

JOURNAL

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WELCOME TO THE FOURTH EDITION OF THE MANAGEMENT CONSULTING JOURNAL

Welcome to this fourth volume of the Management Consulting Journal. We open with Growing the Next Gen Membership a short paper documenting views of younger management consultants from a research project instigated within the International Council of Management Consulting Institutes and led by Randy Baldwin. Our second short paper is Mostafa Sayyadi's views on Becoming an Authentic Leadership Development Consultant.

The first of our four longer papers is Maria Silacheva's view on consulting qualities, Exploring Skills and Competencies for Consultants. This is followed by Successful Consulting in Practice: why technical expertise is not enough by Anne Cannings and Trevor Hills. Next comes Olga Matthias' insights into professionalism in consulting, Through the Looking Glass.

Our final paper this volume is the collective work of Jonathan Chen, Christopher Williams and Tuan Son Tran, Internal Consulting Units:

A Flexible Friend?, a perspective on internal consulting.

As always, thanks are due to my colleagues on the editorial board for the review of papers and feedback to authors, and to the team at the Institute of Consulting for their work on layout and production. Finally, to give special acknowledgement to editorial board member Andrew Sturdy for his prize-winning paper at the 2019 Centre for Management Consulting Excellence research awards.

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GROWING THE NEXT GEN MEMBERSHIP: SECURING ESTABLISHED INSTITUTES OF MANAGEMENT CONSULTINGS' FUTURES

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INTRODUCTION

This paper documents a research study undertaken by the Established Institutes of Management Consulting Community (EIC) to provide insight on which to base recruitment and retention of younger management consultants. The EIC is a group within the International Council of Management Consulting Institutes (ICMCI) organization and it is hoped that the international perspective to this work can serve the global profession well.

This research was conducted against the backdrop that many Institutes of Management Consulting (IMCs) are experiencing decreasing membership and experiencing difficulty in attracting new, younger members.

METHODOLOGY AND SAMPLE CHARACTERISTICS

The research methodology involved gathering data from young management consultants. It was undertaken by seven members of the EIC - Austria, Canada, Japan, Netherlands, Thailand, United Kingdom and USA, with each country responsible for promoting and conducting the research in their own geography. The survey work, which involved a mix of quantitative and qualitative data was conducted during the summer of 2019 and was targeted at consultants under age 45. Demographic data were gathered to aid the analysis (gender/age/country) and the research itself was designed around five open-ended questions/lines of enquiry.

1. What attracted you to consulting as a career option?
2. What are the biggest challenges you face in your work as a consultant?
3. What are your main priorities in future development as a consultant?
4. If the consulting sector had a professional body/ consulting community, how could such an organization help you and be valuable to you, in your career as a consultant?

5. Is there anything else you think a professional body/ consulting community for the consulting sector should focus on?

The profile of the research sample is shown in the table 1 below. Each EIC was able to identify young management consultants in their country and put in place a survey approach to engage with them. We encouraged EICs to place emphasis on research approaches that facilitated qualitative feedback. In practice this resulted in a blend of face to face discussions, email answers and data gathered via online research platforms.

EIC Member	# of responses < age 46	Male	Female	Other	Age < 26	Age 26 - 35	Age 36-45	Age 45 >
Austria	16	62.5%	37.5%			<45 (mostly 30-40)		
Canada	47	76.6%	23.4%		6 (13%)	33 (70%)	8 (17%)	
Japan	28				<35: 2 (7%) from sample of 119		>35: 26 (93%)	
Netherlands	45	64.4%	33.6%	4.4%	1 (2%)	10 (22%)	34 (76%)	
Thailand	42	65.8%	44.7%		4 (9.5%)	9 (21.5%)	25 (59.5%)	
United Kingdom	17	41.2%	58.8%		4 (23.5%)	11 (64.7%)	2 (11.7%)	
United States	5	80.0%	20.0%			1 (20%)	4 (80%)	
Total	200	11 (64.5%)	59 (34.3%)	2 (1.2%)	> 15 (8.2%)	>66 (35.9%)	> 73 (39.7%)	4 to 30 (<16.3%)

Table 1: Profile of the research sample

KEY INSIGHTS

The key insights that were identified from summarizing the results from all seven EIC participants are shown below under each of the questions that were asked.

1. What attracts younger consultants to consulting as a career option?

The factors that attract younger consultants to the profession included: the ability to use their knowledge and skills to improve performance and sustainability of clients (the ability to make a difference); the variety of projects, industry sectors, clients and issues that consulting offers; and the opportunity for personal development and self-enlightenment. Some seemed to value the independence that being a consultant offered. The opportunity to travel was also mentioned as was the (relatively attractive) remuneration. In a few cases it was noted that a lack of other opportunities in larger organizations led some people to pursue consulting as a career option, primarily as a freelance worker.

2. What are the biggest challenges younger consultants face?

The biggest challenges that younger consultants face included: having and keeping up with knowledge and tools to meet clients' challenges (especially less experienced consultants and not always being sure of the right methods to use); and finding clients with the amount of business development and bidding work necessary to win contracts. Young consultants saw challenges in gaining / maintaining client trust and respect and having to cope with youth and gender bias (in the eyes of some clients). Some reported

that consulting carried with it a less than wholesome reputation and the profile of professional endorsements such as CMC was comparatively low. Some cited challenges in dealing with aggressive workplace environments in firms and overcoming the inertia and resistance to change that client organizations can suffer from. The challenge of managing a work/life balance given the big demands of some consulting projects was also mentioned, as was the difficulty (on occasions) of being paid for the full extent of the work put in.

3. What are younger consultants' main priorities for future development?

Many of the main priorities of younger consultants centred on personal and professional development. This included building a network / finding consulting peers and project partners; improving knowledge and technical skills, becoming skilled in particular approaches such as coaching and change management; and being in touch with future issues/new insights. Some cited practical priorities such project management, brand building, establishing a clear sense of direction (acknowledging that consultants are often defined by their projects)

and futureproofing their practices against economic downturns. Working on and maintaining a work life balance was seen as a priority for many.

4. How could a professional body or consulting community help young consultants by creating value for them?

The focus for a professional body seemed to centre more on creating networking and learning opportunities rather than having the badge of being a 'member'. Younger consultants would appreciate having access to networking events; not just to see and be seen, but to speak about special topics, fears and opportunities; and speed dating for potential project partners.

They seemed to appreciate activities that elevate the standards and credibility of consultants; differentiate between professionals and those that just call themselves consultants; and promote the code of conduct.

Younger consultants stated an appetite to learn about new trends and tools, and want professional development, conferences, coaching and mentoring, online forums and regional meet-ups. They expressed a desire to have opportunities to share best practices and experiences via, for example, inter-collegial consultations and platforms for finding talented and relevant colleagues.

5. What other things should a professional body/ consulting community focus on?

Professional bodies and communities should invite younger consultants to speak about their consulting approach and experiences; research key reasons why clients hire consultants; create partnerships with firms to stream new consultants into the CMC designation; spot future trends and share insights and offer member protection and benefit programs

RECOMMENDED NEXT STEPS

Based on the key insights shown above, the Established IMC Community should consider the following factors when designing attraction and retention strategies for younger consultants: feature independence and variety when marketing to younger consultants – they value these aspects of the consulting profession.

Younger consultants face a common challenge to stay on top of the knowledge needed to stay competitive (this was also mentioned as a main priority). Again, there is a market need here that our organizations should be able to address.

Access to good networking events and building the credibility and reputation of the profession are consistently identified as ways in which the Institutes can help younger consultants.

BECOMING AND AUTHENTIC LEADERSHIP DEVELOPMENT CONSULTANT

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WHAT IS THE DEFINING LEADERSHIP?

The focus of this article is based upon the critical role of management consultants to develop authentic leadership that has emerged as a more applicable and more adaptable leadership model than the many others that are available today. Leadership has always been at the forefront of management training (Mills, 2005). However, the four functions of management depict leadership as one of the four. For instance, Henri Fayol has been posited as the forefather of the functions of management. While he had more than four in his original publication in France which was translated to English in the 1930s, the four that seemed to stand the test of time are controlling, leading, planning, and controlling.

Leadership, being a strong component of management, has manifested itself into the forefront of many executives and aspiring leaders. There are more reasons than one that Fayol included leadership as a function of management. For example, in Steven Markham's (2012) view, leadership stems from ancient history. The concept of leadership highly manifested itself in ancient extended families that constructed clans as the central ingredient of cities such as Rome. The role of leadership was considerably centralized, and membership in the clans was highly demanding in order to be successful in the social institutions. Today, the question remains, can leaders be made or do they have to be born leaders to be successful? Before attempting to answer this question, let us agree that leaders can be made and that being a born leader may be an additional attribute of leadership.

While Fayol captured the essence of leadership in his functions of management, leadership is not a new phenomenon and stems from ancient times. Warren Bennis (2009) illustrates, in an attempt to differentiate the concepts of leadership and management, that while a leader acquires his competencies by embracing education, a manager becomes familiar with managerial activities by undergoing training. He asserts that the education system is more strategic, synthetic, experimental, flexible, active, and broad when compared to training principles that manifest themselves in being passive, narrow and rote. Moreover, there is a profound difference between leaders and managers. A leader, in

fact, takes a proactive approach towards more strategic goals, and evokes expectations of followers and images for them to follow in the direction of influencing and coaching them. Leadership focuses on challenging the current norms and motivating employees. Followers, as intellectual capital, are trained to think about organizational issues in a more innovative and creative manner.

This intention cannot be achieved without developing trust-based relationships by which human assets could share their knowledge and new ideas with others. So the question still arises – why is management and leadership so different. Henry Mintzberg (2007), an author and scholar in the area of management at McGill University in Canada, feels that they are not so different and being a manager is being a leader. For example, Joseph Rost (1991) conceptualizes management as an authority relationship between at least one manager and one subordinate who coordinates their activities to produce and to sell particular goods or provide some type of service. Management emphasizes more operational objectives rather than investigating strategic goals. Therefore, management has been highlighted as an authority relationship to maintain the status quo through coordinating and controlling subordinate activities. This is where scholars part ways. Once the status quo is mentioned, it appears that management is stagnant and overly consuming in nature. It is not, management and leadership are one and the same and to be a good manager a person has to also be a good leader.

Although the current definitions on the concept of leadership and management are somewhat different, these idealized definitions provide various viewpoints about leadership that could positively contribute to define the concept of leadership. Let us now define this thing called leadership as influenced interactions with groups of followers to implement changes and achieve the determined goals. That definition sounds a lot like management and it should be because, as mentioned earlier, leadership is a function of management. This controversy among academics has taken on a new form. Scholars are experts in management and leadership but very few take pride in being scholars of both except for Fayol who would fall into the category of a management historian.

