chapters 4–6), considers the factors that a student should look at to successfully win and start a project, including vital analysis skills. Part Three, on undertaking the project (Chapters 7–10), considers the key project management and relationship-building skills required for successful delivery. The final part of the book (Chapters 11–12), on 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 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.

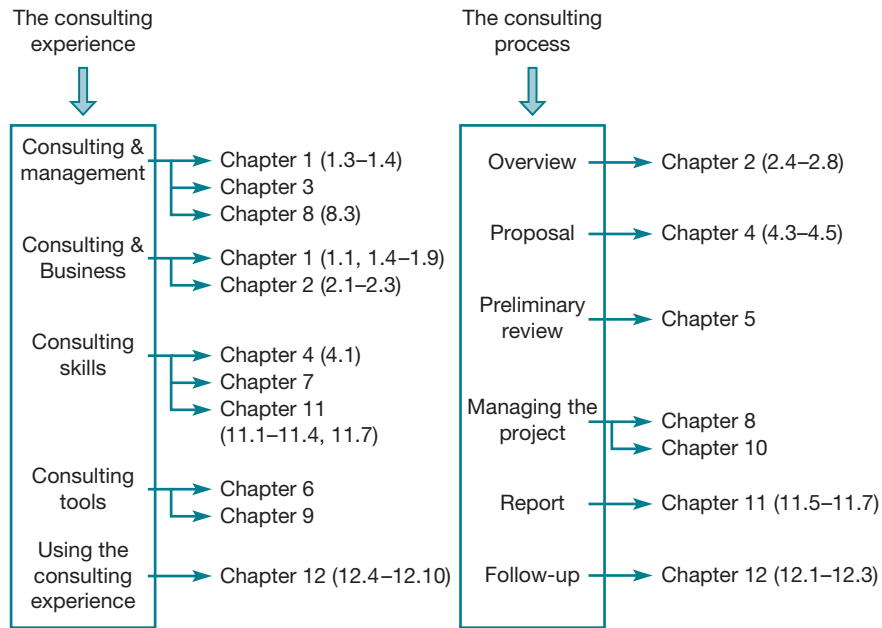


Figure P.1 Sections of the book by area

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. While 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:

- Third 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	-	-	All	All
Chapter 4	4.1, 4.3-4.5	All	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	10.1-10.2, 10.4-10.7	All	All	-
Chapter 11	All	All	11.4-11.5	11.4-11.5
Chapter 12	12.7-12.8, 12.9-12.10	All	12.1-12.6, 12.10	12.2-12.4, 12.10

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 again there is a short case exercise. Many of these are new and based on real cases (though again names have been changed to protect the guilty!). In addition, there is a 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 fifth 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, Tony Kellett, David Bishop and the team at Pearson, for all their help and support, without whom this 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
 August 2019

Publisher's acknowledgements

Text Credit(s):

