

MANAGEMENT CONSULTING JOURNAL



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WELCOME TO THIS NEW VOLUME OF THE MANAGEMENT CONSULTING JOURNAL.

Welcome to this new volume of the Management Consulting Journal. I'm delighted to report the increasing international footprint of the Journal, with contributions from Australia, Azerbaijan, Canada, Netherlands and the UK. We've a combination of shorter papers and articles and more substantial contributions in line with our policy of giving an appropriate voice to researchers and practitioners from the sector.

And, as a result of our collaboration with the Sciendo publishing organisation, all of these papers and those from all the previous volumes are now available as individual downloads and via academic literature search engines.

Our next volume is scheduled for June this year and we're keen to continue to receive submissions from consultants and academics alike.

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We are already receiving papers for our next volume. Author guidelines and a submissions template are available at <https://www.managers.org.uk/institute-of-consulting/management-consulting-journal/>

Thanks, as always to our sponsor and supporter the Institute of Consulting, and my colleagues on the editorial board.

Prof. Simon Haslam
Founding Editor

ELEMENTS OF GOOD CHANGE LEADERSHIP IN THE POST-PANDEMIC ECONOMY

Mostafa Sayyadi

The purpose of this article is to indicate the importance of leadership in the post-pandemic recovery. The design of this article, which is based on my interviews with 48 consultants, is structured to offer a framework that influences the linkages among organizational leadership, knowledge management, organizational resources, and post-pandemic recovery. This article presents a framework that can guide executives in a post-pandemic world. This article also uncovers that the crucial role of knowledge management activities, such as coordinating and hosting the continuous sessions of company-wide experts to share their knowledge, may be underestimated and underutilized in a post-pandemic world.

INTRODUCTION

In a post-pandemic world, knowledge is shared via Zoom, WebEx, and internal communication systems. Accordingly, remote work has risen as the most predominant concern along with keeping stakeholders safe during the pandemic. The post-pandemic recovery has created hybrid leadership models that incorporate both in-office and remote communication. Electronic meetings have been also introduced as real-time think tanks that have exploited knowledge management as the world recovers from the pandemic. The importance of organizational resources is also escalated in the post-pandemic recovery. They have led to a new look at resilience as organizations recovery from COVID-19. In this article, I explain the better use of organizational resources to formulate a vision of knowledge management improvement for the post-pandemic recovery.

DISCUSSIONS

Leaders are those executives who influence subordinates through building and sustaining relationships with them (Avolio, Waldman & Yammarino, 1991; Canty, 2005). Knowledge management is a set of processes aimed at creating

value through generating and applying intellectual capital (Marr, et al., 2003). By reviewing interviews with 48 American management consultants, this article provides arguments on the mediating effects of organizational resources (i.e. culture, structure, and strategy) in the relationship between organizational leadership and knowledge management.

These three organizational resources cannot make or break an organization but incorporating each of them together can begin to move an organization to COVID-19 recovery. 48 American management consultants I contacted told me that they are focusing on the role of change leadership. This research establishes a framework to address the following questions:

- How does leadership indirectly impact knowledge management?
- How can the better use of these organizational resources mediate the relationship between leadership and knowledge management?

1. THE MEDIATING ROLE OF CULTURE

Culture is projected to include three dimensions of collaboration, trust, and learning (Neeley, 2021). In terms of the cultural aspect of trust, consultants noted that

“ Leaders should enhance trust-based relationships. ”

Trust-based relationships are ideal for sharing tacit knowledge (Wenger, 1998). This is not a novel issue and has surfaced as a scholarly idea for decades. It simply has more applicability today as we survive the pandemic and prepare for the post-pandemic. In fact, leaders' ability to create knowledge and develop a more innovative climate is a product of employees' trust in their leaders' decisions. For example, consultants expressed that

“ With new and reborn technology, trusting a system that is secure with modern technology will help executives lead now and in the future. ”

Executives that employ leadership can engender trust by focusing on identifying employees' individual needs within companies.

Furthermore, collaboration is a necessary precursor to creating new ideas and knowledge (Wenger, 1998). Most consultants agreed with the current assumptions found in the business literature that leaders provide the freedom for employees in order to explore new ideas and knowledge (Horwitz, et al., 2008; Patiar & Mia, 2009). They noted that "giving people platform space and presentation time is an effective use of time and resources because culture when used as an internal resource, can positively influence competitive advantage through developing collaboration". In addition, sharing best practices and experiences (i.e. learning, technology, and presentation equipment) could play a crucial role in embedding organizational knowledge in members and creating new knowledge for companies for the post-COVID-19 recovery (Chatman & Gino, 2020). Thus, firms emphasizing the three cultural aspects of trust, collaboration, and learning are much stronger in generating new ideas and knowledge.

2. THE MEDIATING ROLE OF STRUCTURE

Leaders achieve a higher degree of effectiveness in a decentralized structure (Jung et al., 2008). This was confirmed in my interviews with consultants. For example, they mentioned that

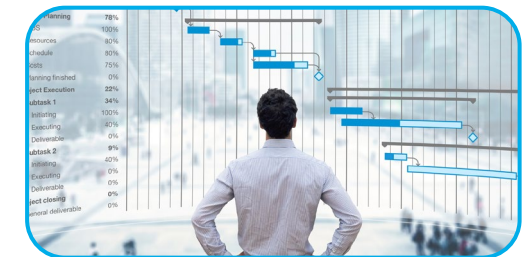
“ An executive acting as a leader develops decentralized structures with the aim of improving knowledge sharing and creating a more innovative climate. ”

Moreover, leaders need to aggregate human capital as social capital to implement change to create valuable new resources for the organization as a whole (Garcia-Morales et al., 2012). In fact, highly centralized structures are more bureaucratic, and this, as noted by interviewed consultants themselves, negatively contributes to the effectiveness of leadership in changing existing situations. Particularly, they mentioned

that "decentralization encourages organizational communications, and consequently develops a climate of openness for employees to exchange their new ideas".

Also, consultants noted that "delegation of decision-making power could create a climate that in turn develops inter-departmental communication within organizations." In the remote setting, this was done via email communication, instant messenger, and text. Pre-meeting and post-meeting communication was enhanced with this technology.

Thereafter, once the information and clarification are disseminated, then the employees can implement ideas through the delegated authority of decision-making to their departments to the lowest levels possible and still keep successful execution (Cardinal, 2001; Sivasdas & Dwyer, 2000).



3. THE MEDIATING ROLE OF STRATEGY

Scholars found that organizational strategy is theorized to encompass four dimensions, including analysis, defensiveness, futurity, and pro-activeness (Bergeron et al., 2004). Analysis strategy stimulates organizations to use information systems in their decision-making processes that lead to an analysis of problems and making correct decisions, it also leads to creating innovative ideas to solve problems (Zheng, Yang & McLean 2010). Consultants agreed that leaders apply an analysis strategy to provide new and innovative solutions for organizational problems. The point was emphasized with operational risk management. Financial risk management illuminated but the operational risk superseded as organizations struggled for survival.

ELEMENTS OF GOOD CHANGE LEADERSHIP IN THE POST-PANDEMIC ECONOMY (CONTINUED)

Focusing on the post-pandemic, leaders need to develop a futurity strategy to develop a more comprehensive vision for the future. Consultants also noted that

“ A futurity strategy could also promote the knowledge utilization process by providing a series of clear guidelines for companies to track future trends in the business environment, and accordingly conduct “what-if” analysis and allocate organizational resources. ”

In addition, leaders need to apply a defensive strategy to implement the required modifications in order to efficiently use organizational resources, decrease costs, and control the resources (Venkatraman, 1989). Furthermore, they should take pro-activeness and futurity strategies to inspire employees to investigate better solutions and opportunities (Akman & Yilmaz, 2008). Therefore, leaders positively contribute to pro-activeness and futurity strategies by setting high expectations and providing a suitable situation for followers to identify new opportunities. These four tenets of strategic initiatives were predominant today.

Consultants also agreed that an analysis strategy could play a critical role in accumulating organizational knowledge, including both processes of knowledge creation and acquisition. In addition, consultants all agreed that a pro-active strategy could positively contribute to knowledge management performance through developing interactions with external environments. With the pandemic in its highest stage of completion, executives realize that effective implementation of knowledge management projects requires a continuous investigation from external business environments. A defensiveness approach enhances efficiency through reusing knowledge to reduce organizational costs (Zheng, Yang & Mclean, 2010). In the post-pandemic, consultants also agreed that a futurity strategy could promote the process of knowledge application by providing a series

of guidelines for companies, aiming at tracking trends, conducting “what-if” analysis, allocating capabilities, and adapting actions. For example, consultants mentioned that

“ Using a futurity strategy worked together with Human Resources to save as many jobs as they can in such a turbulent environment and that one of the parameters that helped was that many people selected early retirement, leaving a gap in attrition levels. ”

CONCLUSIONS

This article offers several implications for practice as we work through the pandemic of COVID-19. This article highlights the vital importance of leadership to stimulate a culture of learning as many followers are working remotely, builds upon collaboration, and provides for an equal amount of trust for both leaders and their remote workers. The workforce that was once in house is now working remotely and this impacts the organizational structure now and in the future and there is a vast need to improve strategies within organizations.



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THE ADDED VALUE OF INTERVISION: ITS EFFECT ON MANAGEMENT CONSULTANTS' PROFESSIONAL PRACTICE

Monique Bellersen, MMBManagement

Organisations are paying increasingly more attention to reflection. How do people handle issues cropping up at work? Intervention is a valuable tool. Intervention is a form of expertise development in which professionals call on their peers to help them gain insight into issues they have at work. They unravel a case submitted by one participant by asking questions according to the intervention method of choice.

Management consultants use intervention to explore the way they act and subsequently make the necessary adjustments. The more in-depth the intervention, the higher the added value, as the insights gained touch upon personal values and beliefs. Prerequisites for depth are safety and confidentiality, as well as questions that impel contemplation. Furthermore, the article discusses preconditions to improve the quality of the intervention.