The true basis of leadership was built upon a model that generated two sides of an X and Y axis. On one side is the concept of leadership that creates change through taking a process-oriented and the other as more of a relationship-oriented approach. When thinking of leadership and politics, a leader has to be a politician but

a politician does not always have to be a leader. Similarly, based upon the management versus leadership idea, a manager always has to be a leader but a leader does not always have to be a manager. Let us look at authentic leaders and determine their competencies aimed at answering the question of how management consultants can play a strategic role in developing authentic leadership within companies.

DEVELOPING AUTHENTIC LEADERSHIP WITHIN COMPANIES

The prominent scholar on authentic leadership is Bill George (2003) who sheds light on authentic leaders as those chief executive officers who truly perceive their own values and beliefs, and are highly recognized by other people as being aware of their own and followers' values, strengths and weaknesses. Authentic leaders are most knowledgeable about themselves and the context in which they lead. This leadership style takes place at the organizational level and it can be shared (Hmieleski, Cole & Baron, 2012).

The key for management consultants is that seven practices have been determined for authentic leadership:

- ▶ Positive psychological capital
- ▶ Positive moral perspective
- ▶ Self-awareness
- ▶ Leadership process/behavior management
- ▶ Self-regulation
- ▶ Follower development, and
- ▶ Organizational context.

It is important for management consultants to develop a positive work climate in which followers more effectively contribute to a firm's performance and competitive advantage. Management consultants must also have the desirable expertise about the authentic decision-making process, which identifies moral dilemmas, and then evaluates and selects the best available alternative to be implemented. Furthermore, management consultants need to understand that authentic leaders continually understand their own beliefs, strengths, desires, values, and aspirations. Management consultants can distinguish the processes and mechanisms whereby an authentic leader influences his/her followers. Authentic leaders can effectively influence their followers through taking various processes such as positive social exchange. Management consultants should at least be aware of self-awareness and self-regulation by which authentic leaders effectively align their core values and individual interests with institutional interests and their

practices. In fact, a strong alignment can be achieved in values and goals by using a transparent process between leaders and followers. Management consultants are already aware that an authentic leader takes a coaching role for transforming and developing people. Finally, it is important for management consultants to develop effective workplaces that promote the depth and range of knowledge access and sharing, and provide equal opportunity for all followers at various levels of the organization in order to actively respond to the constant changes occurring in the external environment.

IN CONCLUSION

This article raises vital questions as to how executives can effectively lead companies in today's hypercompetitive business environment. Executives see that I expand upon the subject matter of an organization's leadership. For management consultants, this article can portray a more detailed picture of the authentic leadership within organizations that have been mentioned but not placed in a set of practices based on acting and doing in the past. Furthermore, I suggest that scholars take these ideas and continue to conduct research using executives as the focal point so that academic scholarship can meet the needs of managerial implications at the higher echelons of organizations worldwide.

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EXPLORING SKILLS AND COMPETENCIES FOR CONSULTANTS

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INTRODUCTION

The subject of skills and competencies for management consultants is on the radar of consulting firms, professional bodies and in texts on the sector (see, for example Caluwe and Reitsma, 2010 and Hodges, 2017). This paper draws on insights and perspectives that hopefully readers will find useful. It is not a comprehensive summary but one that nods towards the practical, with references in place for people who wish to dive deeper.

PROJECT MANAGEMENT, ANALYSIS AND RELATIONSHIP-BUILDING SKILLS

Wickham and Wilcock (2016) argued that any consultant needs to be skilled in three areas, namely project management, analysis and relationship building. Project management skills are a vital component since consultants need to deliver projects. In this respect, Pinto (2015) specified the abilities to successfully manage budget, time, performance on objectives and client acceptance (see Figure 1). Moreover, Kaplan and Mikes (2012) highlighted the necessity to timely identify and appropriately address the risks.



Figure 1: The quadruple constraint model for overall project performance assessment applied to consultancy projects. The quadruple constraint model is according to Pinto (2015).

Analysis skills are essential in the solution development process (see Figure 2). According to Prinsloo and Prinsloo (2018), analytical thinking is based on the ability to critically and rationally assess the facts, see interdependencies between components, apply linear-causal reasoning and make unbiased judgements.

As for relationship-building skills, they help consultants obtain key stakeholders' support and manage the relationship dynamic throughout the consultancy lifecycle. Furthermore, they help ensure future collaboration. The major elements in this group of skills are the ability to build trust, effective communication and negotiation (Wickham and Wilcock, 2016).

Building and maintaining trust is often a great challenge for consultants since they have to deal with 'learning-credibility tension' which means they need to maintain perceived credibility at a high level while seeking information and learning (Bourgoin and Harvey, 2018).

Effective communication allows consultants to understand the organisational culture and politics and thus develop solutions that not only help improve the client's competitive advantage but also are accepted and implemented. As Schein noted, a solution will only work if it does not contradict the organisation's identity (Kuppler, 2015). To communicate successfully, consultants should choose appropriate channels, tailor the content to the audience, deliver the message in an understandable way and appear authentic and persuasive.

As for negotiation skills, they help manage a client's expectations and are especially critical when aligning the project scope (Wickham and Wilcock, 2016).

ABILITY TO SELECT APPROPRIATE CONSULTING APPROACHES, ROLES AND BEHAVIOURS

The purpose of consultancy, according to Turner (1982), may go far beyond just giving advice. Moreover, the scope of purpose, and thus the required knowledge and competencies, depend on the type of consultancy needed (see Table 1). Whereas expert consulting relies heavily on a deep knowledge in a specific area, process consulting seeks skills required to conduct the diagnosis and facilitate the solution development process. However, working on different projects during their career, consultants end up applying all three approaches and ideally, they should be able to select and apply the one responding best to the client needs (Schein, 1978).



Figure 2: McKinsey problem-solving process. The figure is created based on Davis et al. (2007).

Consultancy Approach	Use Case	Consultant's Function	Scope of purpose
'Expert'	<ul style="list-style-type: none"> ▶ Client conducts diagnosis accurately and communicates the need ▶ Client needs a 'content expert' in the problem area 	<ul style="list-style-type: none"> ▶ Providing an appropriate solution 	<ul style="list-style-type: none"> ▶ Provide information ▶ Solve client's issues ▶ Develop recommended actions based on the diagnosis
'Doctor-patient'	<ul style="list-style-type: none"> ▶ Client experiences symptoms indicating that there is a problem ▶ Client seeks support in diagnosis and solution finding 	<ul style="list-style-type: none"> ▶ Conducting diagnosis ▶ 'Prescribing' an appropriate solution 	<ul style="list-style-type: none"> ▶ Provide Information ▶ Solve client's issue ▶ Make diagnosis that may require problem redefinition ▶ Develop recommended actions based on the diagnosis
'Process'	<ul style="list-style-type: none"> ▶ (Strategic) issues that require client involvement in diagnosis process ▶ Diagnosis process entails gathering and interpretation of the relevant information which may be hidden within the client system 	<ul style="list-style-type: none"> ▶ Facilitating diagnosis and solution finding process rather than providing expertise in a specific field ▶ Encouraging client to develop his/her own solution rather than making 'prescriptions' 	<ul style="list-style-type: none"> ▶ Providing information ▶ Solve client's issues ▶ Make diagnosis that may require problem redefinition ▶ Develop recommended actions based on the diagnosis ▶ Help implement the recommended actions ▶ Facilitate consensus and commitment to corrective measure ▶ Teach clients how to resolve similar issues on their own ▶ Continuously improve organisational effectiveness

Table 1: Scope of consultancy purpose for the Schein's three models of consultation. The table is created based on Schein (1978) and Turner (1982).

EXPLORING SKILLS AND COMPETENCIES FOR CONSULTANTS (CONTINUED)

The idea of different consultancy approaches was expanded by Champion et al. (1990) who developed a 'consulting role grid' model (see Figure 3). It identifies the nine roles corresponding to various levels of a consultant's responsibility for project results and for the client's growth in terms of building capability to resolve similar issues without assistance. The roles differ by the degree of consultant's intervention and thus require behaviours at a range of assertiveness levels involving activities.

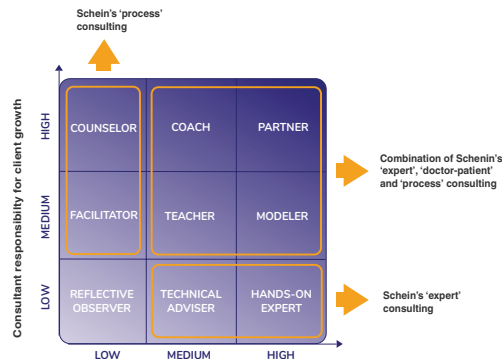


Figure 3: The consulting role grid model vs. Schein's approaches to consultancy. Consulting role grid model is adopted from Champion et al. (1990). The specified Schein's consultancy approaches are according to Schein (1978).

Not only should consultants possess the required skills, but they should also understand the reasons why they were engaged by the client and choose the roles and behaviours that are most effective within the given project context. For example, often to surface the problems, they need to lead debates into an uncomfortable zone to question taken-for-granted organisational beliefs (Bowman, 1995; Flip Chart Fairy Tales, 2010). Doing this requires a lot of experience and social competence since the client is likely to show resistance and any poorly designed question may damage a consultant's professional image.

CONSULTANCY QUALIFICATION?

McKenna emphasised that there is no formal qualification required for the consultant role (Levitt and Dubner, 2012). Moreover, companies in the consultancy sector are not interested in having an established body of knowledge since it may harm their competitive

advantage. Nevertheless, there are institutions aiming at professionalisation of consultancy. For example, the International Council of Management Consulting Institutes (ICMCI) has developed a 'competence framework' highlighting three groups of competencies including business, technical, and values and behaviour (see Table 2).

ICMCI competencies framework

Business

- ▶ Client understanding
- ▶ Client business knowledge
- ▶ External contact awareness

Technical

- ▶ Sectorial knowledge and experience
- ▶ Client focus incl. engagement and scoping requirements
- ▶ Assignment management incl. planning, managing outcomes, risk and quality management
- ▶ Consulting knowledge management incl. knowledge building, sharing and applying
- ▶ Consulting process techniques incl. facilitation, presentation, reports, team work, consensus building
- ▶ Selection and application of appropriate diagnostic methodologies

Values and behaviour

- ▶ Ethical and professional behaviour
- ▶ Effective interaction incl. communication and influencing
- ▶ Analytical skills incl. problem solving and recommendation development

Table 2: Consultant's competencies according to ICMCI 'Competence Framework'. The table is created based on ICMCI (2013).

In my opinion, the framework, to a large extent, reflects the discussed areas of project management, relationship building and analysis. It additionally includes business knowledge and sectorial expertise that are vital in expert

consultancy. Moreover, it highlights work ethics. Yet there is no clear emphasis on the consultant's ability to choose behavioural tactics that are most effective in the given circumstances.

DEVELOPMENT OF CONSULTANCY COMPETENCIES

Knowledge creation and sharing are a basis for the development of the skills required of consultants. Given that knowledge is a key asset in consultancy organisations, they should put significant effort and resources into managing it effectively (Sarvary, 1999).