3 Management Consultancies Association: The value of consulting an analysis of the tangible benefits of using management consultancy, March 2010. Retrieved from https://www.gzs.si/pripone/MCA%20analysis%20%20TheValueofConsulting_0.pdf; **4 Hachette UK:** O'Shea, J. and Madigan, C. (1999). *Dangerous company* (2nd edn). Boston MA: Nicholas Brealey Publishing; **6 University of Rome Tor Vergata:** FEACO Survey of the European Management Consultancy 2017–18 (December 2018). University of Rome Tor Vergata; **8 Gartner, Inc.:** Gartner_Inc. (2019). Market Share Analysis: Consulting Services, Worldwide, 2018. Retrieved from <https://www.gartner.com/en/documents/3907120/market-share-analysis-consulting-services-worldwide-2018>; **9 Pearson Education:** Mintzberg, H. (2011). *Managing*. Harlow, Essex: Financial Times Prentice Hall; **15 Moya K. Mason:** Mason, Moya K. (2011). What causes small businesses to fail. Retrieved from www.moyak.com/papers/small-business-failure.html [accessed 24 November 2015]; **17 Telegraph Media Group Limited:** Daily Telegraph, 3 March 2012; **17 Growthink Inc:** Lavinsky, D. (2008). The 6 untold reasons why businesses fail. Retrieved from www.growthink.com/content/6-untold-reasons-why-businesses-fail [accessed 24 November 2015]; **17 Tony Hsieh:** Toni: What culture means to me. (2015). Retrieved from <https://www.zapposinsights.com/blog/item/toni-what-culture-means-to-me>; **18 Agricultural Development Center:** Holland, R. (1998). Planning against a business failure, ADC Info. No. 24 Paper, University of Tennessee. Retrieved from https://fril.files.wordpress.com/2009/09/smallbusiness_planningagainstabusinessfailure_uoftennessee.pdf; **25 Go Global:** Go Global brochures, Dirk Schuyster; **29 IOS Press:** Furlan, A. and Grandinetti, R. (2011). Size, relationships and capabilities: A new approach to the growth of the firm. *Human Systems Management*, Vol. 30, 195–213; **35 The Institute of Risk Management:** The Institute of Risk Management. A Risk Management Standard © AIRMIC, ALARM, IRM 2002. Reproduced with permission; **50 Sherlock, J:** Sherlock, J. (2006). Be prepared – it's a jungle out there, *Exporting World*, Sept/Oct, pp. 30–31; **53, 64 Pearson Education:** Kotler, P. (2015). *Marketing management* (15th edn). Harlow, Essex: Pearson Education; **55 Springer Nature:** Johanson, J. and Vahlne, J.E. (1977). The internationalization process of the firm: a model of knowledge development and increasing foreign market commitment. *Journal of International Business Studies*, Vol. 8, No. 1. 23–32; **62 Pearson Education:** Hollensen, S. (2016). *Global marketing* (7th edn). Harlow: Pearson; **63 Pearson Education:** Brassington, F. and Pettitt, S. (2006). *Principles of marketing*. Harlow, Essex: FT Prentice Hall; **63 Harvard Business Publishing:** Levitt, T. (1983). The globalization of markets. *Harvard Business Review*, May–June, 92–102; **65 Pearson Education:** Kotler, P. (2000). *Marketing management* (10th edn). Prentice Hall of India; **65 Pearson Education:** Kotler, Philip. (2003). *Marketing management* (11th edn). Prentice Hall, p. 395. Reprinted and electronically produced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey; **65 Penguin Random House:** Schlosser, E. (2002). *Fast food nation*. London: Penguin Books; **79 Kogan Page Limited:** Czerniawska, F. and May, P. (2006). *Management*

consulting in practice. London: Kogan Page (Chapters 1 and 2); **82 Kogan Page Limited:** Heiman, S.E., Miller, R. and Tuleja, T. (2011). *The new strategic selling* (revised 3rd edn). London: Kogan Page; **82 Pearson Education:** Fombrun, C.J. and Nevins, M.D. (2004). *The advice business: Essential tools and models for management consulting*. Upper Saddle River, NJ: Pearson Prentice Hall (Chapters 2 and 9); **84 Taylor & Francis:** Rackham, N. (1995). *Spin-Selling*[®]. Aldershot, Hampshire: Gower; **100 iSixSigma:** The Cause and Effect (a.k.a. Fishbone) Diagram. (June 22, 2017). Reprinted with permission from iSixsigma; **114 Elsevier:** Harmon, P. (2007). *Business process change: A guide for business managers and bpm and six sigma professionals* (2nd edn). p. 171; **115 Pearson Education:** From Exploring Public Sector Strategy, Pearson Education, Ltd. (Johnson, G. and Scholes, K. 2001) p. 301, © Pearson Education, Ltd. Reproduced with permission; **131 Simon & Schuster Inc:** Adapted with the permission of The Free Press, a Division of Simon & Schuster Adult Publishing Group, from *Competitive Strategy: Techniques for Analyzing Industries and Competitors* by Michael E. Porter, 1980, 1998, The Free Press; **132 Springer Nature:** Hax, A.C. and Wilde, D.L., *The Delta Project: Discovering New Sources of Profitability in a Networked Economy*, 2001, Palgrave Macmillan. Figure 1.1, page 10. Republished with permission of Palgrave Macmillan; **133 Harvard Business Publishing:** Weill, P. and Woerner, S. L. (2018). *What's your digital business model?* Boston, Mass: Harvard Business Review Press; **134 MIT Sloan:** P. Weill and S. L. Woerner. (June 16, 2015). Thriving in an increasingly digital ecosystem. *MIT Sloan Management Review*, Vol. 56, no. 4. 27–34. © 2017 MIT Sloan Center for Information Systems Research. Used with permission; **135 Harvard Business Publishing:** Reprinted by permission of Harvard Business Review. Adapted from Figure 1.1: Translating Vision and Strategy – Four Perspectives from Using the balanced scorecard as a strategic management system by Kaplan, R.S. and Norton, D.P. (Jan–Feb 1996). Copyright © 1996 by the Harvard Business School Publishing Corporation. All rights reserved; **136 Harvard Business Publishing:** Adapted from Exhibit 1: The Ansoff Matrix from ‘Strategies of diversification’ by Ansoff, H.I. Issue No. 25(5), Sept/Oct 1957. Copyright © 1957 by the Harvard Business School Publishing Corporation. All rights reserved; **137 Margaret Dewhurst and Tony Kellett:** Margaret Dewhurst and Tony Kellett. Used with permission; **160–161 Meredith Belbin:** Meredith Belbin published *Management Teams back in the 1980s*; **153 Cengage Learning:** After Champion, D.P., Kiel, D.H. and McLendon, J.A. (1990). Choosing a consulting role. *Training and Development Journal*, 1 February; **167–168 Harvard Business Publishing:** Field, A. (2009). Diagnosing and fixing dysfunctional teams, *Harvard Business Publishing Newsletters*, 12 March; **168 Dr Edward de Bono's:** Bono, E. de (2016). *Six thinking hats*. London: Penguin Life; **176–177 Taylor & Francis:** Perner, F. and Werr, A. (2013). The uncertain management consulting services client. *International Studies of Management & Organization*, Vol. 43, No. 3. 33–35. (c) Taylor and Francis; **178 Pearson Education:** Adapted from *The Seven Cs of Consulting*, Chapter 4, 3rd edn, Pearson Education, Ltd (Cope, M. 2010) © Pearson Education, Ltd. Used by permission; **179 Pearson Education:** Mintzberg, H. (2011). *Managing*. Harlow, Essex: FT Prentice Hall; **183 Penguin Books:** Handy, C. (1993). *Understanding organisations* (4th edn). London: Penguin; **183 Pearson Education:** Mintzberg, H. (2011). *Managing*. Harlow, Essex: FT Prentice Hall; **184 Elsevier:** Reprinted from P.J. Idenberg, Four styles of strategic planning. *Long Range Planning*, Vol. 26, No. 6. 132–7. Copyright © 1993, with permission from Elsevier; **185 Deloitte:** Used with permission from Deloitte; **186 Harvard Business Publishing:** Kotter, J.P. (2012). *Leading change*. Boston, MA: Harvard Business School Press; **186 Pearson Education:** Balogun, J.,