INTRODUCTION

There is growing attention for reflection in both public and private sector organisations. Decades ago, it was not as common to mull over and dwell on things. Today, it is more established to look closely at our own experiences and beliefs. For instance, it is now perfectly normal to have a coach help you scrutinise your own beliefs and suppositions and consider your options. Furthermore, there is a need in organisations for giving and receiving feedback and calling co-workers to account for, or reflect on, their behaviour and performance. Feedback provides insights into potential and developmental needs, not only in terms of expertise, but also in terms of the way a person relates to his profession/position and the way he deals with issues that present themselves. Intervention is a valuable tool to address that need.

Intervision¹ is mostly known in the Netherlands, Germany, Belgium, France, and Canada where (professional) organisations use intervention with, for example, consultants, education professionals, vocational experts, accountants, interim managers, physicians, lawyers, and notaries, as well as companies, such as IT, construction, energy, and transport companies. For those organisations, intervention is a fixture in the process of lifelong learning. In the Netherlands, Germany and Belgium in particular a variety of intervention methods is used.

WHAT IS INTERVISION?

A group of five to eight participants unravels a problem submitted by one of the participants, the case provider, by asking questions according to the intervention method of choice. A facilitator guides the discussion. Rather than coming up with solutions, the participants ask their questions to encourage the case provider to think up his own answers. The questions should help the case provider develop new ways of thinking, gain insight into his role and behaviour at work, review his own style or strategy to develop specific competences and new and alternative ways of behaving.

Thus, Intervention contributes to enhancing professionalism.

Reflection can take place at three different levels.² The levels indicate the degree of depth attained during an intervention session. The higher the level, the more lasting the impact of the intervention on the case provider, since it is at level three where the insights that could drive true change are obtained.

The three levels we identify are:

Case Level: Specific Issue

The case gets discussed in terms of the issue: what would be more effective? What could I do? What are my alternatives? What worked well and what could have gone better? At this level the content of the case is most important. Neither the underlying case question nor the reason for the topic are discussed much.

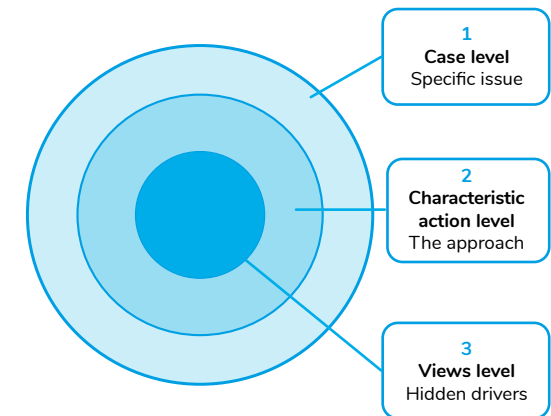
Characteristic Actions Level: The Approach

The case gets discussed in terms of the case provider's actions in this specific situation. What is my working style and why did I choose it? Why did I go for this approach? What are the characteristics of my work style? How do I typically approach assignments? The case provider comes first here. The exploration of deep-seated beliefs is less prevalent at this level.

Views Level: Hidden Drivers

The case gets discussed in terms of the provider's professional and personal views. What views underlie the diagnosis? How can I explain them? What do they mean and what is their effect on my situation in question? What assumptions about the profession, myself and others became clear in the case discussion? When did things become uncomfortable for me? The specific situation is a tool for learning how to recognize our hidden drivers. These drivers form the behaviour that repeats itself in patterns and influences our way of thinking and acting without us noticing.

FIGURE 1: Levels of intervention (Bellersen, Kohlmann)



RESEARCH FRAMEWORK

Participants endorse the value of intervention almost without fail. It seems reasonable therefore, to assume that it leads to the desired professional change. The actual added value of intervention is difficult to describe, however. It is often expressed in terms of results: 'It's proven very useful to me, because it has helped me manage my MT/clients differently'. Or: 'Discussing my case at intervention has given me insights as to why and how to take my next career step.'

There is little research on the added value of intervention for professional practices. All research known to us was conducted in the Netherlands and was primarily focused on peer consultation. However, peer consultation is decidedly different from intervention. While peer consultation is mainly a process of testing and assessing, where current actions are compared to the norms and guidelines of others in the professional field, intervention is much more directed at discovering your own professional style and values.

¹ Intervision is a form of expertise development in which professionals call on their colleagues, fellow professionals or peers to help them gain insight into the problems they have at work. From: Bellersen, M. and Kohlmann, I., Intervision; dialogue methods in action learning, Vakmedianet, 2016

² From: Bellersen, M. and Kohlmann, I., Intervision; dialogue methods in action learning, Vakmedianet, 2016

THE ADDED VALUE OF INTERVISION: ITS EFFECT ON MANAGEMENT CONSULTANTS' PROFESSIONAL PRACTICE (CONTINUED)

RESEARCH QUESTION

The research at hand focuses on the demand for evidence-based claims of both the effect and added value of intervision. This is linked to the professional practice of management consultants. The research question is as follows:

What is the added value of intervision for management consultants in their professional practice?

Hypotheses

The following hypotheses are examined:

- **Hypothesis 1.** The profounder the learning through intervision process, the more the professional experiences added value and intended change.

The basic principle of this hypothesis is that the benefits of intervision are bigger for the participant when beliefs, norms, and values playing a role in the case are dealt with during the intervision (see level three above).

- **Hypothesis 2.** There is no added value to the professional practice without defining new insights and/or a new approach and experimenting with these.

The basic principle of this hypothesis is that just gaining new insights does not suffice to bring about change or to improve; translating these insights into practical behaviour and actions and experiencing new behaviour is key.

- **Hypothesis 3.** For intervision to be effective and successful, it is important that the meetings are prepared and organised according to a set of preconditions i.e., the use of a facilitator and an intervision method, a group contract, mutual trust and safety, and integration of reflection in the process.

The basic principle of this is that intervision is methodical, following a certain structure and certain rules. The more methodical the intervision, the bigger the rewards.

RESEARCH METHOD

The chosen research method is that of qualitative research, because:

1. The research population is small.
2. The interviewees' qualitative experience forms the input, for which (in part) open questions are used. Based on what the responses have in common a demonstrable joint meaning is distilled.
3. The aim is to develop new contributions to the effectivity of intervision.
4. The research is considered a steppingstone to possible further research.

RESEARCH GROUP

The research is carried out among Dutch consultants who are members of the Ooa.³ They actively participated in intervision meetings organised by the Ooa in 2018.

From this group of about 200 members, 20 (10%) participants were selected randomly.

Characteristics of the Research Group

- Nearly all interviewees are certified management consultants (Certified Management Consultant)
- The gender distribution is 8 men and 12 women.
- The division of the interviewees' roles in the research is as follows: sixteen participants and four facilitators (intervision moderators) from intervision groups.
- The number of years the interviewees have participated in an intervision group varies:

- 40% have participated for less than 5 years;
- 20% have participated between 5 to 10 years;
- 40% have participated for more than 10 years; 10% of which have participated for more than 15 years.
- Of all participants 10% have been a member of the same intervision group for more than a year.
- The number of annual intervision meetings has the following variation:
- 50% of the interviewees meet 5-6 times a year
- 50% of the interviewees meet 8 times a year.
- Some groups discuss several cases per meeting.

List of Questions

The research consists of structured interviews with open questions. To this end, the above research question and hypotheses are translated into a practical set of open interview questions. We opted for open questions because they yield the most information about the intervision experience.

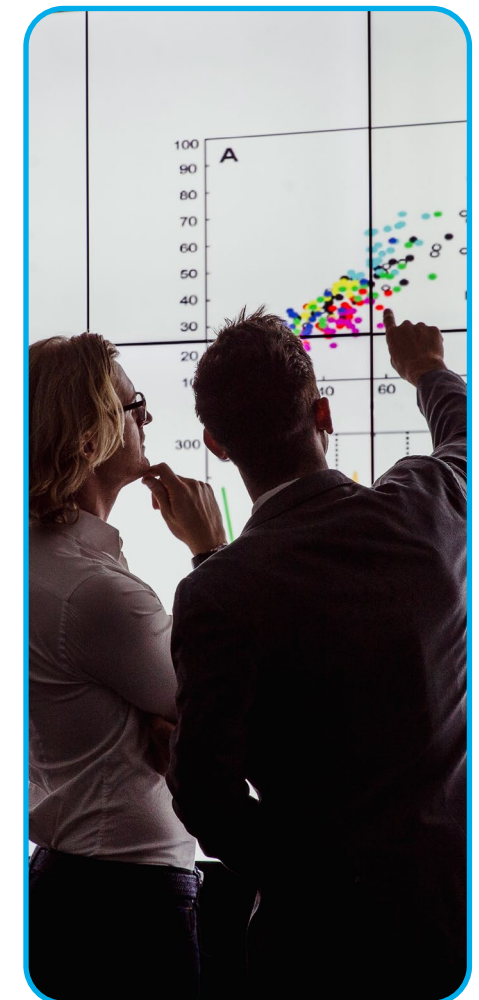
Data Processing

The results of the interviews are grouped by hypothesis (see above). Key is the added value for the individual in his professional practice. Based on the results the hypotheses are analysed and adjusted if need be. The development of knowledge is at the heart of the matter. The answers are coded to find sufficient pointers to deduce logical knowledge.

Step 1: Open coding of anything that may be of importance to the research by making a selection from the texts (describing the what and why) and making a summary in catchwords. No connections are made yet.

Step 2: Axial coding – determining whether certain open codes recur and if so, give them a shared label. Consequently, a preliminary theory, a concept may emerge.

Step 3: Selective coding – from all codes only the most important are taken into account. Certain codes fail to recur in the interviews and therefore cannot be used to show demonstrable connections.



³The Ooa is an ICM, a Dutch institute of management consultancy and member of the International Council of Management Consulting Institutes.

THE ADDED VALUE OF INTERVISION: ITS EFFECT ON MANAGEMENT CONSULTANTS' PROFESSIONAL PRACTICE (CONTINUED)

RESULTS

- **Hypothesis 1.** The profounder the learning through intervision process, the more the professional experiences added value and intended change.

The added value of intervision is the shift to a different perspective and formulation of new conduct.

Reflection is considered one of the elements of intervision that add value. Participants experience intervision as holding up a mirror to their own faces. By viewing their professional case from a different perspective, they create room for new approaches.