Knowledge types

I shall distinguish between two knowledge types, namely explicit and tacit (Nonaka et al., 2000). Explicit knowledge can be articulated, documented and stored in databases. It includes, for example, consultancy frameworks and go-to-market methodologies. As for tacit knowledge, this cannot be communicated and documented easily. Such knowledge includes, for instance, handling local business issues. It is critical that knowledge management practices address both knowledge types (Summerhayes and Luo, 2006).

Skills development

To continually develop the consulting team's knowledge, it is necessary to first establish a knowledge sharing process through which the already available knowledge is shared among team members. Additionally, to expand their knowledge dimensions, consultancy organisations should implement and execute a process for new knowledge creation by acquiring new knowledge from external resources and by creating it from scratch.

The methods organisations use to share knowledge among their professionals depend on the knowledge type. Explicit knowledge in consultancy organisations is normally integrated in their services (Summerhayes and Luo, 2006). Such knowledge is documented, so that consultants can gain it through formal educational programmes, and domain-specific training. For example, by this means, consultants can learn about market trends and various techniques and frameworks.

Yet, there is a gap between understanding the techniques and the ability to apply those effectively (Guzman, 2009). This gap is due to the tacit knowledge component. Given that tacit knowledge resides in individuals, it can be acquired by observing others practicing target skills as well as by practicing with or without supervision (Nonaka et al., 2000). Newcomers,

before they start handling the tasks on their own, may first absorb practices by observing their peers. In this way, I believe one can learn how to effectively facilitate a solution development process using for instance the zone of uncomfortable debate method.

As for the new knowledge creation process, Nonaka (1994) developed a SECI (socialisation, externalisation, combination, internalisation) framework suggesting how tacit and explicit knowledge can be created and transferred within the firm (see Table 3).

A. Socialisation

- ▶ Tacit knowledge acquisition by multiple individuals via shared hands-on experiences and face-to-face interaction

B. Externalisation

- ▶ Tacit knowledge translation into comprehensive pieces of explicit knowledge

C. Combination

- ▶ Combining elements of explicit knowledge together and translating those into more complex and organised forms of explicit knowledge

D. Internalisation

- ▶ Sharing the newly created explicit knowledge throughout the company
- ▶ Explicit knowledge translation into a tacit knowledge by individuals by means of practice

Table 3: Nonaka's SECI framework for knowledge creation and transfer within the organisation. The table is created based on Nonaka (1994).

EXPLORING SKILLS AND COMPETENCIES FOR CONSULTANTS (CONTINUED)

I believe for consultancy business, socialisation is the key element, as during this phase consultants acquire the latest knowledge from the third-party experts while participating in external workshops and forums. Consultants can also learn from clients and from temporary hired external professionals. As for the remaining three phases in the SECI model, they will ensure proper documentation and internal sharing of the newly acquired knowledge.

SKILLS OF CONSULTANTS VERSUS EXECUTIVES IN THE CLIENT ORGANIZATION

Client executives' goal is making sure that the business delivers on stakeholders' expectations and remains competitive. Ulrich and Smallwood (2007) suggested the five areas of leadership skills that, in my opinion, very well describe what effective executives should be able to do (see Table 4).

1. Create and implement organisational strategy
2. Manage organisational structure and processes in a way that they deliver the required outcome
3. Manage employees so that they are motivated, satisfied and work effectively and efficiently
4. Facilitate development of tomorrow's talent
5. Demonstrate personal proficiency including communication skills, ethics, decisiveness and taking on responsibility

Table 4: The five elements of the 'Leadership code'. The table is created based on Ulrich and Smallwood (2007).

Comparing these skills with the consultants' skills discussed above, one may notice a considerable overlap. For instance, both need to show personal proficiency, be able to drive change, execute and inspire people to collaborate. Moreover, executives similar to consultants need to be able to adapt their behaviour and leadership style according to the circumstances. Yet, executives, who primarily focus on the specifics of their own organisation and its supply chain, may lack information concerning recent market development and new technologies. They may also be blind to certain aspects such as personal and organisational culture biases leading to decreased competitiveness and missed business opportunities. This is where consultants with their distanced view, state-of-the-art methodologies, latest market information and ability to identify and solve the problems can be useful.

However, multiple client organisations undertake to build internal consulting competencies by recruiting former consultants to fulfil managerial roles (Christensen et al. 2013). This development led to a phenomenon called 'management as consultancy' which refers to managers adopting consulting practices while fulfilling their jobs as executives (Sturdy et al., 2016). Consultant managers are project-oriented, bring change, appreciate the external environment and play down hierarchy.

Sturdy et al. (2016) argued that management as consultancy may be a significant threat to external consultants as it decreases their differentiation potential. I only partially agree with this argument. Thinking of reasons why organisations use consultants, one may summarize those as follows:

- ▶ Lacking information and expertise to identify and/or solve a problem or seize an opportunity (e.g. strategic advice, operations improvement, help to implement change, provide market information),
- ▶ Temporarily required extra manpower,
- ▶ Use a consultant's perceived objectivity to deal with organisational politics and overcome blocking coalitions (Worstall, 2012),
- ▶ Shift the responsibility in case of failure resulting from implemented change (Semadeni and Krause, 2011).

I think only the first reason is affected by the management as consultancy phenomenon. Furthermore, even though consultant managers can apply practices such as solution development process facilitation, it will be a great challenge to continually acquire the latest information about market development or emerging technologies crucial for the business. Therefore, management as consultancy is likely to impact process consultancy rather than expert consultancy business. Additionally, over time, consulting managers will lose the objectivity through long-term involvement in the business which will lead to a decreased ability to identify the problems.

CONCLUSION

Overall, each consultant should be able to master skills from the three categories, namely project management, relationship building and analysis. Besides possessing these skills, consultants need to be able to select the roles and behaviours to address the client needs in the most effective way. Doing so, they should act aligned with ethics and their values.

Successful development of consultancy skills requires a well-established knowledge sharing process that

includes both explicit and tacit knowledge transfer. This process in consultancy is characterised by the continuous involvement of external third parties for new knowledge acquisition.

There is a significant overlap between the skill sets required of consultants and client executives. Moreover, this overlap grows resulting from the management as a consultancy phenomenon. This creates a threat to consultancy firms due to their diminishing differentiation. Thus, to maintain their relevance, consultancy companies may need to shift focus from general strategy consulting to a more focused expert consulting and to move from effort-based to value-based pricing.

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SUCCESSFUL CONSULTING IN PRACTISE ; WHY TECHNICAL EXPERTISE IS NOT ENOUGH

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THE CHANGING FACE OF SELF EMPLOYMENT

There's been a marked rise in self-employment in the UK in recent years, yet many of those entering self-employment may not be earning anywhere what they expected. Recent figures from the Office for National Statistics (ONS) (2018) state that self-employment is higher now than at any point in the last 40 years, rising from the previous high of 12% of the workforce in 2001 to 15% of the workforce in 2017 (ONS, 2018). Indeed, since the UK recession that followed from the general financial crisis in 2008, approximately two thirds of the subsequent rise in employment is accounted for by self-employment (ONS, 2018).

Much has been made of the 'gig economy', yet the picture is more complex, and a look into the composition of self-employed workers is even more telling.

Traditionally self-employment in the UK has been dominated by construction workers and skilled trades' people (ONS, 2014). Yet the increases in self-employment are now being driven by those who might traditionally be employed; professional, scientific, and technical roles, as well as those who describe themselves as management consultants. Between 2001 and 2016 those in self-employment with a degree or equivalent rose from 19.3% to 32.6% of the total self-employment workforce (ONS, 2018).

The Labour Force Survey from the ONS indicates the nature of these self-employed is changing too, with an increase in those working on their own, accounting for 4.0 million workers in 2016, up from 2.4 million in 2001 (ONS, 2018).

There are also changes in the age profiles. Full time self-employment in the 16-24 age group has been fairly constant since 2008, despite the growth in self-employment figures over the same period. Nearly half of the self-employed are aged over 50, and an increasing number over 65 – indeed this has been the largest growth group since 2009 (ONS, 2014). And

these are not 'hobby' or pre-retirement jobs – over 35% work over 45 hours a week, compared to just 23% in employed roles. This suggests that many of those entering self-employment are at the most skilled end of their profession. Some of the rise is accounted for by more women than ever entering self-employment; between 2001 and 2016, the number of women in self-employment nearly doubled (ONS, 2018). Given that women are still less likely to enter the skilled trades, this supports the increase in professional roles in self-employment. Added to this is the further finding by the ONS that self-employment income in real terms has fallen in the last 5 years by 22%. The average modal income from self-employment in 2016 was £240 per week (£12,480 pa), less than half of the average employed salary, and the gap between these two groups has widened over the same period (ONS 2018).

EXPERTISE IS NOT ENOUGH

So we find the UK self-employment market now dominated by experienced professionals, but with falling income. Some of this may be explained by recession, but as the economy recovers, incomes should at least be keeping pace. More likely there is now a surplus, or at least greater competition, for selling some of the professional services that organisations would have traditionally sourced in-house. The bottom line of these recent changes is that many experienced professionals, particularly women, now find themselves outside of permanent employment where their skills would have traditionally been used, and, one suspects, in direct competition with larger organisations providing similar services.

In our work we have found that when experienced professionals move into consultancy in later careers the transition will be smoothed by 'handover' projects – for example starting working on a major business transformation as an employee, and later moved to a consulting role to see the project through, or picking up various specialist aspects of a role to deliver outside of a previous employed role. Talking with independent and small business consultants over a numbers of years suggests that this is very often how experienced people migrate into consulting, and the timeframe seems to be typically 6-18 months.

It's thereafter that the challenges usually begin.

Unlike the traditional self-employed roles in trades and construction, the new market place they work in is competitive; for example, it is rarely a case of turning up to provide a skilled task to a pre-set project

plan. Getting a professional services or management consulting role to, for instance, restructure a business, is not the same as asking someone to come and build a brick wall to a pre-specified design in an established self-employment market place; both require a range of professional skills, problem solving, communication and personal organisation, but the former is less tangible as a product, and arguably more difficult to explain the benefits to a potential customer. This means those professionals in self-employment need to not only have excellent technical skills and capability, they need to be able to source, reassure, capture, manage and nurture their clients to develop in order to maintain a profitable business in a competitive environment. The skills and capabilities they are selling are rarely physical, and are often open to a wide range of interpretations and manifestations; every deployment will have variations. The benefits may be obvious to the expert consultant, but indefinable to the client. Put simply, we suggest that just being experienced and good at what you do isn't good enough, and this applies to any form of consultancy practice.

IT'S NOT REALLY SELLING - IT'S CONSULTING

It is tempting to think of every conversation with a current or potential client as a 'selling' opportunity - and to some extent it is if you regard selling in the broadest sense of preparing for or creating a transactional business relationship.