Publisher's acknowledgements

Hope Hailey, V. and Gustafsson, S. (2016). *Exploring strategic change* (4th edn). Harlow, Essex: FT Prentice Hall; **188 Harvard Business Publishing:** Michael D. Watkins, Clayton M. Christensen, Kenneth L. Kraemer, Michael E. Porter (2015). Harvard Business Review Leadership Library: The Executive Collection (12 Books), Harvard Business Review Press; **191 Pearson Education:** Cope, M. (2010). *The seven Cs of consulting: The definitive guide to the consulting process* (3rd ed). Harlow, Essex: FT Prentice Hall; **191 John Wiley & Sons, Inc.:** Kotter, J.P. (2014). Capturing the opportunities and avoiding the threats of rapid change. *Leader to Leader*, Fall, 32–7; **192 Emerald Publishing Limited:** Armenakis, A.A. and Harris, S.G. (2002). Crafting a change message to create transformational readiness. *Journal of Organizational Change Management*, Vol. 15, 169–183; **193 John Wiley & Sons, Inc.:** Block, P. (2011). *Flawless consulting* (3rd edn). San Francisco, CA: Jossey Bass; **194 SAGE Publishing:** Campbell, K.S., Carmichael, P. and Naidoo, J.S. (2015). 'Responding to hostility: Evidence-Based guidance for communication during planned organizational change'. *Business and Professional Communication Quarterly*, Vol. 78, No. 2. 197–214.; **221 BPP Professional Education Limited:** ACCA – P3 Business Analysis. (2010) London: BPP Learning Media; **223–224 Keyhole:** Keyhole. (2019). Top 25 Social Media Analytics Tools for Marketers. October 23. Retrieved from <https://keyhole.co/blog/list-of-the-top-25-social-media-analytics-tools/>; **243 Allen Institute for AI:** Lipshitz, R. and Strauss, O. (1997). Coping with uncertainty: A naturalistic decision-making analysis. *Organizational Behavior and Human Decision Processes*, Vol. 69, 149–163; **260 Pearson Education:** Minto, B. (2008). *The pyramid principle* (3rd edn). Harlow, Essex: FT Prentice Hall; **265 Harvard Business Publishing:** Duarte, N. (2012). Structure your presentation like a story. *Harvard Business Review*, 31 October; **274 Kogan Page Limited:** After Miller and Heiman, in Heiman, S.E., et al. (2011). *The new strategic selling*. London: Kogan Page; **283 John Wiley & Sons, Inc.:** Biswas, S. and Twitchell, D. (2002). *Management consulting: A complete guide to the industry*. New York: John Wiley and Sons (Chapters 5, 7 and Appendices); **285–286 David Keirsey:** Keirsey, D., & Keirsey, D. (1998). Please understand me Ii: temperament, character, intelligence. Del Mar, CA: Prometheus Nemesis.