Regarding the obtained depth of the intervision in relation to the experience with intervision, two images come to the fore:

- Part of the interviewees have the impression that the more experience a participant has with intervision, the more often level three is reached. This is the level of hidden drivers, where the case provider's values and beliefs are the focal point.
- Another part of the interviewees indicates that despite having ample experience with intervision, level two, the characteristics of the case provider's conduct in this specific case, is usually the maximum level that is attained.

The learning outcome is: conduct change in the professional practice.

According to the interviewees, intervision makes them change their *modus operandi* in their professional practice.

It makes them recognise new possibilities; enhanced awareness propels change. The contribution of intervision to the professional development in the consulting practice is described as creating more awareness of your own conduct. It helps develop a wider repertoire of actions to draw from.

Most interviewees indicate that their clients do not indicate or let on that they notice that intervision is taking place. Those that do find the client is aware of something report that the client notices a proportionally larger number of open questions and that the consultant seems to have a more open and independent attitude.

To obtain depth, both safety and probing questions are required.

How can depth be obtained? The interviewees explain that they learn most when the intervision questions put to them move or touch them, are probing. Those are not the typical 'asked and answered' type of questions, but rather carefully selected ones. On top of that, the interviewees indicate that this is only effective when there is an atmosphere of trust. Do the participants feel safe enough to examine the issues put to the table? After all, intervision is also about matters you are not (yet) aware of. Expressing personal thoughts and feelings is so much easier in a safe environment.



- **Hypothesis 2.** There is no added value to the professional practice without defining new insights and/or a new approach and experimenting with these.

Intervision is continuous reflection and learning.

Research indicates that intervision is a vehicle for continuous learning and acquiring new insights, which contributes to applying focus to the job at

hand. The interviewees indicate to deliberate more before swinging into action; they experiment with their own behaviour to explore the effects and determine possible adaptations to reach their goals. Some interviewees describe an enlarged vocabulary they can use with their clients.

Reflection continues even when an intervision session has finished. Thus, insights into behaviour and conduct will sink in. Some interviewees benefit from writing down the intervision results in a reflection report.

- **Hypothesis 3.** For intervision to be successful and effective, it is important that the meetings are prepared and organised according to a set of preconditions.

Using an experienced facilitator leads to more depth in the intervision.

The interviewees indicate that an experienced facilitator has the know-how and experience to moderate intervision sessions and is adept at using intervision methods; he knows how to interchange methods. Experienced facilitators are considered to obtain depth sooner than their inexperienced counterparts.

Intervision groups changing their facilitators often do so with the objective to learn how to moderate. The interviewees do not see this as inconvenient, provided there are clear rules and sufficient support from a more experienced facilitator. When part of the intervision participants is too inexperienced in moderating or applying intervision methods, the interviews state they refrain from switching facilitators.

Using a method contributes to the quality of the intervision.

Regarding this statement there are two opposing views. Part of the interviewees says that using an intervision method adds structure to the meeting, which is more effective as a result. The opposing view is that the use of an intervision

method impedes the sense of freedom; having to follow the steps of a method when discussing a case is experienced as somewhat forced. These interviewees claim that observing those steps too strictly leads to less attention for the case provider.

Interviewees indicate that a method is decided upon in the facilitator/case provider consultation prior to the intervision session. They feel that the method should fit both the case and the case provider. In general, it is the case provider who decides which method he wants to use.

It appears that the method of choice is stuck to; the steps are followed as the method dictates. Sometimes, when a method threatens to deadlock, part of another method is added to get the process going again, e.g. the Gossip method. Whether this happens depends on the case provider's wishes.

The intervision group agrees to a group contract.

The interviewees share their expectations about intervision. They deem it very important that the dates of the intervision meetings are set and that participants commit to being present at the intervision meetings. When participants do not keep the appointments, they are reminded of their responsibilities during an intervision meeting. Furthermore, the participants enter into an agreement regarding certain elements of the intervision, such as its objectives, who provides a case at which date, and how to refrain from giving advice.

Mutual trust and safety: a tacit pact.

This research addressed the way safety and mutual trust are safeguarded. It is indicated that this is more of an implicit agreement that is only sometimes made explicit. If safety and trust do come up during a session, it is often the case provider who starts that discussion.

However, if people feel comfortable, these subjects remain implicit.

THE ADDED VALUE OF INTERVISION: ITS EFFECT ON MANAGEMENT CONSULTANTS' PROFESSIONAL PRACTICE (CONTINUED)

Reflection on intervision.

The research shows that the ways reflection is dealt with differ between the various intervision groups. According to this research the following forms of reflection were said to be applied:

- At the end of the intervision meeting the intervision groups reflect on what both the case provider and participants have learned.
- Some interviewees stated that the case provider writes a reflection report before the next meeting.
- During the next meeting this case provider is asked what the insights were, which actions he has taken and what their consequences were.

CONCLUSIONS

The research question is: What is the added value of intervision for management consultants in their professional practice?

The interviewees in this research indicated that to them the added value of intervision is in self-reflection. Intervision serves as a mirror through which they, assisted by others, view their own professional behaviour differently and more consciously and as a result, the interviewees adapt their approach in their professional practice accordingly.

Through experimenting with their own behaviour, interviewees can make adaptations to achieve their goals, thus contributing to their successful professional practice. Reflection usually persists, even after the intervision meeting, allowing insights and approaches to take root. There is a connection between the depth of learning and the added value that is experienced. If level three, the Views level with its 'hidden drivers', is reached, learning will be more profound, providing more insights that touch upon a case provider's values and beliefs.

Of the interviewees, 60 % have been practicing intervision for five years or more. There is no directly demonstrable correlation between experience with intervision and the speed at which level three is reached, and by extension the depth of the results obtained. Depth is primarily the result of a sense of safety and intimacy as well as probing questions. In that process the intervision group members play an important role for the case provider, since they ask the questions that guide him to different perspectives on the issue. Without these questions there is less depth.

The intervision meetings gain value if the following preconditions are met.

- A certain depth in the intervision is obtained sooner with the help of an experienced facilitator.

Trust and safety within the intervision group are important and even essential to reach level three. During the intervision the subjects trust and safety are not explicitly discussed in the interviewees' groups.

- The use of an intervision method gives the meeting structure because its required steps are followed. Interviewees do feel that the use of a method can seem artificial, with perhaps less attention to the case provider as a result.
- The presence of all participants is seen as a precondition for a sound intervision meeting. The groups reach a certain understanding about the participants' presence and expectations in advance. Participants remind each other of their commitments, should this need arise.

Intervision reflects on intervision in three ways:

- At the end of the intervision meeting the participants evaluate the output.
- In some groups the case provider writes a reflection report.
- During the next intervision meeting, last meeting's case is reflected upon.

Reflection contributes to the perceived quality of the intervision.



THE ADDED VALUE OF INTERVISION: ITS EFFECT ON MANAGEMENT CONSULTANTS' PROFESSIONAL PRACTICE (CONTINUED)

RECOMMENDATIONS

For management consultants the added value of intervision is a form of reflection that offers the opportunity to gain new insights and for continuous learning. The following recommendations are focussed on achieving added value of intervision as part of the consultants' professional practice.

- To achieve depth mutual trust and a sense of safety in the group is essential. It is a prerequisite to showing their vulnerable sides for both case provider and participants. Precisely because it is so important, the prerequisite should be discussed regularly and explicitly during intervision meetings, to check whether it is still sufficiently met and in what way it can be fostered.
- Operating at level three is to be preferred, because it yields more insights for both the case provider and the participants. Level three is achieved by asking probing questions about the case provider's underlying beliefs, norms and values. By answering these, the beliefs and ideas become more apparent, which enables the case provider to hold them up to the light. How do I observe? How am I controlled by my beliefs? How does that resonate in the current case? This adds depth to the thinking process and enables the formulation of changes as well as their incorporation in the repertoire of actions.
- Learning how to ask and asking probing questions that encourage the case provider's thinking stimulates the intervision atmosphere. It is far from easy to ask questions that genuinely help someone along, because it is difficult to refrain from letting your own images and thoughts about the issue control your questions. Allowing your own views to interfere with the questions impedes mutual trust and openness in intervision.

Questions should be open, without insinuating anything, and should give the case provider room for thought. The group should therefore allow for enough time and attention to getting acquainted with and applying these types of questions.

- Intervision that takes place according to a method gives structure and footing and contributes to the depth of the meeting. It is therefore recommended to use an intervision method and follow the steps involved.

Should the participants experience the method as too artificial, with less attention for the case provider as a result, it is up to the group to check this. The case provider is the only one who can answer that question. The facilitator should first ask the case provider how they experience the method. Should they experience it as too forced as well, the group as a whole can look into ways to loosen things up.

- To reach quality and depth in intervision, it is advisable to make use of an experienced facilitator. An experienced facilitator is an expert in the intervision process. He uses a range of methods, has experience in group dynamics and controls the quality of the meeting.

RECOMMENDATIONS FOR FURTHER RESEARCH

Further research could focus on any of the following three areas:

- A. What factors contribute to a sense of safety and mutual trust during intervision?
- B. Which dynamics can be distinguished in a group and how can those be dealt with most effectively?
- C. What are tangible yields of intervision?



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PRACTICE IN ADVANCED, EMERGING ECONOMICS, AND AZERBAIJAN

Samir Novruzov

The purpose of this paper is to clarify the essence of the Management Consulting phenomenon, as it applies to the Azerbaijan Republic and other regions.

The first part focuses on the historical basis of the establishment of Management Consulting as a separate profession and field, the arguments about it, and the geography of the initial spread. The second part clarifies some questionable practices in this area. The third part clarifies the level of consulting activities in Azerbaijan, consulting habits, and approach of the local community in this area, and the fundamental obstacles that make the phenomenon impossible to develop.

INTRODUCTION

As the world develops, there will always be a need for an optimal solution, knowledge, insight, and advice from third parties to make a product better, more reliable, more practical, or more effective in the shortest time. Despite the prevailing stereotypes in the local market that make this phenomenon impossible, forming a consulting culture is inevitable. The results of surveys conducted in leading economies, including developing countries, show that with the right approach and application, Management Consulting (MC) can be helpful for the development of the Azerbaijani economy.