The problem with this approach is that it usually involves a lot of 'telling' – telling a client about your expertise, telling them about how your services can fix their problem, telling them about how successfully it has been used, and so on. It's all about closing the sale and concluding the transaction; that's really selling – and not consulting.

As a consultant, selling will not be sufficient to make your way. In consulting, a client is thinking of inviting an outsider into their organisation; this carries risks as well as potential rewards, and the consulting role must reflect this potential risk the client faces. In selling we tend to want to create and fulfil a demand for a product or service – to effect a transaction; in consulting it is about creating change for a mutual benefit. The relationship goes beyond the transaction (and any 'after sales service') and takes account of the whole landscape in which the client conversation takes place. In selling, we think in terms of customers, in consulting we talk of clients – but what really makes the difference? Clients and their needs come in many shapes and forms, and it is unlikely that any 'one size fits all' product or

service is likely to completely match the unique set of circumstances of each client – what we describe as their 'landscape'.

Cockman, Evans and Reynolds (1996) state that "anyone who has a problem or a difficulty is a potential client"; it is the way in which we seek to understand, diagnose and act on this problem landscape that partly differentiates the consulting approach. Instead of 'telling', consultants need to be 'asking'; asking about the background to a situation, about the interactions, the power relationships, the risks, the barriers, and about how the client views success. You might also be asking about what other options have been dismissed, as well as challenging how a situation may be moved on or resolved. None of this directly involves any product or service at this stage.



SUCCESSFUL CONSULTING IN PRACTISE ; WHY TECHNICAL EXPERTISE IS NOT ENOUGH (CONTINUED)

So what exactly is 'consulting'? Block (2001) states that "You are consulting any time you are trying to change or improve a situation but have no direct control over the implementation. If you have direct control you are managing, not consulting." This highlights a second differentiator between selling and consulting – and indeed managing – the locus of control. In selling, arguably once the product or service is transferred the transaction is complete – the customer will implement and manage the consequences; in managing we are directly responsible for the implementation. In consulting the role is to influence, manage and develop the client to help create a changed state. It means striking up an understanding of time, place and productive outcomes of a prospective relationship. The nature of this role therefore relies on joint decision making, review and guidance in any number of forms, yet there is no direct control.

The consultant, whether working independently or as part of a professional services consultancy business, will also be involved in marketing and securing business transactions (or sales). Marketing is an approach that makes potential clients (or customers) aware of the kind of consultancy services that can be provided. Securing consultancy projects usually relies on 'relationship selling.' Relationship selling is more sophisticated than selling a specific tangible product where a sales presentation may conclude with securing a sales order. Relationship selling involves developing an understanding and connecting with the business of a potential client, which builds mutual trust and confidence between the two parties. The outcome will be to move towards a shared understanding of the client's requirement for consultancy support and how the objectives and deliverables of a project will be achieved. This approach has famously been developed by Neil Rackham (1995), and is worth reading.

Central to the process of developing a productive engagement and a transactional outcome in consultancy is to be able to plan for and manage a meeting with the potential client, whether they are as a prospect or an existing client who may have a further need of your professional services. Your skills and capacity to change or transform a situation may be obvious to you. The shortcomings, challenges and needs of a potential client may also be equally obvious to you. Your new role is to bring the two of these together. Consulting

is about relationships and trust. While the first stage might be viewed as getting to 'yes', failure to sufficiently take account of the particular client landscape, build a working trusting relationship, and identify how you may deal with any hurdles along the way will weaken your capacity to use your expertise to build ongoing fruitful business.

BEING AN EFFECTIVE CONSULTANT GOES BEYOND GETTING THE TASK DONE

So the function of a consultant may be described as to act with, for, and on behalf of a client inside their organisation, without direct management authority. Whatever the circumstances and related opportunity the success will hinge on the consultant's business management prowess together with using a holistic approach – 'the consultancy edge.' A holistic approach is characterised by the concept of parts and wholes; that the parts are intimately connected and affected by reference to the whole; the consultant is part of this whole. The client needs to be able to view the contribution of a consultancy intervention to their business as a contribution to the whole which adds to the value-generation of the organisation.

A holistic approach will include building empathy and trust, how you will work with the client to meet the requirements of an organisation and seek to identify if the client wants something 'doing.' A 'yes' from a client will result in agreed action which will need to be defined and subsequently confirmed in writing. It all hinges on 'purposeful discussion,' where you as a consultant engage with the potential client on their business, the issues confronting their organisation at the time of your meeting, and what you as a consultant can do to meet a particular requirement.

To begin with, you need to focus your discussions on the client's organisation to build a shared understanding, so at a first meeting you will allow the client to do most of the talking. Using questions and summaries to check for understanding will help develop empathy and mutual understanding; aim for a 'meeting of minds' relationship where you as the consultant will be able to feel that both parties share a similar image of the organisation. The conversation can then explore issues which are of concern to the client and the value that the consultant's expertise and resourcefulness can bring which are not

otherwise available to the organisation.

From this point, the discussion can identify what kind of specific action you as a consultant may provide to the client – very often the client will lead you into this discussion especially where they have already identified the specific objective and related activity they wish to be carried out for them; of course, this is not always the most appropriate, practical or sometimes ethical action. It is important to establish that they actually want something 'doing' and then discuss the specific plan of action for confirmation in writing. You are nurturing a collegial association, not selling a consumable product.

Achieving a fee-earning transaction may be precarious unless you become absolutely certain of three crucial aspects which you need to share as appropriate with the prospective client:

- ▶ The exact nature of the transaction in terms of costs, timetable, and deliverable outcomes;
- ▶ The principles of disengagement upon completion of an assignment; and
- ▶ Who you are working with during the programme of work, including who has authority to make decisions.

You also need to work out what is the opportunity cost to the client and whether that cost is actually surpassed by the desirability of the outcome of the consultancy programme. This is the cost vs value calculation central to all consulting interventions. In some circumstances you may conclude that advising the client to handle a situation themselves, albeit with some expenditure or perhaps do nothing, is an appropriate option.

Overall, the key attributes and skills of consultancy effectiveness is to continuously strengthen your 'consultancy edge' together with working with a holistic approach - **THE CONSULTANCY EDGE**

Vision and direction

- ▶ Clear direction of where you are going
- ▶ Focus of vision
- ▶ Generally and when delivering a specific service

Risk - addressing questions

- ▶ What is important and what is best?
- ▶ Who am I impacting?
- ▶ What will be the consequences?

Responding to challenges

- ▶ Working on current realities and visions
- ▶ Creating methodologies to establish core principles of practice
- ▶ Accumulating examples of experiences and success for clients

Figure 1: Vision with direction, gauging risk and building capability produces The Consultancy Edge

In particular, focusing client discussions on their business so as to identify clearly what needs to be done will provide the foundation to achieving a consultancy assignment. Any association with a prospective client should always end on a realistic and positive note even if it means that no business is in prospect for the time being.

THE FIVE KEY COMPONENTS

Over the last twenty-five years we have been researching, exploring and practising consulting skills, as well as talking to numerous independent and professional services consultants. We have captured our findings of the key skills of consulting using a five-component model (Figure 2). Each component includes the key skills and attributes needed for successful consulting skills in a professional, competitive marketplace:

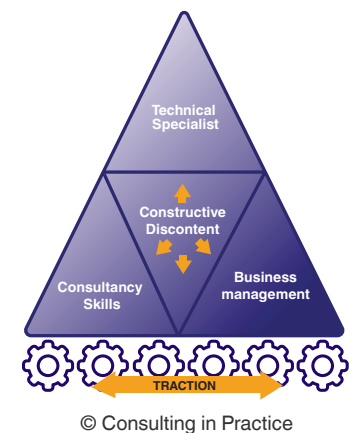


Figure 2: The Consulting in Practice Skills Model

SUCCESSFUL CONSULTING IN PRACTISE ; WHY TECHNICAL EXPERTISE IS NOT ENOUGH (CONTINUED)

► **Consultancy Skills:** This is primarily a process approach about listening, not telling; it is the ability to ask pertinent searching questions that are revealing both to you and your client which will help you both reach conclusions as to how to proceed. Consultants who ignore these skills are simply technical advisors selling a product who are unlikely to build long term business or build a reputation for consistent effectiveness and impact.

► **Technical Specialist:** This is where the expertise comes in! It is not about advice or showing your client how much you know, but about using the right expertise to help the client diagnose, resolve and maintain a changed state of affairs with confidence and commitment. Fundamentally you need to be able to select that expertise which moves the situation forward, and recognise when you are going beyond your own field of competence – a constant issue for those consulting in complex environments. The poor use of technical skills is often about misuse of power within the relationship – the use of expertise should not generate dependency nor prevent your client from maintaining control.

► **Business Management:** This is your ability to successfully read a business – to assess it in terms of the operations and also the power relationships. Getting to know and understand how your client works, and the climate in which they operate is fundamental to understanding how best to deploy your technical capability so that it is likely to be both well received and deliver sustainable results. Expertise used in isolation of the business setting is likely to produce changes that are unsustainable, weak relationships and create interventions that are little more than a tick box exercise that do not survive the lifetime of the intervention.

► **Constructive Discontent:** This is a frame of mind and a way of behaving; it is a positive, enthusiastic discontent which means never being fully satisfied, maintaining an enjoyment of challenge and staying positive in the face of difficulty. It includes the ability to stay calm and focused under pressure and to bring a simple curiosity to every situation, never accepting what is presented at face value. It means reviewing all consulting activity to look for learning and improvements, seeking new business opportunities, and constantly developing new approaches, skills and techniques, growing oneself and

one's offerings. This frame of mind and activity builds client confidence, as they explore their own situation with you. Consultants who operate without a high measure of Constructive Discontent are likely to become tardy, stagnant or irrelevant; they may also lack the mental toughness needed to maintain commitment and energy in difficult times; in our experience this is one of the greatest barriers.

Traction: This is about keeping it all on the move forward. It includes the need to create ongoing value for your clients and yourself to ensure a constant stream of future business. It is about how you manage the relationships such that people want to work with you, and about how you stay positive to attract new interest. Use the outputs of Constructive Discontent to continually develop business offerings, and strong client relationships to look for opportunities to experiment, develop and grow which will enable you to secure joint projects where you both benefit. Failure to maintain the Traction results in a stale business that is overly reliant on a few clients or offerings; the consultancy will eventually date, cease to be relevant or die as existing clients move on.

CALL TO ACTION - SKILLS DEVELOPMENT

Successful consultancy is achieved by more than being a technically competent expert. Economic organisations are interested in external agents who can work with them to do things that they cannot or do not wish to carry out for themselves. So there are ongoing questions that a consultant needs to address to build capability and credibility in providing excellent services, attracting new clients and in building a reputation to secure repeat business along with and for referrals to other potential clients. It all hinges on a symbiotic and mutually beneficial harvest from managing yourself, managing your network, and managing your clients.