Cartoon: 90 Knight Features: Copyright © Scott Adams, Inc./Dist by UFS, Inc. Reproduced by permission.

Screenshot: 233 Gantt: Gantt chart, gantt.com.

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 27
- 3 Consulting across borders and cultures 50
 - Apollo Tech Solutions case study: Part One 73

The nature of management consulting and how it adds value

Learning outcomes

The main learning outcomes from this chapter are to:

- appreciate the history, structure and dynamics of the global consulting industry;
- 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 £10 billion, employing around 40,000 consultants. The industry is also said to contribute around £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 The history of management consulting

When did management consulting start? Well, if it is defined as providing professional services (or advice) to businesses for a fee, then it is likely to have started not long after people began trading with one another. Someone who could help another make more money would always be in demand! Certainly the expansion of the colonial network of the Western European countries in the seventeenth century relied on the ability of the state-endorsed private trading companies to successfully develop the economies of the new colonies. The dissemination of technical knowledge, such as planting the right economic crops, was therefore vital. The new English colonies in Virginia initially failed to take root both literally and metaphorically when the attempts to grow various crops there ended in failure and resulted in near starvation for the colonists. Only the successful introduction of tobacco in the 1620s ensured its long-term survival and provided the basis for more English colonies in North America.

With the industrial revolutions of the eighteenth and nineteenth centuries in Britain, Europe and America, consultants with expertise in improving production processes started to emerge.

Arthur D. Little, for example (whose eponymous firm, ADL, was founded in 1886), was an engineer who helped businesses make best use of the new technologies such as the telegraph and the railways. Alongside these *technical* experts, accountants began to recognise that they could offer businesses additional services to the traditional audit function. One of the first of these was Andrew T. Kearney, who founded his firm in 1926: the same year that fellow accountant James O. McKinsey set up his new consulting business. Their aim was to provide not only financial but also management advice. These early firms provided the training ground for consulting professionals and most of the larger operations today were started by alumni of ADL, McKinsey and A.T. Kearney from the 1960s onwards. For instance, in 1963 Bruce Henderson left ADL to set up the Boston Consulting Group.

It was the large mainstream accountants such as Andersen and PricewaterhouseCoopers who came to dominate the consulting business in the 1980s and 1990s.

Concern was expressed that there was a conflict of interest between their audit and consulting practices with too much overlap. Pressure was put on the firms to set up *Chinese walls* but doubt remains as to how effective they are. A few, such as Andersen, eventually split off their consulting business in 2001, which was renamed Accenture.

The market had been very buoyant until 2001, growing in excess of 10 per cent per annum. However, in 2002, for the first time in three decades, the market fell by 6 per cent (Kennedy Information, *The Global Consulting Marketplace*, 2003) due to a tougher IT market and an increased scepticism among consultancy buyers following the Enron/Andersen accountancy scandals. The net result was a reduction in the number of consultants employed (an estimated 15 per cent of consultants left the profession in 2002) and also a reduction in the average fee rate. This proved to be a short-term setback, as the industry continued to grow after a flat year in 2003 due to three main factors. The first was the increase in core demand from *laggard* industries as trends such as globalisation and information technology increased the complexity and competitiveness of the environments in which businesses operated. Managers recognised the importance of knowledge rather than simply products or price as a basis for competing. Businesses now wanted to stick to their core expertise and so they wanted to bring in specialists to manage non-core activities when they are needed. The continued strong growth in outsourcing is a testament to this (see Section 2.2).