Due to the lack of any research, articles, or survey results of the ratio of the phenomenon in the domestic market, the local market analysis is the product of observations based on the author's personal relevant analysis, and in-depth experience. The author hopes that the relevant analysis will become a valuable and effective tool for the emergence of real MC practice and the development of the domestic market in Azerbaijan, i.e. give the initial impetus for the first-hand study of the already formed consulting culture by our local institutions and scientists.

HISTORICAL ROOTS OF MANAGEMENT CONSULTING

The adoption of MC as a separate field of science has given impetus to the growth of this field. The first management consulting practice is associated with Frederick Winslow Taylor, who in 1893 opened an independent consulting practice in Philadelphia, USA (Copley & Barkley, 1923). Since scientific management has already become a part of our lives, few know that this term is a masterpiece of its founder, Frederick W.T., a Philadelphian aristocrat who devoted his life to understanding the nature of work (Lehmann-Haupt, 1997).

Although the historical origins of consulting are dominated by those who believe that it is Taylorism, differing views including Kipping (1999) and McKenna (2006) claim that the history of this particular profession is linked to some legislative changes in the United States (Ciumara, 2014). According to this view, modern MC dates back to the 1920s and 1930s. Some authors, such as McKenna (2006) and O'Mahoney (2010) link the history of the consulting profession with the 1933 Glass-Steagall Act in the United States, which provides for an absolute separation of the activities of commercial and investment banks. According to the law, commercial banks are prohibited from engaging in any non-banking activities and consulting on management issues. This decision opened a new market for independent consulting companies (McKenna, 1995). In particular, it led to the institutionalisation of the phenomenon of Management Consulting. Since other countries have not enacted laws to separate commercial and investment banks, there has never been an institutionalisation of management consulting in countries other than the United States (McKenna, 1995).

When American management consultants began to expand into Europe in the early 1960s, they successfully sold 'know-how' to organisational managers who wanted to incorporate it into organisational structures on governance principles which J.J. Servan-Schreiber called the "American Challenge" (Jean-Jacques & Jr., 1979). In the 1970s,

McKinsey and Company centralised a quarter of Britain's 100 largest companies (McKenna, 1995). In doing so, they have spread the seeds of American management techniques and methodologies throughout the world.

In general, MC organisations play a vital role in developing the private sector of the leading countries, increasing the efficiency and effectiveness of the public sector, and the demand for them is constantly growing. The reason is clear: to keep pace with the environment of rapid socio-economic development, the ever-increasing competition between businesses, the creation of a modern approach in all industries and their installation in these businesses is becoming an increasingly valuable, or invaluable, raw material. In addition to the benefits associated with the growth of MC, there are complications and side effects of this phenomenon's progress. The next part analyses the consulting industry from this perspective.



THE SHADOW SIDE OF MANAGEMENT CONSULTING

In the activities of giant Transnational Corporations (TNCs) of the consulting industry, who have become critical players in the management of global economies in various parts of the world, various forms of deviations and complications are identified under the requirements of the specific local socio-economic environment and the interests of key market players. Many of the

giant consulting companies that have become TNCs have been implicated in scandals involving corruption, monopolies, and even fraud and financial machinations. For example, McKinsey Consulting has been accused of systematic corruption and abuse with local partners in government agencies and state-owned companies. According to the court decision, the company will have to pay \$43 million in compensation to the South African government (Cotterill, 2020). According to the Tussell think tank, McKinsey has won £218 million in contracts from the UK government over the past three years. This figure is the highest share of global strategic consulting. (Financial Times, 2021).

In 2016, the Big Four employed 890,000 people in 150 countries. This figure is higher than the total of the five wealthiest companies in the world (Brooks, 2018). The Quartet currently acts as a provider of all possible professional services, from integrating ICT systems to ownership and procurement and corporate strategies. The Quartet does not even shy away from sending social messages to society.

Ernst & Young's global brand and external relations leader delivered a biblical message in 2016:

“ You think of the right hand of supremacy, but in fact, our alumni can be the right hand of our supremacy. Brooks, 2018 ”

However, while looking at their actions, it is difficult to find the "supremacy" they claim. "Spotlight on Corruption" claims that the Royal Trade Service of the United Kingdom, which buys goods and services, banned EY from participating in London-based public sector contracts and procurement for at least three years (The Economic Times, 2020).

Thus, in order not to misunderstand the complexity of the MC phenomenon and it is important not to treat this industry as a universally wholesome phenomenon. In the next part, a thorough analysis is made of the actual practice of MC in the local market, taking into account the specificities of the socio-economic environment of Azerbaijan.

PRACTICE IN ADVANCED, EMERGING ECONOMICS, AND AZERBAIJAN (CONTINUED)

CONSULTING CULTURE IN
AZERBAIJAN

A culture of active consulting in the local market has not yet been formed. For this phenomenon to become a reality, it is necessary to develop appropriate approaches and social habits that ensure the development of these practices in the domestic market, a rational outlook and an adequate socio-economic and political environment. This section analyses the existing MC practice in Azerbaijan in terms of the above factors.

The tendency to seek consulting advice in our domestic market is much lower than in leading countries. Existing consulting services are primarily in the form of legal advice, which has been operating since the 1990s, and more recently, services related to taxation and accounting.

Unfortunately, one of the top priorities on most local business managers and executives' agendas is to protect their positions at all costs and for entrepreneurs to smoothly report their activities to be reviewed by the tax authorities. Meetings with the heads of companies of both groups approaching from this perspective suggest that in order to determine the economic status of any organisation and institution, it is likely to conduct a simple financial audit to determine the economic condition of any organisation or institution by submitting a monthly financial report, profit and loss statement, balance sheet, or cash flow statement.

However, this is not enough. Any organisation, institution, or business unit should be considered a single "living organism" (Novruzov, 2020). The figures provided by the financial audit of organisations are similar to those of a person's height and weight. Even if the audit is conducted straightforwardly, this in itself is not enough to fully identify organisational shortcomings. It is essential to first diagnose the disease by gradually conducting all relevant examinations and diagnostic measurements like treating a chronic

disease. In addition to the relevant financial audit, it is necessary to conduct thorough step-by-step inspections, consistent assessment, and survey at the organisational level, covering the core and entire staff of the organisation in order to solve specific problems and eliminate corporate shortcomings, disruptions, and obstacles. (Novruzov, 2020). It should be natural and rational for each individual or organisation to apply for the relevant consulting service to make the most of the money spent and ask if their expectations will be met.

However, the success of the consultation proposal depends on the readiness of the manager and the organisation to implement the proposal at a proper level, quality, and timing. This is similarly exemplified in the therapist-patient relations, where the main guarantee of the effectiveness of the treatment is in the patient's approach to the complex treatment scheme presented by the relevant qualified doctor and the responsibility incurred from such. In short, to properly understand the phenomenon of consulting in the domestic market, a culture of consultation must be formed at all levels of public thinking, starting with human habits.

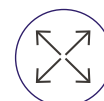
FACTORS MANAGEMENT CONSULTING
NEEDS TO BE FEASIBLE (TO LIVE)

In order for MC practices to be feasible in the local market of Azerbaijan, first of all, the share of SMEs in GDP must be substantially high. Analogically, SMEs should have significant access to the financial resources in order to afford to apply the varied growth mechanisms, methods, and tools contributing to the true development of enterprises; thus, having the capability and will to request consultancy. It is essential to take into account that while mentioning SMEs, MC firms are also included in this group range.

Governments could help small and medium-size
enterprises (SMEs) by focussing on the 3 characteristics

Confidence

Increase SME business confidence by supporting ease of doing business and by promoting a culture of entrepreneurship



Growth

Support the growth of SMEs by facilitating access to local and global markets, providing technical assistance that drives innovation, and ensuring availability of tailored financial products to support business expansion



Competitiveness

Create a globally competitive SME pool by providing required business support infrastructure and actively supporting productivity and technology adaption.

McKinsey
& Company

Why is SMEs existence and growth is a paramount factor? Because any SME having a capability and intention to grow itself would obviously require and demand the method or tool contributing to achieving a goal. Consequently, SMEs that require advice ultimately would never go to the Big Four, but a small or medium-size consulting firm.

The statement claimed by OECD approves that SMEs need business services such as consulting, training, accounting, legal, advertising, marketing, and IT services to improve their competitiveness (OECD, 2004).

The competitiveness factor in the aforementioned statement of OECD (2004) is also an important point. In order for MC firms to get an opportunity to provide growth and optimization advice to the market, the local market environment has to be competitive and ensure fair, equal opportunities (EO). However, the complicated system prevailing in the Azerbaijan socio-economic reality and the presence of all elements of damaging practice limit the development of SMEs and, as a result, make it impossible to create a real need for consulting practices. McKinsey and Company states that any government or NGO aiming for the growth of SMEs should focus on promoting three characteristics of a healthy and well-performing SME environment: boosting the business confidence of SMEs; enabling the growth of SMEs; and increasing the competitiveness of SMEs (Albaz, Dondi, Rida, & Schubert, 2020).

The government offers some assistance to promote SMEs, such as the Entrepreneurship Development Fund under the Ministry of Economy. However, these efforts are not sufficient to ensure the development of the critical SME sector (ADB, 2014). In particular, it is not clear what management consulting skills are covered by the services provided by KOBIA (Small and Medium Business Development Agency, 2021), which is formally a consulting company in public administration.

PRACTICE IN ADVANCED, EMERGING ECONOMICS, AND AZERBAIJAN (CONTINUED)

What is the specificity of most SMEs' appeals related to and level of management mechanisms applied? Additionally, to what extent are the agency's services unique and effective for the efficient dynamics of SMEs' development? Are the provided services and opportunities corresponding to equal opportunities? Consequently, there is no research data, survey results, or information on the impact of services provided by KOBIA on the businesses' KPIs or growth.

The majority of SMEs in Azerbaijan are concentrated in relatively low value-added activities such as vehicle trade and repair, transportation and storage, accommodation, and catering services (OECD, 2020). This trend profoundly clarifies SMEs limited access to financial resources, thus incapability for requesting MC services.