 PURPOSEFUL PROFESSIONAL
ENDEAVOUR and PRODUCTIVE DRIVE

- How good am I?
- Where do I need to be better?
- How do I review my effectiveness?
- How am I becoming more resourceful?

Figure 3: Purposeful professional endeavour involves regular candid assessment of overall consultancy practice.

Consultants must ensure that they never become complacent and left behind. A business plan and a media presence are no substitute for purposeful professional endeavour (Figure 3). Consultants of all kinds and specialties need to challenge themselves continuously with a regular candid self-assessment. This assessment will be shaped by the reality of your continuous awareness and grasp of whether you have created a productive drive for your consultancy. This is especially pertinent to turning technical expertise into desirable, saleable products that solve problems, remove pain and create opportunities for clients.

In this respect consultants will need to be mindful of how a particular transaction will regulate specific programmes of consultancy, how they specify the deliverables and take account of any kinds of risk and uncertainty, and how procedures for joint review of the progress of the project will be carried out.

Consultants need to develop an overarching way of thinking about their work, building a business which focuses on three imperatives (Figure 4).

► Managing yourself begins with you as a practising consultant. It involves looking exactly how you connect with others, and to what extent are you able to influence others productively. It requires attention to your level of self-awareness of how you conduct yourself to foster trust, the foundation of all forms of influence. Trust in you as a consultant by others will follow on from a combination of competence, intentions and values, as you demonstrate concern for their expectations and build

mutual reliance. Being able to articulate a vision of how your resourcefulness and what you can offer to clients will require you to constantly to gather information in order to discuss plans with clients and refine ideas and their application.

► Managing your network includes building a reputation through economic contacts. Economic contacts comprise individuals or associations that may be regarded as conduits - that will either provide business or lead you to business transactions. A critical aspect of managing your network is to systematically identify who should be in your network. Awareness of which people and groups provide you with economic rather than just social opportunities will be key to proactively building and maintaining prospective clients; aim for frequent contact with opportunities to illustrate how you might provide to them. This will also enhance your reputation as people will progressively become familiar with your competence and the character of your offerings. The crucial element is the ability to influence people over whom you have no authority.



SUCCESSFUL CONSULTING IN PRACTISE ; WHY TECHNICAL EXPERTISE IS NOT ENOUGH (CONTINUED)

 OVERARCHING DAILY THINKING AS A
CONSULTANT - THREE IMPERATIVES

Manage Yourself

- ▷ Use of expertise to convey authority
- ▷ Personal relationships to fit circumstances
- ▷ Constantly revise outlook and visions

Manage your network

- ▷ Identify those who should be in your network
- ▷ Proactively build and maintain network
- ▷ Support to accomplish professional and economic goals

Manage your clients

- ▷ In association with clients, clarify feedback on deliverables and effectiveness
- ▷ Actively read the client position and the dynamics of new relationships
- ▷ Nurture effective trusting relationships with existing and new clients

Figure 4: The three imperatives of managing yourself, your network and your clients.

▷ Managing your client is conducted in a business terrain where client organisations are not uniform. Clients need to feel a strong sense that in conjunction with the consultant they are working together to bring about worthwhile objectives and in this way enjoy regular association though conversational reassurance together with receiving regular feedback. This means that the consultant needs to ensure they understand the nature of the business and dynamics of the client organisation – or a prospective relationship for a new client. Building an image of the client business as a whole early on in the relationship, as distinct from the specific area of project deliverables, will provide a sound precursor to nurturing a good trusting working relationship.

Building and maintaining relationships clearly underpins all facets of consultancy practice and business. Consultants have to continuously accrue insight into what works to be successful. Constant review not only of your own skills, but also the progress of the assignments

and the quality of the relationships will help you build a future business; this is so much more than being technically able.

Overall you will need to regularly consider how your approach works to create consultancy practice and business. This includes reflecting on the relationships, problems and events that are encountered and how these work in favour of building capability and business prowess, especially as so much of consultancy practice depends upon others.

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THROUGH THE LOOKING-GLASS-CONSULTANTS ON PROFESSIONALISM IN CONSULTING

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INTRODUCTION

Management Consultancy, dubbed "the world's newest profession" (McKenna, 2006), generally receives a mixed, frequently negative, press (Craig and Brooks, 2006; Gapper, 2017; Kirkpatrick et al., 2018), and remains a mystery to most outsiders (Buono, 2015; Hope, 2016). Laymen, academics and clients all have views on the profession and the professionalism of those who practice it. This is particularly tricky given the intangible nature of much of management consulting and the fact that although considered a profession it does not conform to the precepts of being a profession (Muzio et al., 2010). Given the industry's growth figures (Marketline, 2018) it would appear that the views and corresponding predominant reputation does not affect consultants selling their services, nor the clients who buy them, presumably on the basis of their professionalism.

Curious, then, about consultants' self-perception of their own professionalism, the research presented in this paper seeks to understand:

- > How professionalism is defined and enacted by consultants
- > Whether it is valued
- > The extent of its intangibility

Using a survey to capture individual views, the findings suggest that the concept of professionalism is rather more than simply being 'in the eye of the beholder' although it is essentially intangible. This research contributes to the body of knowledge regarding the practice of consultancy and the manifestation of a broad set of values within the industry which appear to help frame both behaviour and outcomes, for consultant and client alike.

The paper begins by considering the broad confines of what constitutes a profession and professional working and compares consultancy to those features, outlining the dominant characteristics and attributes for comparison. Survey research is presented from a sample of management consultants drawn from a variety of firms

who provided their views about professionalism and how it manifested itself in the workplace. The paper ends with a discussion on the different fields covered, and pulls the results together into a coherent picture of the current dominant view of professionalism amongst practising management consultants with a view to perhaps informing the continued formalisation of the industry.

PROFESSIONS

According to the Oxford English Dictionary (OED) a profession is "a vocation or calling, especially one that involves some branch of advanced learning or science". Historically this encompassed 'the three professions – divinity, law and physic' (Carr-Saunders and Wilson, 1964). The situation began to change towards the end of the 19th century with the rise of the so-called 'new professions' based upon intellectual techniques due partly to the Industrial Revolution and partly to legislation requiring particular activities to be carried out such as Secretaries and Accountants. New professions had in common that practitioners possessed specialised techniques and knowledge, proven by reliable and robust methods of testing, usually examination. They also inherently possessed authority over their own work (Freidson, 1973:19), something virtually dormant since the Industrial Revolution brought about the demise of the guilds and associations. The rise of the professions rekindled self-authority, albeit this time it lay in the formal, intellectual aspect of the training as a result of higher education in contrast to, for example, a long apprenticeship.

20th century interest in the significance and implications of a profession was sparked by Durkheim (1933) contrasting 'mechanical solidarity' with 'organic solidarity', whereby the latter had its roots in knowledge rather than sharing a common skillset. Sociologists such as Carr-Saunders and Wilson (1964), Vollmer and Mills (1966), Jackson (1970) and Freidson (1973) tried to outline the characteristics and qualities that define and differentiate professions from other types of groupings. Broadly, a profession exists when there are bonds between the practitioners, taking shape through formal association, forming an outward-facing group, regulating behaviours towards others whilst announcing that those in the group share a special competence or set of techniques acquired as a result of formal intellectual training (Carr-Saunders and Wilson, 1964). Such social groupings develop ethics and norms which further bind them (Vollmer and Mills, 1966).

The generally accepted conclusion is that once a framework for the authority to recruit, train, examine,

licence and review performance has been established then the profession becomes legitimate and self-regulating. No-one else has the necessary background knowledge and technical adequacy to judge (Daniels, 1973), and the ties that bind strengthen. Despite general clarity over attributes and characteristics of a profession, it is less clear which occupations are indeed professions, against a definitive list of criteria (Thakor, 2000), possibly because of confusion over whether the object of study is an occupational activity or the institutionalised form of the control of such activity (Johnson, 1972). Von Nordenflycht (2010) revisited the matter with a contemporary review focusing on occupational activity as the study object. He coined the term 'neo-profession', and listed management consultancy as one.

PROFESSIONALISM

If 'profession' is a designated occupational activity, 'professionalism' is generally taken to be the behavioural manifestation of a person who works in a profession. The OED definition is: "Qualities or typical features of a profession or professionals". People 'demonstrate professionalism' and 'conduct [themselves] professionally', intimating a taken-for-granted, consistent understanding of their meaning. The reality of these phrases is that they mean anything to anyone, and are not ideal for structured analysis and understanding. However both expressions provide a starting point for consideration of professionalism. Persuading others, through expertise and interpersonal skills rather than formal position (Child, 1984; Senge, 1990; Wallace and Kay, 2008), and the more professional commitment is demonstrated. This description sits well for most people as a description of a professional (Figure 1).

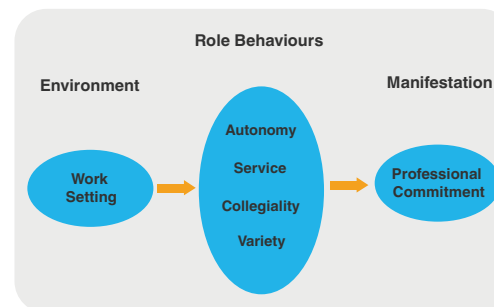


Figure 1: Distinguishing feature of Professional work (Wallace and Kay, 2008)

Wallace and Kay's (2008) model captures the independence, mindset, technical and interpersonal aspects noted in earlier models.

PROFESSIONALISM IN MANAGEMENT CONSULTANCY

Consultants' work involves creativity, problem-solving, diagnosis, recommendation-making, dissemination of best practice, high discretion, low specialisation and absence of formal qualifications. These attributes make consultancy vastly different from other designated professions. It is a knowledge-intensive occupation (Alvesson, 2004) yet its fluidity is not considered valid enough for uniform training and accreditation (Kitay and Wright, 2007). For reasons such as these, management consultancy has yet to evolve into a formal profession (Greiner and Ennsfellner, 2010; Law, 2009; Von Nordenflycht, 2010). Hence perhaps all the more important to have an understanding of what being a professional and demonstrating professionalism is (O'Mahoney and Markham, 2013). The Management Consultancies Association states that members "shall exercise their professional skill and judgement to the best of their ability and discharge their professional responsibilities with independence of thought and action, objectivity and integrity" (MCA online). Codes of Conduct of the various Consulting professional bodies (such as MCA, CMI, FEACO) broadly state that professionalism is having client interests at the forefront at all times. Schein (2002:24) says professionalism in a consultant "requires a priori knowledge of the dynamics of the helping relationship and a readiness to deal with the various feelings that arise both in the client and the consultant". According to Maister et al. (2000) professionalism in a consultant comes from a great desire for continuous learning, since only that way can trusted advice that adds value to the client be created.