The second factor was the continued demand for IT spending as the use of technology became more critical to effective modern businesses. The internet had a major impact on the way many established industries operated. It is estimated that digital-led consultancies now account for a quarter of all consulting business in the UK (Keynote *Business and Other Management Consultancy Activities Market Report*, 2015). The third factor in the growth of consulting was the increasing demand from governmental and associated organisations (see Section 2.3). In recent years the boundary between the private sector and the state has been pushed back and become blurred. This is a worldwide phenomenon. Increasingly, it is accepted that government has a role only where the market cannot operate but would still like to exercise some degree of influence. As a result, government departments are outsourcing work and offering tenders to private firms for capital projects. However, these have started to be reined back in recent years.

1.2 The consulting industry today

The size of the consulting industry today depends on the definition of what is or is not a consultancy project.

Most definitions of consultancy would include the following: information technology (IT) consulting and system integration; management consulting including strategy, operations management, human resources management, project and change management; outsourcing and other specialist roles, such as training, executive selection and audit.

In addition, some estimates also include *business advisory services* that include all mergers and acquisitions and public flotations work done by accountants, merchant banks and other financial institutions.

The fact that there can be no hard and fast definition of the consulting industry is reflected in the differing statistics available. Reuters estimate that the market will total \$201 billion by 2025 with a healthy growth rate of more than 4.61 per cent over the period 2018–25, whereas Adroit Market Research project a figure of \$344 billion. Europe is expected to exhibit the fastest growth and is anticipated to register a CAGR of 3.4 per cent over the forecast period owing to evolving features and increasing legislation in the management consulting industry in the region. Overall the market is experiencing strong growth due to internationalisation, the highly volatile economy in both developed and developing countries and the growth of new segments (e.g. design thinking, digital and cyber security). The primary driving factors for the global management consulting market are held by Adroit to be the increasing need for the compliance to regulations, operational efficiency and technological advancements.

The consulting industry’s main sources of business in Europe tend to have been operations, financial advisory and IT, and to a lesser extent strategy and human resources. Key industry sectors have been banking/insurance, manufacturing (chemicals, consumer goods, automotive, aerospace and defence), public sector (though now reducing in importance), telecommunications/media, energy/utilities, transport/travel, wholesale/retail, healthcare and pharmaceuticals.

Figure 1.1 shows the trends and relative importance of these sectors in Europe from 2004 to 2017. Further detailed statistical information is contained in the annual report prepared by FEACO, University of Rome Tor Vergata (2018).