The existence of a monopoly and the bureaucratic dysfunction, and the love for bureaumania (described by Marie Vincent de Gournay as a disease that complicates a healthy economy (Acar & Aupperle, 1984)) often make it impossible to grow SMEs, thus ensuring competitive local market (CLM). The Azerbaijani government acknowledges the existence of corruption practices, bribery, and nepotism in human resource management, discrimination in employment and promotion, illegal dismissals, and violations of labour rights (OECD, 2016). Meritocracy in the bureaucratic system of the state is violated by radical clientelism, cronyism, and nepotism (Bertelsmann Stiftung, 2020). These harmful tendencies in the state ultimately simultaneously manifest themselves, thus brutally corrupting the essence of the consulting phenomenon. The risk of corruption involving public procurement funds is extremely high, thus the same people and business groups engage in multiple procurements by creating different companies under different names (Aghayev, 2021). Suspicious transactions motivated by the Ministry of Labour and Social Protection (MLSP) while procuring consultancy

services worth \$100mln had been loaned from the World Bank for the Employment Support Project (Azpolitika.info, 2021). Awarded consulting companies of procurement tenders claimed to be founded by the brother-in-law of deputy minister of MLSP of Azerbaijan Republic (Azinform.az, 2021). Unfortunately, the abundance of factors deteriorating the national economy prevails, i.e. can't be listed right away.

Stereotypes dictated by the local environment, such as the fact that the consultancy meetings are often mediated by relations playing the jury's role, do not consider the arrangement and payment of the first consultation to be a proper step in the long term. This trend has become a dogma and a regular occurrence. It is due to the lack of a culture of consulting in the local market and the lack of consulting mindset.

It is gratifying that there are those among the managers of many business entities who accept the existence of relevant shortcomings and gaps in their work. A small number of entrepreneurs turn to independent consultants to find the optimal way to the goals that ensure the development and growth of their business. The vast majority of managers who turn to consultants prefer to get the necessary advice and strategic steps identified at the first meeting, free of charge. One of the main reasons for the widespread use of such abuses is that independent consultants view each meeting as a potential project and hope for an agreement between the parties. On the other hand, there are the factors like unhealthy intent and unprofessionalism stemming from a potential customer trying "to grow his business for a cup of tea". This approach is a sign of the community's inclination to the informal agreements promoting shadow economy.

In addition, the existence of negative trends in almost all areas that form the core of the national economy make it impossible to form an authentic consulting culture. According to a study by the

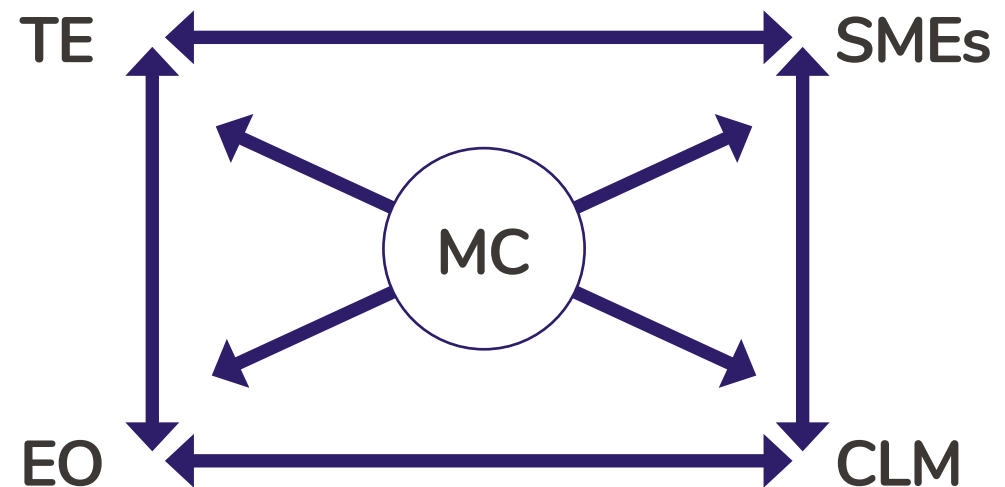
Association of Chartered Certified Accountants (ACCA), the shadow economy in Azerbaijan accounted for 67% and 66% of GDP in 2016 and 2017, respectively (Bertelsmann Stiftung, 2020). This indicates that the shadow economy of Azerbaijan outstrips those in India (16.55 % of GDP), China (10.17 %), Bulgaria (29.85 %), Ukraine (45.96 %), and Nigeria (47.7 %) (bne IntelliNews, 2017).

Weaknesses in the education system and labour market policy make it difficult to develop the modern skills and knowledge required for a non-oil economy to be competitive and loyal to innovation (ADB, 2014). The fertile ground for the development of shadow relations is created only by a system that can significantly interfere in the processes of production, distribution, exchange and

consumption, i.e. it interferes with the objective laws of economic development (Goldenberg, 1991). Based on the aforementioned opinions, the following pattern is revealed naturally. For MC's functionality, it has been required core interrelated factors as dynamic involvement of SMEs in GDP making, existing of Transparent Economy (TE) and CLM (Competitive Local Market), and ensuring EO (Equal Opportunities). These factors are interrelated and require one another for a dynamic life cycle significantly contributing to the growth of the national economy.

Of course, all mentioned factors and their correlations with consulting industry that are claimed in this paper for being essential tools for the growth of the local economy haven't been directly researched at this time, but best would be researched thoroughly in a separate way.

5 Needs Equilibrium for local markets' growth



Transparent Economy - Small and Medium sized Enterprises - Equal Opportunities - Competitive Local Market - Management Consulting
Source: Management Consulting Journal: "5 Needs Equilibrium" pattern is developed by Samir Novruz

PRACTICE IN ADVANCED, EMERGING ECONOMICS, AND AZERBAIJAN (CONTINUED)

CONSULTING HABITS OF THE MAJOR PLAYERS IN THE NATIONAL ECONOMY

Unlike small and medium-sized businesses in the domestic market, the approaches and attitudes of prominent players to consulting, on the contrary, can be considered dense and dynamic. SOCAR and SOFAZ, which are the backbone of the Azerbaijani economy, and prominent holdings (e.g. Pasha Holding) and banks (e.g. Pasha Bank), which are major players in the market, prefer to use the services of Big Four audit and consulting companies to emphasise the idea of transparent accountability, by putting their assets into an IPO (Reuters, 2019) in order to be monetised, as well as to gain prestige and a credible global rating. This process requires our local companies to pay substantially high figures for consulting and auditing services. Information about this is usually kept secret from the public under the guise of trade secrets. Of course, the best in the world would prefer to work with the best, even if we talked about fantastic numbers. For example, Baron Frank Field, former chairman of the UK Labor and Pension Committee, shared his opinion: "As elite executives, PwC will require £50 million for six months under a contract to print money without competition" (Mckenna, 2020).

EY's official report "Guide to doing business in Azerbaijan" (EY, 2014), makes it clear that EY covers the most critical projects in the geopolitical and economic scene of Azerbaijan like BTC (Baku-Tbilisi-Ceyhan), SCP (The South Caucasus Pipeline), AGSC (SOCAR, 2021), as well as partnership agreements with TNCs such as BP, Statoil, Lukoil. It is also known that EY supplies financial, tax, and legal consulting services, and audits quite big local market players like Garadagh Cement, Bakcell, Azerfon, Azpetrol, Azertrans, Crescent Beach, and Azeurotel. PwC, SOCAR's official consulting partner (PwC, 2014), has been operating in Azerbaijan since 1995. The current situation clarifies that consulting practices in all strategic projects that can be considered profitable in the Azerbaijani economy are necessary and unavoidable by the Quartet. The relevant services are continuously distributed among the Big Four.

One of the biggest Big Four permanent partners in Azerbaijan, SOFAZ, is ranked 4th among sixty sovereign wealth funds in the fourth edition of the Sovereign Wealth Fund's (SWF) Transparency and Accountability, published by the Peterson Institute for International Economics in 2016 (IFSWF, 2021). However, when examining the effectiveness of SOFAZ, it is determined that the fund has essentially deviated from its direction and purpose. Whilst looking at the activities of SOFAZ, it is clear that since 2012, it has spent most of its income, ignoring intergenerational capital. For comparison, in 2017, SOFAZ's return on investment was 8.9% of annual income. Meanwhile, SOFAZ's expenses amounted to 90.76% of annual revenue, which violated the 25% savings rule (Muxtarov, 2019).

Naturally, the following presumptions are raised: Either the consultations of the Big Four have failures in the principles of effectiveness, or the strengthening of the national economy is not the subject of these consultations. Alternatively, their proposals, steps, and solutions are not followed at all. When approached by local staff development, Big Four and their big partners (TNCs) also serve as a springboard for progress at the individual level

and future career development. The typical indicators of these corporations are the ability and skills of leading economies to create systematic development dynamics, corporate culture, and effective team environments, and establish employee value schemes – in short, consistently mobilising KPIs to achieve the set goals.

Therefore, it is not surprising that the heads of many local institutions and organisations associated with such corporations tend to favouritism, making behind-the-scenes deals involving hiring their children, relatives, and potential staff for "being roasted" in a developed environment and achieving career development. This trend is also typical of leading economies. "Of course, there are young people, who have an additional advantage over ordinary Joes and Janes, or more specifically, candidates who have a relationship with their Big Four partners. Maybe they are relatives, friends or just servants in their country clubs." (Newquist, 2012).

At present, the deep-rooted harmful practices, violations and abuses in the national economy make it impossible to create a real need for consulting practices. In this section, we have been able to

analyse the reasons for the non-existence of the MC phenomenon in Azerbaijan and the decades-old obstacles that make it impossible to use it as a fundamental tool contributing to the development of the national economy.