Most clients buy not only specialist skills but also a particular kind of relationship between the professional and the client, some aspects of which may require an intuitive ability akin to art as well as the judicious application of judgement (Daniels, 1973:41). This requires people they like, have chemistry with and who demonstrate a number of personal attributes (Figure 2).

THROUGH THE LOOKING-GLASS-CONSULTANTS ON PROFESSIONALISM IN CONSULTING (CONTINUED)

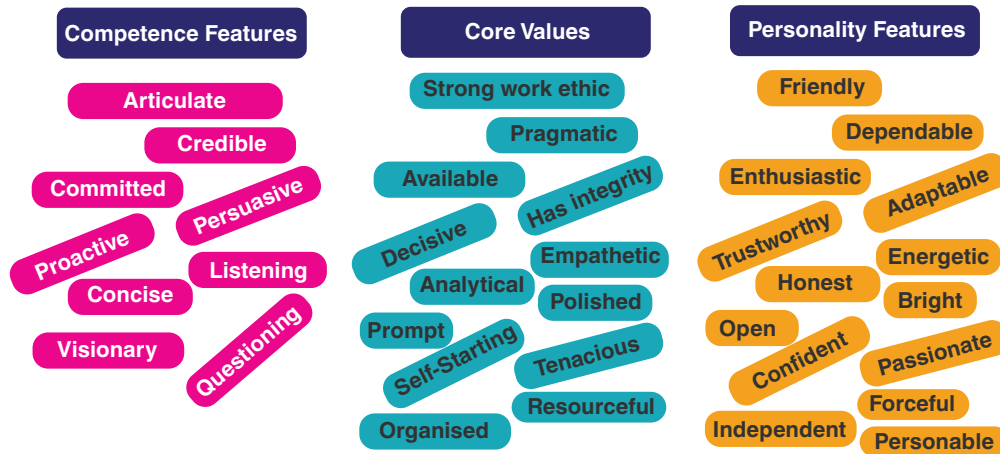


Figure 2: Personal characteristic of persuasive professionals (Matthias, 2018)

Collectively, these attributes could be deemed to capture the essence of professionalism in management consultancy, articulating the interpersonal while implicitly encompassing mastery of systematic knowledge. This fluid nature of consulting knowledge and its reconfiguration possibilities makes judging the outcome of consultancy and the performance and quality of the consulting service problematic, since any engagement is open to multiple interpretations (Hill et al., 2009; Lowendahl et al., 2001; Sturdy, 2011). This increases the importance of the behavioural and interpersonal. Additionally, the work is ultimately the property of the client, “processed, modified and filtered by client activity before being launched into the real world”, ultimately outside the influence of the consultant (Law, 2009). Having little, if any, accountability for the way the product is used makes it difficult to demonstrate that you have behaved with professionalism.

With an absence of certainty over what constitutes the profession of consulting and professionalism within it, it seems pertinent to explore consultants’ own understanding of professionalism in their industry.

RESEARCH METHODOLOGY

The objective of the research was to capture and understand practitioners’ views, strong or otherwise, regarding professionalism and what it meant in general and in terms of their own practice. Obtaining a practitioner perspective which can be compared, contrasted or juxtaposed with the other, theoretical, perspectives was seen as being useful to both consultants and academics alike, and possibly also to clients themselves. To gain this insider, value-laden, viewpoint, an exploratory approach was adopted. Taking into account the peripatetic nature of consultants’ work, a short online questionnaire survey with 5 open questions to encourage free-form response was devised and posted publicly on LinkedIn calling for any management consultants to complete the survey. Consent was deemed to have occurred by the act of participants replying to the questions and sending back their responses by e-mail. No-one messaged directly, so all responses are anonymous.

In total 38 people completed the survey. All questions were answered by all. Participants were asked to select the size of firm they worked for. Most respondents identified as working for big brand firms, followed by sole traders, boutique consultancy and the small-medium firms. Large firms were unrepresented. Figure 3 shows the full profile.

Type of Consulting Firm by respondent

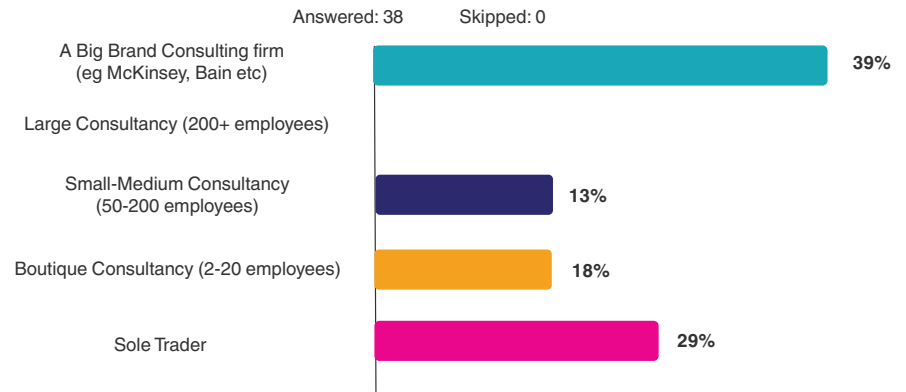


Figure 3: Firm type by respondent

The questions posed were:

1. How do you define professionalism?
2. Do clients value professionalism per se?
3. Is professionalism something clients take for granted?
4. What constitutes professionalism in consultancy?
5. Can professionalism be measured?

There are a number of limitations to this approach. Firstly, opinions may not be truthfully stated, either too brief or too flowery in their description. Secondly, the order and tone of the questions may bias the responses. However, since the underlying purpose here is for indicative, directional results, not precise, quantifiable data, it is considered to be satisfactory as a level of validity, and in keeping with Creswell (2014) the exploratory nature of the research signals that it aims to achieve ‘particularity’ – exploration of the idiosyncrasies of the phenomenon in a particular situation.

Commonly-held and divergent views were looked for, to try and establish whether a generally accepted interpretation of professionalism existed.

FINDINGS

The primary goal of this research was to examine practitioners’ perceptions of professionalism.

Overall, and unsurprisingly, respondents agreed that professionalism is vital and clients appreciate it. No material difference in responses was noted between firm sizes. The main influencing factor appeared to be the understanding articulated in the answers to Q2 - the individual definition/conceptualisation of professionalism. As such, the tone of the question biased the responses of those surveyed, no bad thing when personal views are being sought.

The findings are presented by question, with a selection of responses chosen to demonstrate similarities and divergences of views amongst participants.

HOW DO YOU DEFINE PROFESSIONALISM?

The majority of respondents appeared to show similar thinking in explaining their definition of professionalism. Generally views conformed to the work of the sociologists: undertaken and qualified in a recognised course of study; complying with a written/published code of conduct; and behaving as a role model. However, the responses had a distinct focus on the more intangible features of consulting:

“Anticipating issues before they arise and either taking action or recommending action without having to be asked”

“At the end of the day, professionalism and integrity are key constituents in providing client fulfilment”.

“Working to a clear set of values and issues”

THROUGH THE LOOKING-GLASS-CONSULTANTS ON PROFESSIONALISM IN CONSULTING (CONTINUED)

“Being professional’ as a construct is subsidiary to the broader idea of being committed to the delivery of a quality service with clearly defined quality thinking, processes, QA systems and (lest we should forget) quality people.”

A final quote brings the tangible back into the equation:

“It has to refer back to matters of substance”

Only a few responses include references to physical appearance despite the layman’s typical image being of ‘the sharp-suited’ consultant. Ultimately, the emphasis is on the intangible, personal factors, once the declared knowledge and expertise have been considered.

DO CLIENTS VALUE PROFESSIONALISM PER SE?

The answers to this question showed less variety at face value, with agreement that clients do value professionalism per se. Divergence emerged around why or how that may be so:

“Professionalism is expected as part of the consultant package”

“Some do – generally those who do not buy on the base of price alone”

“I think clients take for granted that when they engage you for a fee they can expect professionalism - but will value it more when they have not received it”

Two rather longer responses took pains to provide a perceptive explanation, even quoting Ruskin, noting:

“Some clients assume consultants will not be ‘professional’ or fair with them - they see consultants as vultures who are there to exploit them. When they see we behave professionally they value it”

and

“Some do – generally those who do not buy on the base of price alone: “There is scarcely anything in the world that some man cannot make a little worse, and sell a little more cheaply. The person who buys on price alone is this man’s lawful prey.” John Ruskin, (attributed) English critic, essayist, & reformer (1819 - 1900)”

The overall consensus appeared to be that professionalism is probably valued more acutely when an absence is noted, rather than its presence, ironically, leading to the question:

IS PROFESSIONALISM SOMETHING CLIENTS TAKE FOR GRANTED?

Interestingly, the presence of professionalism is seen to be instrumental in removing/minimising dissatisfaction rather than actually contributing to satisfaction:

“It’s a basic need (on Maslow), less of a differentiator and so usually taken for granted.”

“I don’t think they value it on its own, it’s very much a given. It is now seen as a hygiene factor - to be unprofessional will result in no work.”

“Professionalism is a hygiene factor inasmuch as its presence does not provide you with any extra kudos with the client, but its absence acts as a negative factor.”

The number of responses using this analogy raises the possibility that ‘taken-for-granted’ may be a genuine global theme.

WHAT CONSTITUTES PROFESSIONALISM IN CONSULTANCY?

A cluster of virtues and values appear to link professionalism to tangible behaviours whilst acknowledging its inherent intangibility:

“Pushing yourself and team to deliver absolutely the best product for the client; in a way that meets their needs but which doesn’t compromise your ethical, personal or business standards.”

“Engaging with client effectively...thorough analysis; well thought-out and presented conclusions and recommendations; drawing on high degree of experience and expertise.”

“For me this would be broadly the same as in most professions. Specifics in the consulting context would be having the integrity to do the right thing for your client even when this might not be the best for the consultant.”

Value-add, creativity, culture, behaviour were prevalent themes in the responses.

CAN PROFESSIONALISM BE MEASURED?

The final question elicited polarised views, from reflective to the definitive; some asserting measurement is not possible, certainly nor meaningfully, while others thought it more nuanced:

“No I don’t believe so.”

“No – you can’t put any sort of accurate or consistent quantitative measure to it.”

“I’m not sure. Not in the KPI and metric sense, but it can certainly be sensed.”

“Measurable, if there’s a process or code of conduct to be followed. Less easy to measure thoroughness or authenticity.”

“PROFESSIONALISM as the sum of the behaviours and personal attributes to deliver TRUST, this is more B2C than P2P but really the concepts still hold. – So yes, very much measurable.”

This difference of perception as regards measurement is an interesting divergence in respondents’ views, given that responses and descriptions up to this point were broadly aligned. It could have something to do with justifying their value-add existence, or simply be a feature of crystallising ideas - something perhaps worth further exploration.