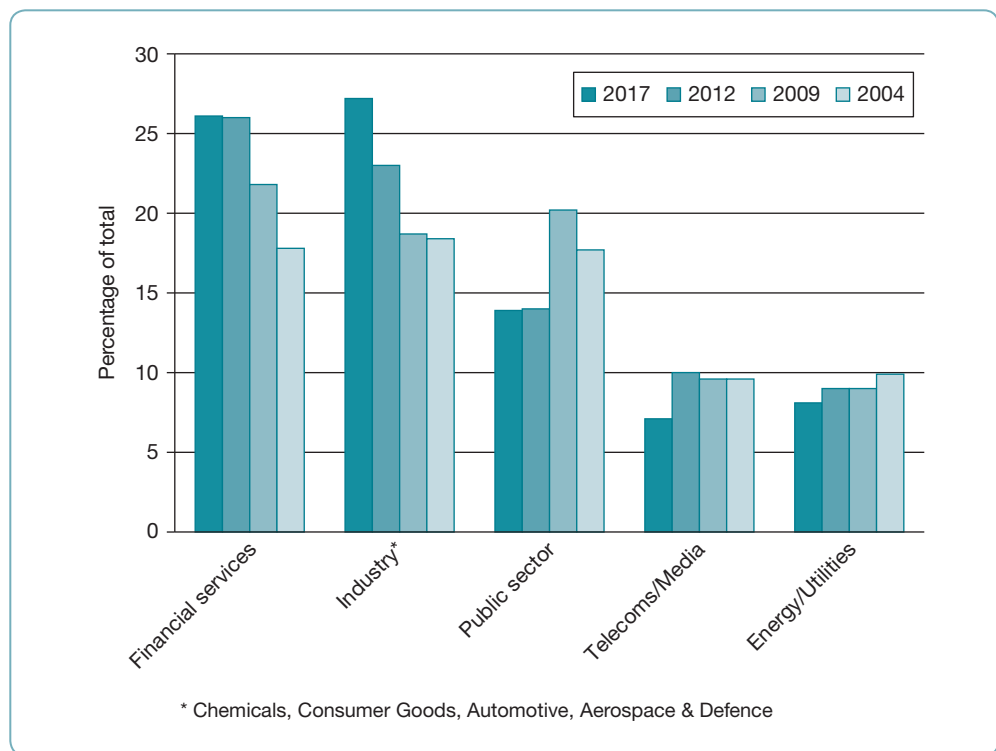


Figure 1.1 Share by industry sector of European consulting market, 2004–2017

The market throughout the early part of the twenty-first century has reflected the cyclical nature of the world's businesses and economies. Up to 2008 the market was very buoyant, with business coming both from the private and public sector. However, the global financial crisis and the subsequent reining back of expenditure meant that there was a sharp drop in consulting work of between 5 and 10 per cent in 2009. When the world economies recovered slightly in 2010 and the early part of 2011, buoyed up by their respective governments' financial stimulus packages, demand for consulting also increased. However, as more countries introduced debt reduction programmes that were starting to bite in the second half of 2011, the outlook for consulting again became less favourable, particularly for those firms who relied heavily on public sector work.

What has been notable about this most recent economic recovery is that consulting firms have rebounded at the same time as their clients (Kennedy Information, *The Global Consulting Marketplace 2010–2013*). Previously, there was a delay as firms recovered confidence and started spending again on what was deemed *non-essential* items, such as consulting. This reflects the fact that the consulting market has matured and is now seen as an important part of business operations. This is particularly true for operations management where businesses are continually striving to improve the way in which they operate. Business advisory services have continued to be an area of growth, reflected in part by government legislation but also because this is a more difficult area to compete in and fee rates have remained high.

The trend is for players to be large with a global reach or small and offering a specialised service.

The main types of consultant firms are as follows.

IT firms

As the cost of their traditional products (hardware and software) become more competitive and profits are driven down, the IT companies have increasingly looked towards consulting as a means of increasing revenue. At first they tried to achieve this organically but often did not have the credibility or the critical mass. So the trend has been to buy consulting businesses, particularly those from the accounting firms; for example, IBM's purchase of PwC Consulting. However, the sale of AT Kearney by the company EDS to its management team in January 2006 may indicate that the fit between mainstream consulting and IT consulting may not have been that profitable.

Accountancy firms offering consultancy

There has been a major change here following Andersen's woes. In response to criticisms, many of the accountancy firms sold off their mainstream consulting operations either to the management or to other consultancies (particularly IT). They have since rebuilt their *consulting services* businesses and these have become a significant part of their business. For instance, the advisory services of PricewaterhouseCoopers (PwC) earned revenues of \$19.1 billion in the year to 30 June 2018, 46 per cent of their total revenues (Company Report, 2018). PwC further increased their consulting services business by combining with Booz & Co, a specialist strategy consultancy, in 2014 to form 'Strategy&'.

Major consulting-only firms

These are large firms with a global reach. Their core business has always been consulting and they offer a wide range of services. Table 1.1 gives their most recent revenues available and their market share.

A number of leading consultancy firms issue magazines or journals (e.g. McKinsey Quarterly: www.mckinsey.com/quarterly/overview). These provide a medium for communicating new ideas on themes in management consulting. They are available online and are worth reviewing, both to keep track of development in management thinking and as a good source of information on individual consultancies, particularly their specialisms and style of working.

Table 1.1 Top 10 consulting firms by revenue and market share (2018)

Rank	Company	Revenue (\$bn)	Market share (%)
1	Deloitte	20.5	10.9
2	PwC	19.1	10.1
3	EY	17.5	9.3
4	KPMG	13.3	7.1
5	Accenture	10.4	5.5
6	McKinsey & Co.	9.2	4.9
7	BCG	6.4	3.4
8	IBM	3.6	1.9
9	Bain & Co	3.5	1.9
10	Booz Allen Hamilton	2.9	1.6
	Top 10	106.5	56.6
	Others	81.5	43.4

Source: Gartner. It measures business consulting services, including business process transformation, business process redesign or re-engineering, business performance improvement, corporate compliance, risk management, governance and sourcing advisory.

1.3 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.

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, 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.

1.4 The client–consultant interaction

The consultant’s tasks are management tasks.

The consultant *is* a manager. Like any manager, the consultant will at times take on many, if not all, of the ten roles defined by Mintzberg. These are:

Interpersonal roles	The figurehead The leader The liaison
Informational roles	The monitor The disseminator The spokesperson
Decisional roles	The entrepreneur The disturbance handler The resource allocator The negotiator

The consultant’s role parallels and integrates with that of managers within the client organisation. Through this interaction the client–consultant relationship is built.

The consultant who moves into an organisation must define the relationship they wish to create with the managers who already work in the client business and possibly with some