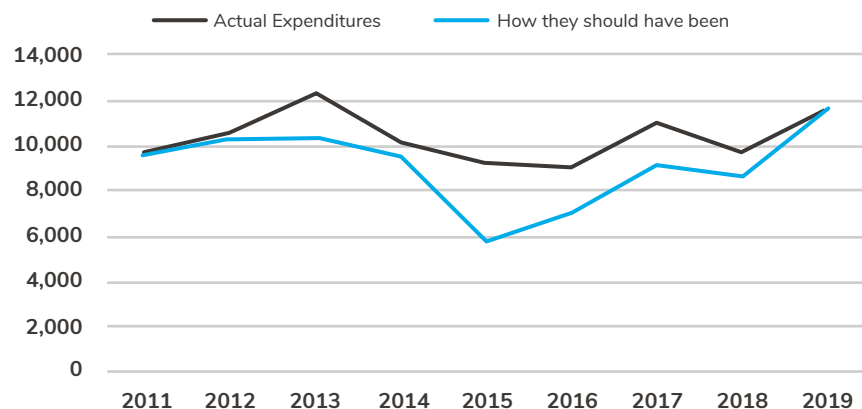
CONCLUSION

The transformation of the consulting organisations created a century ago into the largest TNC of our time is underpinned by the fundamental strategic steps and perseverance of vision, effort, and diligence, and most importantly, the habit of competition. Of course, trying to outdo competitors and maintain leadership does not always happen without side effects. Therefore, the involvement of consulting giants in the management of global economies in severe violations of the law, such as cartel agreements, systematic corruption, financial machinations, and purposeful application of favouritism and nepotism, following the requirements of the actual socio-economic environment in different geographies should not raise any doubt.

The current prevalence of destructive practices, such as corruption and monopolies, cartel-type deals, artificial red tape, favouritism, and other abuses in the Azerbaijan economy, makes it impossible to create a real need for consulting practices. In order for consulting practices to be required in the local market of Azerbaijan, first of all, at least, the share of SMEs in GDP should significantly increase, TE, CLM and EO should be insured. However, the prevailing unhealthy system of the national economy and all the trends of negative practices limit the development of "5 Needs Equilibrium" factors, thus undermining contributing the growth of the national economy.

SOCAR, SOFAZ and other key market players prefer to use the services of the most expensive MC firms like the Big Four, to emphasise the idea of transparent accountability and gain a prestigious global rating.

SOFAZ's actual revenues vs how they should have been if the fiscal rule was followed (Muxtarov, 2019)



Source: "Actual Expenditures" figures are given by SOFAZ, "How they should have been" figures given based on Elmır Muxtarov's calculations

PRACTICE IN ADVANCED, EMERGING ECONOMICS, AND AZERBAIJAN (CONTINUED)

However, to what extent do luxury contracts play a role in the development of relevant strategic institutions? Why the Big Four are preferred in implementing the most strategic and profitable projects, and most importantly, the extent to which these choices, repeated over decades, have affected the development of the national economy remains a question.

There is ample evidence that Management Consulting practices play an essential role in developing local economies and businesses in advanced and emerging markets. The detailed research results confirm that the trend towards consulting practice is expedient, functional, and effective. It is hoped that the relevant analysis will lead to the emergence of an actual, effective MC practice in Azerbaijan, that this phenomenon will become a healthy, effective tool for the natural development of the national economy and a healthy contribution to the proper study of consulting culture.



PRACTICE IN ADVANCED, EMERGING ECONOMICS, AND AZERBAIJAN (CONTINUED)

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WHAT MANAGEMENT CONSULTANTS WANT FROM ACADEMICS

Karol Szlichcinski,
Centre for Management Consulting Excellence

The Centre for Management Consulting Excellence (CMCE) carried out some exploratory research into how consultants access and use outputs of academic research in their work. We investigated:

The extent to which consultants used outputs of academic research in their work;

- The sources used by consultants to access the outputs of academic research;
- The benefits and disadvantages for consultants of the outputs of academic research;
- Consultants' experiences in working with academics;
- How consultants used academic outputs in their continuing professional development (CPD) activities.

The research found that academic work contributes to the knowledge base that consultants draw on in three main ways:

1. It is a source of ideas underlying major types of consulting interventions and of widely used consulting tools;
2. Outputs of academic work provide information that can be used on specific projects;
3. Academic outputs can contribute to consultants' CPD.

INTRODUCTION

The Centre for Management Consulting Excellence (CMCE) carried out some exploratory research into how consultants access and use outputs of academic research in their work. Our research consisted of some initial desk research into the origins of a number of consulting tools and interventions, an online survey, telephone and face-to-face interviews, and two focus groups. After developing and piloting the survey questionnaire, links to the questionnaire were distributed in

an online newsletter sent to a mailing list of over 500 recipients. We collected 24 completed questionnaires, a response rate of 4.8%. We also carried out 17 phone or face-to-face interviews. Seven of these were with people who completed the online survey, so that we had inputs from 34 individuals. Our sample size was too small to give reliable quantitative findings, but enabled us to gauge the relative importance of various factors. The interviews provided some rich qualitative material. The focus groups discussed the survey and interview findings.

ACADEMIC WORK CONTRIBUTIONS
TO CONSULTING PRACTICE:
THREE WAYS

Management consulting work typically combines generic consulting skills with specialist expertise in a particular organisational function, e.g. finance or IT, and often detailed knowledge of one or more economic sectors. (The exception is strategy consulting which typically requires a general appreciation of all organisational functions coupled with highly developed analytic expertise and often sector knowledge.) To support their work consultants need to access sources of knowledge relating both to generic consulting skills and to their particular function and sector specialisms.

Academic work contributes in three main ways to the knowledge base that consultants draw on:

1. It is a source of ideas underlying major types of consulting interventions and of widely used consulting tools;
2. Outputs of academic work provide information that can be used on a specific project;
3. Academic outputs can contribute to consultants' continuing professional development (CPD).

Widely used consulting methods and tools originally derived from academic work include Porter's Five

Force Model, the Balanced Scorecard and Business Process Re-engineering. Only a tiny fraction of published academic papers have contributed widely to adopted methods and tools, and many consultants are unaware of the academic roots of these interventions. The second and third ways in which academic work contributes to consultants' knowledge base are addressed in the following sections of this paper.

The distinction between work produced by academics and non-academics is not clearcut. Some of the most useful outputs are provided by people who combine academic work with a role in another sector or with a consulting practice, or who have moved into academia from consulting or another sector. Their practical experience undoubtedly helps them produce outputs of use to practitioners.

MOST CONSULTANTS HAVE USED
OUTPUTS OF ACADEMIC RESEARCH
IN THEIR WORK

Most of the consultants who participated in our research had used outputs of academic research in their work (The work was typically projects for clients, but many of our respondents also mentioned preparing thought leadership materials.). Most commonly used were outputs of general business, management, or consulting interest, but sector-specific content and content specific to an organisational function, e.g. finance or marketing, were also popular. Almost all of the consultants who had not used outputs of academic research were one-person businesses.

For the consultants who participated in our research, the most common source of academic outputs was academic journal articles (in print or online), but many of our research participants had worked jointly with academics on a project. Consultants also benefited from reports and presentations specifically commissioned by consultancy firms from individual academics or university departments. The most commonly quoted benefit of academic outputs was

the credibility of the source. Academic outputs were also seen as a source of useful conceptual models, frameworks, tools, or techniques, and as providing access to the latest thinking.

Our respondents also saw some disadvantages to academic outputs. Some academic outputs were found to be less useful than they might have been because they were too complex to communicate to a client, too long term for a client's requirements, not specific enough, or difficult to read or understand. Academic writing is a significant barrier for some consultants and their clients.

The majority of consultants could think of a time when they might have found outputs of academic research useful but did not use them. The main reasons were that they did not know that relevant research was available, they could not find material relevant to a specific context, or the cost of academics' fees. The cost of fees related to hiring academics to provide inputs or carry out projects, but also reflected the cost of accessing academic journal articles for people outside the academic environment.

Most of the consultants participating in our research had worked with a university department, employee, or student in their consultancy work, most commonly:

- Providing placements for students to carry out projects or give them work experience, or working with students on placements with clients;
- Contracting a senior academic to provide expert input;
- Contracting a university department or individual academic to carry out a project.

The positive aspects of these working arrangements were unsurprising. Typically they were characterised by useful and/or interesting inputs, good working relationships, and stimulating team members.

WHAT MANAGEMENT CONSULTANTS WANT FROM ACADEMICS (CONTINUED)

The problems encountered with these working arrangements are more informative. The most frequently encountered problem was long drawn-out timescales for completing work and/or missing deadlines. Timescales for finishing consulting projects are often not compatible with academics fitting contributions in between other commitments, and project deadlines are sometimes not treated as seriously in the academic world as they are in business.

Mismatches in timescales may also betray a fundamental difference in ways of working, as one senior partner at a major consulting firm pointed out: consultants typically form hypotheses very quickly and then collect evidence to support them. This is not the same as the scientific method.

More surprising was the complaint that outputs did not meet the standards required for consultancy. The main issues here were writing style and skills; consultants are used to distilling the conclusions of greatest interest to top management and presenting them in a highly condensed and structured form, typically according to the Minto pyramid principle.

This is a far cry from most academic writing, which in its characteristic form of academic journal articles requires a completely different structure and more extended treatment of a topic.

There were also specific problems relating to student placements. Several of our respondents reported that students did not provide useful outputs or that they required too much supervision. Other problems consultants encountered in working with academics included poor project management and universities' inflexible contracting arrangements; for example, high margins allocated for overheads made cooperation uneconomic.

CONSULTANTS RELY ON THE OUTPUTS OF ACADEMIC RESEARCH FOR THEIR CONTINUING PROFESSIONAL DEVELOPMENT

Consultants need to keep their expertise up to date, both in their area of specialist knowledge and in general consulting capabilities. As well as learning on projects they carry out, most consultants engage in CPD activities. The most common ways in which

consultants keep their professional expertise up to date are reading (both online and offline materials), attending seminars, conferences and webinars, and conversations with professional colleagues and clients.

General management and business books, and articles and websites written for a professional or general audience are the most popular CPD reading materials. Publications by consulting firms and materials relating to consultants' professional or technical specialisms are also popular. Only a third of consultants said they read academic journals for their CPD. Interviewees' comments indicated that in many cases this referred to Harvard Business Review, which is not usually regarded as a scholarly journal. A few interviewees mentioned bona fide academic journals relating to their consulting specialism, but the proportion of consultants reading peer reviewed academic journals for CPD appears to be very small.