DISCUSSION AND CONCLUSION

A ‘professional’ brings to most people’s minds the image of someone in a business suit, rather than doctor or priest. This could be because of the social

prestige attributable to managerial occupations of which consultancy is a prime example (Alvesson, 2004; McKenna, 2006). Further, they highlight the inherent contradictions in our expectations of a professional: they must acquire specialised knowledge and apply it to new situations, requiring creativity and reflection; they must demonstrate an objective and distanced attitude whilst the subjective relation towards their work is the most important distinguishing characteristic of a professional; acknowledged to be autonomous in their work, they are allowed little room for displaying their individuality. Herein is encapsulated the dilemma of the consultant.

This is particularly pertinent for an occupation that is “something of a dream job” for students of business administration (O'Mahoney and Markham, 2013) , not officially recognised as a profession (McKenna, 2006) , and with no entry barriers to the market, yet at the same time generally accepted as being a profession (Von Nordenflycht, 2010) . Thus, as with the general body of consulting research to date, a plethora of apparently contradictory views exist even amongst practitioners of consultancy.

It seems consulting professionalism is a fluid concept in the absence of licence to practice provided by defined qualifications. The fragmented nature of the provision of service, from independent consultant (who may



THROUGH THE LOOKING-GLASS-CONSULTANTS ON PROFESSIONALISM IN CONSULTING (CONTINUED)

come from anywhere on the spectrum from having been a manager made redundant from an organisation to someone who left a multinational consultancy after many years' service) to the branded multinationals with international presence, makes blanket conclusions difficult. The focus of the current research has been to garner self-perceptions of professionalism in this unregulated, high profile industry. The purpose was to articulate how consultants see themselves, to complement already existent knowledge about how others see them.

The frequent mention of Herzberg's hygiene factors is an aspect that may merit further study, to establish whether there is a genuine global theme, or whether Herzberg is simply ubiquitous amongst consultants. Another possible avenue of research that could add further to understanding professionalism, and professionals in consulting, is to explore whether there is a connection between that and organisational forms of consulting.

Whilst this research has demonstrated that professionalism is more than an abstract concept, there are unmeasurable features. This element is an essence blurred by claims and ascriptions. No matter how concretely and justifiably an assessment demonstrates high success, in interpersonal interactions there is typically the addition of the ultimate intangible factor which is a 'feeling' (Matthias, 2018). However good an outcome, there can be a tendency to be swayed by a 'feeling' and if this underlying feeling is a negative one, then that may well prevail, regardless of other factors. Nevertheless, further developments of this thinking may lead to the possibility that manifestations of professionalism may be placed along a continuum, from total to total absence.

With an open mind and a commitment to a more accurate understanding of the true nature of consulting work it may be possible to avoid the polarities frequently associated with opinions on management consultancy work, and accept consultants as the consummate professionals they are.

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INTERNAL CONSULTING UNITS: A FLEXIBLE FRIEND ?

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INTRODUCTION

Market disruption and associated client anxiety have become the norm. Digital transformation drives new business models, globalisation amplifies the impact of often controversial economic and policy developments, and available young talent has become scarce. Meanwhile, in the background, the world is facing an environmental catastrophe like never before. Under normal circumstances, senior leaders of organisations would turn to external consultancies in search of answers to such challenges. Reliance on the incumbent strategy behemoths like McKinsey & Company, the Boston Consulting Group, and Bain & Company is, however, no longer a given. Management consultancy firms themselves have also been disrupted (Williams, 2019).

And there is also one more trend that has only received limited scholarly attention (Grima and Trepo, 2011; Sturdy and Wright, 2011; Wright, 2008; Wright et al., 2012) – the rise of internal departments tasked with consulting projects embedded within large established enterprises and public sector organisations. Internal consulting units (ICUs) are not a recent trend. However, they are yet to achieve the global scale and diversify themselves en masse beyond their 'captive' clients and into the wider consultancy marketplace. Nevertheless, an expansion of the model is not only plausible, but inevitable due to the complex nature of market disruption. Are we to see a wave of new ICUs soon? What are the key factors organisations should consider when evaluating strategy for - and managing their own - ICUs?

ICU ORIGINS

ICUs originally developed from within HR and IT functions, these departments hiring an increasing number of specialised management consultants

(Chen, Tran and Williams, 2018). Mandate to develop ICUs soon went beyond realisation of complex internal transformation processes and extended to talent pool development and training of future managers for the parent company. A driving factor behind the rise of ICUs was their focus on operations consulting, compared to a strategy focus presented by incumbent strategy-oriented management consultancies. This coincided with a shift in client expectation towards more measurable indicators for the success of strategy implementation. The inherent closeness of ICU leadership to management in the captive client, as well as involvement in implementation made ICUs highly suited to fulfil the need for operational consulting and continuous supervision of implementation at reasonable cost.

What ICUs and external consultants both have in common is the task of solving challenges that their client organisation faces. Shifting paradigms in the consulting industry – noted by Sturdy (2011) as a blurring of boundaries – do not affect clients' fundamental need for an objective perspective, quickly scalable support, and efficient project execution. ICUs just happen to employ consultants that bring in an "insider-outsider" perspective and are often seen as colleagues within the organisation they advise. They tend to have greater initial levels of social capital with employees in the client organisation by virtue of their historical linkages. Wright (2008), for instance, notes how the role of traditional HR managers has become one of internal consultancy; advising on people management. They also may possess greater levels of relevant human capital too, being highly experienced in the inner workings of the captive client for many years.

THE CASE OF GERMANY

While the phenomenon of ICUs is found in many markets (examples can be found in American Express and Google), the case of Germany is particularly interesting. ICUs in large corporations are very common in the German market; over two-thirds of DAX 30 companies operated an ICU in 2015. With varying mandates, these business units solve a wide range of challenging problems. The German in-house consultancies are active in implementing solutions, something that external strategy advisories are not always keen to be involved in (Haselreiter et al., 2015).

In 2007, the German government removed a strict firewall mandating operational separation between consulting and audit work. As a consequence, top auditing companies decided to acquire a number of advisory

boutiques to build up their management consulting units, diversifying their core professional service offering. This disruption of traditional strategy houses also paved the way for ICU growth.

Since 2010, ICUs became a recognised fourth pillar of consulting in Germany. The country's advisory industry was officially viewed as comprised of traditional management consultancies, which were often subsidiaries of overseas firms (e.g., McKinsey & Company, Boston Consulting Group, Bain & Company, A.T. Kearney), the Big 4 auditing companies (PwC, KPMG, Deloitte, EY), smaller boutique consulting firms, and the ICUs. According to a study by German magazine "WirtschaftsWoche", an impressive 43% of consulting mandates from DAX 30 companies were given to their own internal consultants by 2014, signalling a shift in the internal-external project balance.

THE MULTIPLE ROLES OF ICUS: COMPETITORS, COLLABORATORS, INNOVATORS, INTERNATIONALISERS

As competitors to external firms, ICUs generally acquire projects in three different ways: direct allocation of assignments from the management, competitive project tendering involving other consultancies, and proactive identification of current topics in regular dialogue with corporate stakeholders. Unlike project managers and other central service groups, ICUs are rarely in the position of allocating parent company resources to their own engagement. As a result, most ICUs have to compete with external consultancies both on a competency and price-point basis. One traditional explanation for this competition is that of 'economies of knowledge' (McKenna, 2006). This states that any external contracting costs of seeking, using and monitoring external consultants is less than the value of the knowledge they bring to the client. In the case of the ICU, these external contracting costs are considerably lower. Nevertheless, in acquiring projects, ICUs still have to demonstrate value in terms of the knowledge, skills and insights they can offer compared to external competition.

As collaborators with external firms, it is also not uncommon for ICUs to work alongside external consultancies. Their deep client social capital and organisational knowledge complement novel outside insights from external consultants. Sturdy and Wright (2011) show the key role of internal consultants as part of an 'active client', not only managing which external consultants get a chance to pitch for work, but also then

adopting gatekeeping, brokering and partnering roles during projects. In the language of social capital theory, this brings together the benefits of both strong and weak ties (Burt, 2000).

As innovators and internationalisers, ICUs have also seized the opportunity to expand their offering as well as their geographic footprint. They now offer strategy development, end-to-end process improvement, customer journey analysis, and change management. Wright et al (2012) identified how internal consultants have an important role in different forms of standardization in their organizations, including the regulation of a standardizing agenda for innovation. Many examples of internationalised ICUs exist too. Siemens Management Consulting, for instance, now operates regional offices in Beijing and Mumbai alongside its Munich headquarters.

We present three contrasting examples below to explore the diversity of ICU roles. These comprise a good range spanning varying modus operandi, corporate roles, geographies, and industries. Each one represents a distinct source of advantage for their parent company. innogy Consulting (Chen, Tran and Williams, 2018) serves as a classic example of a DAX 30 ICU with its key competencies in sustainable corporate transformation. Porsche Consulting on the other hand represents a mature ICU that managed to outgrow its client parent company client base and expanded globally to serve clients even beyond the automotive sector. Samsung Global Strategy Group is an example of an ICU concept applied in the context of a multi-industry behemoth that needed support with internationalisation of its business practices.

Case #1: innogy Consulting (iCon)

Parent company and ICU foundation: innogy SE, 1981

HQ and key geographies: based out of Essen in Germany; further offices in Berlin, Frankfurt, Munich, Duesseldorf, London, Den Bosch, Prague, Dubai, and Boston Industries served: predominantly energy industry

Key clients: variety of business units within innogy SE and RWE AG

The roots of innogy Consulting (iCon) can be traced back to early 1980s when RWE bundled its internal shared services such as accounting, IT, and process support into a subsidiary called RWE Systems Consulting.

INTERNAL CONSULTING UNITS: A FLEXIBLE FRIEND? (CONTINUED)

Small teams within the consulting arm were tasked with ad-hoc projects akin to “body leasing”. The move to traditional management consulting occurred in 2008, when Dr Klaus Grellmann took the helm of the business unit with the ambition to compete for strategic projects within the group, usually reserved for the likes of McKinsey and the Boston Consulting Group.

Managing the mismatch between the vision, structure, and actual capabilities, iCon set off by modelling its performance and hiring strategy on external consultancies. With experienced partners with management consulting backgrounds, iCon found its way into RWE and innogy, eventually leading projects for C-level executives. iCon’s show of intent was best demonstrated during the spin-off of innogy, a sustainable utility created by carving out RWE’s retail, grid, and green generation business. Successfully delivering the largest German IPO of this millennium (raising 4.6bn EUR) not only gave iCon its current name, but also the licence to operate more widely and expand internationally. The number of consulting staff reached 200 by 2018 and saw the opening of new practices specialising in topics such as Digital and Change. In 2018, iCon was the top-ranked ICU in Germany by the career website *squeaker.net*. Additionally, Germany’s leading role in the green energy transition (Energiewende) presented iCon with new opportunities to expand its business externally through cutting-edge expertise in energy topics. This unique strength led iCon to open its Dubai and Boston offices focused on acquiring clients beyond the innogy and RWE groups.