Nevertheless a substantial majority of consultants say that the materials they read draw on the findings of academic research at least some of the time. For example, the management books and

articles they read may be written by academics popularising their research or by specialist journalists who draw on academic research. When survey respondents were asked to name books, articles, or reports based on academic research that they found particularly useful or insightful, more people mentioned books than articles or other publications. It seems that books are an effective vehicle for communicating the findings of academic research to consultants.

Consultants are most likely to attend seminars, conferences, and webinars organised by professional and learned societies, universities, and business schools, and commercial conference organisers. Most respondents said that the seminars, conferences and webinars that they attended presented the findings of academic research at least some of the time. Not all of these events featured academics as speakers, but presenters drew on the findings of academic research to a greater or lesser extent.



THE ROLE OF PSYCHOLOGY IN CONSULTING - SOME CONSIDERATIONS

Ton Berendsen

INTRODUCTION

My ambition with this contribution is to provide some deliberations regarding the possible functions of psychology in management consultancy. From my studies of psychology to Masters level and experience as a consultant, a number of analogies will be explored between consultancy and psychology. The value thereof is that these disciplines hold different assumptions and views as well as raise another kind of questions, which may be mutually beneficial. Furthermore, consultants may already use achievements, derived from the psychology. At the end of this contribution, some questions for further debate will be summarised.

PSYCHOLOGY AND CONSULTING

Positioning. Both consultancy and psychology may be perceived as an intersubjective combination of diagnosing and constructing, followed by changing a less desired diagnosed state into a more desired constructed state. In consultancy, one of the many distinctions is between “hard” (for instance structures and systems) and “soft” (for instance behaviours and competences) phenomena. Although this distinction can be made in theory, it certainly cannot always be made in practice, among others given the strong interdependencies as well as the overlaps between the “hard” and the “soft”. A similar line of reasoning may be followed in relation to psychology, where a stricter, but nevertheless still artificial distinction, is made between the mind (the more “soft” side, theoretically the specialism of psychology) and the brain (the more “hard” side, theoretically the specialism of psychiatry or neurology). Following this, the core of consultancy and psychology is changing a less desired state into a more desired state, which should cover both “hard” and “soft” phenomena.

Process. Consultancy and psychology often follow sequential processes. A first subprocess is diagnosing, focused on tracking down the problems or complaints and their trigger events, as well as the

underlying causes and the maintaining processes. A second subprocess is constructing, directed at creating a model for improved functioning, taking into account the diagnosis undertaken plus the feasible options. A third subprocess is changing, thus advancing the diagnosed less desired state into the constructed more desired state. The term “more desired state” also implies solving or at least softening the problems or complaints and their consequences as well as taking away or at least mitigating the underlying maintaining processes as much as possible. This of course in order to prevent the reoccurrence of more or less the same problems or complaints in organisations or persons.

Reality. Consultants and psychologists have to create models of “the reality”, among which diagnostic models of the current state and constructed models of the desired state. This modelling is an art, and distortions may occur. This starts with the notion that reality is a social construct, implying that many “realities” coexist, among others stemming from different backgrounds and paradigms as well as differences in mindsets and beliefs. Also, in the interactions of consultants or psychologists with their clients, information has to be derived and opinions have to be formed, all subject to many filters and biases. Likewise, legitimations and confabulations from clients may be presented to protect own contributions.

Detailing. Furthermore, in consultancy and psychology all kinds of different decompositions are applied. Broader dividing or deeper detailing of situations may be productive only if and when this will provide a better understanding of the situation and foremost will contribute to a better quality of the solution. In cases of a too deep detailing, it may well be possible that track of the overarching is lost. This complexity in diagnoses may also spill over to the design and even the change itself, hampering them. All of this may possibly be further aggravated by overspecialisation, which may give rise to the fixation on a limited set of aspects of problems or the promotion of a “best” solution. In extreme cases, overspecialisation may even lead to antagonism between professionals, induced by tribal struggles.

That being said, in terms of “breadth”, it is of the utmost importance, that a total ecosystem is in scope in the whole process.

Emphasis. In realising a more desired state, another continuum should be taken into account, ranging from a more exclusive focus on the “product” to a more exclusive focus on the “process”. Consultants and psychologists make an informed choice around the situational emphasis in bridging the distance between the diagnoses state and the constructed state of organisations. Given that organisations are composed of individuals, this implies that organisational change also includes adapting or changing the behaviour of leaders and other persons, as it is the case in psychology. Of course, apart from these similarities, there are also many differences between consultancy and psychology, but these are considered as less relevant from the point of view of this contribution.

Normality. In consultancy and psychology, nearly all phenomena in organisations and persons may form normal distributions. This implies that all positions of a certain distribution are variants of, more or less, the “normal”. Another more fundamental judgement is determining to what extent problems or complaints may be classified as normal or abnormal and from what point intervention is really required instead of desired. There can be no clear distinction between normal versus abnormal in consultancy nor in psychology. Apart from the subjectivities and other difficulties in appreciating phenomena, this is for instance because behavior of persons should be appreciated situationally. This implies that certain behaviours may be highly productive in one context or situation and may be strongly counterproductive in another. However, in consultancy as in psychology, there is an indication that immediate intervention is inescapable. This indicator is causing danger to oneself (for instance, in organisations continuity pressure and in persons suicide ideation) or to others (for instance, in organisations pollution issues and in persons uncontrollable impulses).

Time. Another phenomenon in consultancy and psychology is that many problems or complaints

and their accompanying consequences may fade away or at least will become bearable through time. Of course, the question remains how much time should be practiced and to what extent the causes underlying the problems and complaints will be solved or that it is merely a dangerous process of habituation, like the boiled frog metaphor. Also, the other way around, early intervening is important, given that prevention in both consultancy and psychology has proven to be much more effective and efficient than curative action.



Organisations. In organisations, a lot of mechanisms may be in place to cope with events, among which strategies, structures, systems and processes as well as cultures, leaderships, capabilities and behaviours. However, an organisation may face triggers (for instance dropping demand, disruptive technologies or bulky legislations) that are so highly intense and/or so highly frequent, that the available assortment of mechanisms is not adequate any more to cope with these events. In those cases, an organisation will face a “crisis” or “breakdown”. One of the fundamental characteristics of such a crisis is that doing or adding “more of the same” will not solve the crisis, however, nevertheless this often seems to be the default-reaction. Generally, adding

THE ROLE OF PSYCHOLOGY IN CONSULTING - SOME CONSIDERATIONS (CONTINUED)

more of the same will only spoil scarce resources and will cause exhaustion, while adding complexity in fighting and compensating the symptoms, instead of taking away the underlying causes, including their maintaining processes.

Persons. As in organisations, also in relation to persons, it may be the case that the frequency and/or the intensity of certain trigger events (for instance financial problems, relation problems, work problems, or other life disruptions), called “stressors”, may be perceived as threatening or fearful to an extent that a crisis or “mental breakdown” may occur. As in organisations, everyone has a range of more or less effective protection mechanisms available to prevent or mitigate mental breakdowns. However, the sum of all stressors versus the so called “bearing capacity” of a person, determines situationally how much stress a certain person is able to handle before the threshold from a mental breakdown is exceeded. This may well be compared to the origination of a breakdown in organisations, and may even be more narrowly related to organisations, if and when leaders are not able anymore to function adequately, because of stress.

Protection. As explained, both organisations and persons have an assortment of more or less conscious, as well as more or less effective protection mechanisms available. According to my opinion, important archetypes of these protection mechanisms are support systems as well as appraisal styles and coping strategies. Support systems include the help from colleagues and professionals as well as family and friends. Appraisal styles are for instance the perceived locus of control and the way of attributing events (own contribution versus environmentally). Coping strategies have lots of examples and cover among others, primitive and sophisticated defence mechanisms (Freud 2013) such as denials and projections. Compensating behaviours may also be protective, and may take the form of addictions, for instance unceasingly introducing fashionable templates in relation to organisations and drinking

or drugs in relation to persons. If these mechanisms are not able to protect sufficiently, a breakdown in a person or an organisation may occur. Also, the exclusive fixation on a limited set of protection mechanisms may not be sufficient to handle the variety of trigger events, causing a breakdown.

Personalities. As in psychology also in consultancy, ‘personality disorders’ may be observable, for instance in the form of deviant leadership characteristics. From the perspective of consultancy, these personality disorders should at least be recognised and taken into consideration. This is also because the tails of the normal distributions of personalities may cause severe problems in organisations, apart from problems for the persons themselves (Kets de Vries 1984). In these cases, deviant leadership styles or behaviours may form the root cause underlying the more superficial organisational problems and complaints. A personality disorder may be defined as ‘an enduring pattern of inner experience and behavior that deviates markedly from the expectations of the individual’s culture, is pervasive and inflexible, has an onset in adolescence or early adulthood, is stable over time and leads to distress or impairment’ (DSM 2013). Personality disorders may be roughly summarised in three basic categories, each with its own pathology. These categories of personality disorders are in my terms “overly suspicious”, “overly emotional”, and “overly anxious”.

Psychiatric. “psychiatric disorders” certainly should not be in scope of consultancy. That being said, all kinds of manifestations of characteristics stemming from psychiatric disorders may also be observed in consultancy. Examples of psychiatric disorders may be rich sets of symptoms, for instance around depressions (with attributes as indecisiveness and hopelessness) and mania (with attributes as grandiosity and risk-taking) as well as obsessions and compulsions. These psychiatric disorders may also underly organisational problems, especially in relation to top management.

Doctrines. In both consultancy and psychology, one of the ongoing questions is to what extent a comprehensive prestructuring and protocoling of “all problems” around diagnosing and “all remedies” around constructing adds value. Apart from the value, according to my opinion, such enumerations are not even feasible, also given the many situational differences in the current situation as well as the need for tailored and feasible solutions. After all, strongly prestructured approaches may result in “ticking-the-box” exercises, with the risk of more attention being paid to the mechanistics and the form than to the organics and the substance. Also, a strong prestructuring of remedies may promote the use of templates, with inherent biases to one-size-fits-all “solutions”. Furthermore, templates may even give rise to a specific risk, if and when these templates are used by less seasoned professionals, with the function of substituting experience by procedures.