Source: Chen, Tran and Williams (2018)

Case #2: Porsche Consulting

Parent company and ICU foundation: Porsche AG, 1994 HQ and key geographies: based out of Bietigheim-Bissingen near Stuttgart in Germany; further offices in Munich, Hamburg, Berlin, Milan, Sao Paulo, Atlanta, Belmont, and Shanghai

Industries served: predominantly automotive industry but also aviation and aerospace, industrial goods, construction, retail, and services

Key clients: Porsche AG and the Volkswagen Group in general, Airbus, Embraer, SAP, airlines such as British Airways

The history of Porsche Consulting started with an engagement in 1993 involving Porsche’s new CEO

Wendelin Wiedeking. Porsche, just like the rest of the automotive industry, was struggling with inefficient structure and wastage that resulted in overruns and cost pressure. Starting by looking at rearranging shelves with 911 supplies to avoid workers climbing on them, Porsche’s internal team successfully delivered an organisational transformation making it a lean operations leader in automotive.

As a result of the expertise gathered during the turnaround, a separate ICU was launched a year later – Porsche Consulting. Emphasising result delivery with actual operational improvements, Porsche Consulting’s approach to operational excellence and production transformation soon proved popular with firms within Volkswagen’s supply chain. Over time the consultancy managed to grow even beyond the automotive industry with the likes of Airbus and SAP amongst its clients. Now having grown close to 600 employees across the world, 70% of the clients Porsche Consulting serves are external. Revenues grew to an impressive 173 million EUR in 2018, providing a sizeable additional revenue stream to Porsche’s core automotive business. The Consultancy.uk website has even ranked Porsche Consulting amongst its Top 25 most prestigious consultancies in Europe, signifying its universal reach and recognition.

Sources: consultancy.uk, Porsche Consulting

Case #3: Samsung Global Strategy Group

Parent company and ICU foundation: Samsung HQ and key geographies: based out of Seoul; operating globally

Industries served: Electronics, manufacturing, corporate functions and strategy

Key clients: Samsung Electronics

Samsung started facing growth challenges as it internationalised with decisions needed to be made outside of its HQs in Seoul and Suwon. Samsung Global Strategy Group (GSG) was conceived as an answer to these challenges – by part playing the role of an international strategy team, part acting as an internal consultancy. With career progression modelled on top external consultancies, GSG hired exclusively from the world’s top MBA programmes such as Harvard Business School and INSEAD aiming for a diverse cohort that would eventually become Samsung’s global management pool with a deep understanding of the conglomerate’s home culture and many intricacies and

specificities of chaebol.

With close to 50 global strategists at any given time hailing from 30 different countries, GSG teams engage in high importance strategy projects alongside staff from Samsung’s other business units. Based out of Seoul’s Gangnam district, GSG serves internal clients as far as Brazil or the US. As Samsung’s diverse business interests such as construction and insurance are mostly limited to the Korean market, over three quarters of GSG’s projects serve the global Electronics division. Consequentially, a vast majority of projects relate to product strategy and corporate development, underlying GSG’s crucial role in globalising Samsung’s corporate practices.

Sources: hbs.edu, Samsung Global Strategy Group

ICUS: A MANAGEMENT PROBLEM

These cases show the variety of roles ICUs can develop and adopt. ICUs compete with external consultants, they collaborate with external and internal stakeholders as part of an ‘active client’ role, they innovate, and they internationalise. However, given their size one might question how well ICUs can perform all of these roles simultaneously whilst maintaining client satisfaction. They may reach a threshold point past which they cannot continually shift mode without confusing their existing or prospective clients. Also, they might not be the right answer to every client anxiety. Arguably, because of their operational focus, ICUs can be seen as a part of an answer to the “resilience question”, helping the client cope with disruptions and shocks (Williams and You, 2018). And they can be standardisers and innovators too (Wright et al., 2012). At the same time, it is undeniable that many clients might see ICUs as management stooges with an inherent conflict of interest. The issue of how to develop ICUs strategically essentially boils down to a management problem, and one that requires leaders of ICUs to continually assess the opportunities to create value alongside the challenges that can destroy value.

OPPORTUNITIES**Creating value through trust and protecting knowledge assets**

ICUs can hold a high level of trust within their parent organisations given historical linkages and a track record of delivering high-sensitivity projects. iCon’s example of

leading its parent company’s IPO and subsequent corporate transformation point to an extremely high level of faith in its capabilities both by the top-management and within the business. In terms of Maister’s Trust Equation, credibility and client intimacy is high (Maister, Green and Galford, 2000). Reliability of service, predicated on pre-existing and accumulated human capital should also be high. Knowledge is retained in-house and there is little risk of sharing the company’s best practices and insights with competitors. Internal consultants also tend to have a better understanding of the core business model and ramp-up projects quickly thanks to their familiarity with the business and stakeholders (Grima and Trepo, 2011). ICU teams, due to their intimacy with the client, are also ideally suited to advise on softer aspects of change, such as company culture and internal dynamics; they are seen as colleagues within the business.

ICUs also prioritise the long-term interest of the parent organisation over shorter-sighted engagements that might result in immediate results but result in unmitigated challenges thereafter. Internal consultants are inherently tied to the ascents and falls of their parent organisations, being heavily invested in the outcomes of each and every project. As prolonged relationships with the client really matter, ICUs often stay on in an implementation capacity and enable line employees through coaching. iCon has for instance been supporting RWE and innogy throughout the volatility of Energiewende, making management structures less hierarchical and enabling managers in understanding the shifting nature of the industry.

RETURN ON CONSULTING

Most ICUs are organised as profit centres, therefore competing directly with external consultancies on price. ICUs usually charge less than externals for comparable quality of output, with profits passed on to the parent organisation through transfer pricing.

According to consultancy.uk, ICUs charge 4 to 6 times lower fees than the likes of McKinsey, BCG, and Bain. Besides the cost aspect, ICUs can also start generating additional revenue for the group. Porsche Consulting is a perfect example of such side benefit. This also has a non-financial impact as Porsche gets to record non-confidential best practices not only within the automotive sector, but also in adjacent industries.

INTERNAL CONSULTING UNITS: A FLEXIBLE FRIEND? (CONTINUED)

TALENT PIPELINE

Large conglomerates and industrial behemoths are no longer seen as employers of choice - professional services and innovative tech companies are. ICUs create an attractive alternative for talented graduates and experienced professionals. The likes of Samsung GSG hire consultants that tend to be part of the academic elite coming from top MBA programmes. ICUs consistently show higher employer rankings than their parent companies with a highly attractive career growth path, granting access to the kind of talent that other business units and subsidiaries would have difficulty to attract.

Samsung GSG is not the only ICU founded on the premise of transitioning its alumni to influential positions inside its parent group. In fact, most ICUs are aware of the mission to foster talent pools for their parent companies, with many internal consultants transferring into management positions after a couple of years within the ICU. GSG provides a 360 degrees view of the business through various project engagements and a network that is unrivalled by other employees in line positions. As such, internal consultants are valued by the parent company and get to assume influential positions.

CHALLENGES

Time compression

It is almost inevitable for expectations of ICUs to deliver services at least on par with externals. Achieving such expertise and skillset within a newly founded internal advisory might however sound much easier than it actually is. Difficulties spring up as early as during the inception of the consultancy itself, particularly if there is a lack of clarity regarding its priorities. Scope of activities, typical project set-up, and desired areas of expertise ought to be defined and clearly communicated both to the top-management and business units within the parent organisation. For instance, it needs to be evident from the outset whether the ICU focuses on process improvement, acts as an industry expert, or merely acts as a stopgap solution through body leasing.

Even with clear purpose, quickly gaining client acceptance remains difficult; external firms typically display broader exposure through their long-standing reputations and track records. Externals usually possess more resources – including vast offshore capabilities in IT and digital transformation in some cases such as Accenture - to develop industry benchmarks, lists of best practices. These capabilities have been built up over time. A new ICU typically employs a relatively small staff base compared to externals with up to hundreds of thousands of employees.

OVER-INTIMACY

Despite ICUs being perceived as trustworthy internal partners by the parent organisation, this proximity can be a double-edged sword. While governance structures might vary for ICUs, it is often the case that the head of an internal consultancy reports to a C-level executive within the parent organisation. Such association might suggest internal consultancies serve at the pleasure of the top-management, effectively acting as their mouthpiece, which can be further aggravated should the consultancy in question manage key top-down transformation projects. Such negative connotations might become a serious obstacle.

There is a need to navigate politics within the parent organisation with extreme care. External consultancies have the comfort of gaining their revenue through a wide client base, while ICUs cannot afford to alienate key stakeholders within the parent organisation. As such, upsetting neither the top-management nor business unit managers is a must. Moreover, the perception of working for the same organisation and interaction on a colleague-level might result in greater resistance towards the project approach and recommendations if they are seen as biased or politically-driven.

BRAIN-DRAIN

While ICUs can be seen as a tool to attract top-tier talent into large corporations, their personnel is highly sought after both within and outside of the parent organisation. With a relentless war for talent across the industry, ICUs often see a minor exodus every year when talented consultants move over to the parent organisation's business. High-profile projects equip ICU teams with deep knowledge of the business, close relationship with key stakeholders, and abilities to succeed in managerial positions. As such, in-house consultants are prime candidates to fill these vacancies. On the other hand, consultants often push for such moves thanks to a promise of better work-life balance, greater remuneration, and more content-oriented work. Professionals may also gain experience and key skills in ICUs on graduation from MBA programs, but then decided to move on into other larger and more globalised external consultancy firms. This staff turnover is therefore a Catch 22 for many ICU leaders. While HR strategy in ICUs fosters a strong alumni network, it makes it more challenging for the consultancies to achieve a critical size to compete with externals more effectively and even expand beyond parent organisation.

CONCLUSION

At the current pace, it would not be unimaginable for ICUs to become a common feature across more of the world's leading large organisations, emulating the German experience. In fact, it is quite likely internal consultancies will consolidate their roles as competitors, collaborators, innovators and internationalisers. Just like Porsche Consulting built its reputation beyond the automotive industry, the likes of DHL Consulting and Philips Innovation Services advise clients in supply chain and R&D respectively. The quality and unique capabilities of Philips Innovation Services underpin the kind of trust consultancies linked to strong industry players can gain given their work for its parent organisation's competitors such as Zeiss and GSK. As such, ICUs can easily outgrow the organisational and industry limitations of their initial setup. ICUs are undoubtedly a major disruptive force for the management consulting industry.

Nevertheless, external consultancies are not going to go away. The consulting trends will likely mimic the legal industry where law firms co-exist with omnipresent general counsels working from within. External consultancies will therefore remain alongside in-house consultancies in the future, sometimes competing, sometimes collaborating. They will share the advisory business market with each other, and assuming management can deal appropriately with the opportunities and challenges they bring, they will continue to benefit clients on a global basis for many years to come.

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