Complications. For problems and complaints in organisations and persons often many alternative explanations are both available and plausible. As mentioned, one of the most important activities in both consultancy and psychology, is to adequately relate superficial symptoms to underlying root causes, in order to identify appropriate and sustainable changes. Apart from

all other distortions that may occur, professionals in consultancy as well as in psychology may misjudge associations for causations and thus reach the wrong conclusions about the cause(s) underlying the problems. Even more important, if and when the ecosystem, in which organisations and persons exist and interact, are not sufficiently taken into account, only parts may change, leaving the whole unchanged.

Norms. Likewise, in consultancy and psychology, assessing and weighting symptoms, including the distance to the desired or required state, is highly dependent on for instance the way of perceiving situations and events plus the models and methods used by the professionals involved. Ideally, a clear and well demarcated set of norms should be available, against which the current and the proposed situation can be assessed. This has to be the case in consultancy and psychology in order to work “evidence based”, which among others implies that the work is reproducible over professionals. After all, organisational or mental breakdowns are nothing more than a discrepancy between a certain norm versus an observed composition or functioning.

Focus. In consultancy as in psychology, a tendency may be signalled to focus on the more “hard” phenomena, may be because these often are more visible or because they are perceived to be “safer” to handle. In psychology, such an approach would translate itself into the medicalisation of all problems and complaints. In consultancy, this may translate itself in a single-sided hard focus on for instance digitalisation, big data and artificial intelligence. This single-sidedness may express itself in the risk of only more plans and paper as well as disappointments, without cashing in the expected effects. Also, suppressing the soft-side, may result in not sufficiently taking away the underlying root causes and the maintaining processes, often having behavioural components. This also implies that the root cause(s) will still exist, doing their destructive work under the surface.

THE ROLE OF PSYCHOLOGY IN CONSULTING - SOME CONSIDERATIONS (CONTINUED)

Resistance. Also, problems and complaints in organisations and persons often stem from the pressures put on them, for instance in organisations higher returns or higher quality and in persons career demands or life balance. Within organisations, problems may come from obsolete systems and structures, while in both organisations and persons problems may come from obsolete behaviours and competencies. In all cases, early assessments and interventions are valuable, in order to prevent unnecessary escalations, resulting in breakdowns. However, in organisations and in persons, a range of resistance mechanisms is in place, hindering early assessments and interventions in more or less subtle ways. This also underpins the relations between consultancy as well as psychology in terms of coping with these forms of collective or individual resistance.

Biases. Numerous cognitive biases exist, distorting the creation of fair models of situations and events. From that point of view, these biases may hinder both adequate diagnoses and treatments of organisational and personal problems, among others given the more or less unconscious mental shortcuts towards judgements and decisions. Some examples of the hundreds of these biases are anchoring biases (tendency to rely solely on a limited set of characteristics), attribution biases (tendency to claim successes and to wave away involvement in failures), authority biases (tendency to overvalue the opinions of specialists), belief biases (tendency to weight arguments in the light of the believability of their conclusion), completeness biases (tendency to seek for additional data even when not helpful anymore), confirmation biases (tendency to search for and interpret data in line with preconceptions, while rejecting conflicting data), courtesy biases (tendency to provide socially accepted opinions instead of true convictions), egocentric biases (tendency to reconstruct parts of the past in a self-serving manner), hostile biases (tendency to interpret behavior as having harmful intents), result biases (tendency to judge decisions on the product instead of the quality of the process), stereotyping

biases (tendency to have judgements or opinions about people of situations without accurate information) etc.

FINAL COMMENTS

My ambition with this contribution is to provide One of the challenges in progressing a profession, is to initiate and continue productive debates around the more fundamental and thought provoking questions, without the competent use of our own defence mechanisms. In line with this contribution, some of these questions for consultancy may be amongst others the following.

To what extent are pro-active assessments and early interventions (possibly preventing crises) offered?

To what extent are total ecosystems sufficiently taken into scope in all phases of a change process?

To what extent are hard and soft phenomena situationally in balance in all phases of a change process?

To what extent are product versus process emphasis situationally considered in all phases of a change process?

To what extent are indicators available and used about the normality versus the abnormality of situations?

To what extent are clear norms available and applied in consultancy in order to work evidence-based?

To what extent are problems and complaints analysed in unnecessarily overly detailed ways?

To what extent are maintaining processes underlying problems recognised and sufficiently taken into account?

To what extent are templates misused as substitute for seniority in diagnosing, constructing and changing?

To what extent are forms of resistance identified as well as handled and used in a productive way?

To what extent are key persons situationally more productive points of attack as compared to organisations?

To what extent are deviant leadership styles the root cause underlying superficial organisational problems?

To what extent are personality disorders taken into account in consultancy and should that be the case anyway?

To what extent are cognitive biases and other distortions identified as well as sufficiently mitigated?

To what extent are psychological accomplishments (sufficiently) integrated in the education of consultants?

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GOVERNANCE FOR MANAGEMENT CONSULTANTS

Richard W. Leblanc

INTRODUCTION

It has always struck me how few qualified governance consultants there are. Although I have been a Certified Management Consultant (CMC) for the last twenty years, I normally do not consult to management. I consult to boards of directors, who oversee management.

The purpose of this article is to introduce management consultants to the governance field, in either (i) consulting to a board of directors, whereby governance consulting may be an addition revenue stream for CMCs, or (ii) sitting on a board of directors.

EXCUSES FOR POOR GOVERNANCE

There is not an excuse I have not encountered over the years by boards (and directors themselves) and management teams not wishing to be properly governed.

Some of the most common excuses include the following:

- “It doesn’t apply to our sector or company.”;
- “It costs too much.”;
- “It is too difficult to implement.”;
- “We have never done it this way.”;
- “Our board is perfectly fine.”;
- “Regulators lack jurisdiction.”;
- “Activists are short term.”;
- “It is the law of unintended consequences.”;
- “It is one-sized fits all approach.”; and
- “Governance is only for the big players.”

These excuses are defence mechanisms to preserve the status quo. If or when a board engages in these excuses and refuses to upgrade its governance to reflect current regulation and best practices, it does so with great risk.

Enron (2001), the Global Financial Crisis (2008), and now COVID-19 (2019) have all been critical moments in corporate governance where regulators enact laws that saddles boards of directors with greater obligations.

THERE ARE NO BAD COMPANIES, ONLY BAD BOARDS

Why is there a greater focus by regulators and investors on governance over the last twenty-five years?

If a company fails, it is the failure of the board of directors. It is not possible to have an effective board and an ineffective management team and company. A board should always be looking upward and outward, as well as inward and downward. Management may be in denial to the changes around them, or lack of performance, but a board of directors should never be in denial.

“ There are no bad companies, only bad boards. Look to the board, not the company. **Richard Leblanc** ”

The reason regulators and investors target boards in regulation and reform efforts is because management is accountable to a board, so the power rests with the board of directors in any organization. If management, who has the greatest effect on performance, needs to change but change does not occur, a complacent board is the reason. Regulation and activist investors would not be needed if boards were doing their job. This brings us to the responsibilities of boards of directors. What are the obligations of boards of directors?

RESPONSIBILITIES OF BOARDS OF DIRECTORS

Every organization, regardless of its form (e.g., for-profit, not-for-profit, listed or state-owned, in no order) has a board of directors. There are important roles and responsibilities for any board, as follows:

Hire, Fire and Pay the CEO

First, the most important role of a board of directors is to hire, compensate, and, inevitably, fire, or succeed the incumbent CEO. Surveys suggest that this role is often near the poorest performed by boards and is the responsibility in which boards are often least confident. Why is this the case? Because the board does not have a sense of self and is unduly influenced by the incumbent CEO, who, understandably, does not wish to cooperate with succeeding himself. However, CEO succession is the board’s responsibility, not the incumbent CEO’s.

The most common regret directors have, expressed in interviews that I have conducted is “not firing the CEO sooner”. Meeting after meeting, directors get lulled into excuses of under-performing CEOs, and go along. Replacing an under-performing CEO (and 50% of all CEOs must be below average) takes time, experience, and courage, and is why activist investors are often needed to prompt and lead a complacent board to replace an under-performing CEO. Many boards, who may have hired the CEO to begin with (and thus are conflicted) or have been invited to the board by the CEO (and are even more conflicted), are not objective and do not see performance from an investor mindset. Such directors do not know what to do, like a fork trying to hold water, or refuse to act until it is too late.

Review, Approve and Monitor the Execution of the Strategic Plan

The second most important role of a board is to approve and monitor the achievement of the strategic plan of the company. The strategy should be comprehensive and include key performance indicators to measure the achievement of strategic directions (or pillars or value drivers, or the equivalent title) approved by the board. Strategy also includes values, purpose, vision, mission that should also be integrated and approved by the board.

The business model, value drivers, key performance indicators and risks of the organization should also

be reviewed and approved by the board, as part of a strategic plan. A board should not approve any strategic plan unless all the foregoing elements are present. Many boards approve a strategic plan that is not measurable, including the non-financial elements, such as customer satisfaction, employee engagement, technology application, community impact and environmental sustainability. There is frequently a power point deck with aspirational, non-measurable outcomes, prepared by management, to placate a complacent board.



The non-financial, leading indicators comprise most of the value of a company now and should therefore feature prominently in any business model (Every company has a business model, even not for profit organizations and state-owned enterprises.). By the time the non-financial value drivers become financial, it is too late, and the board is looking in a rear-view mirror. Non-financial drivers are where value is created and are frequently the least mature and least measured. Why? Because the board is weak and does not insist that these drivers be measured by management. Anything can be measured, and the adage “if it is not measured, it is not managed” applies.

If a board cannot (i) measure the achievement (or not) of the entire business model and strategic plan by management; (ii) hold management responsible for achieving the plan; and (iii) incentivize strategic execution through links to incentive compensation, the board is failing at its strategic – and pay-for-performance – role.

GOVERNANCE FOR MANAGEMENT CONSULTANTS (CONTINUED)

Review, Approve and Monitor the Risks

Third, boards should understand, identify and approve the material financial and non-financial risks of the company, in writing. The risks should be defined, qualitatively and quantitatively.



The internal controls to mitigate each risk, and their interaction, should be reviewed by the board. And the board should have independent assurance that such controls are operational and effective.

The only individuals who can provide independent assurance of internal controls are the internal audit, compliance and risk functions, who should report to the board and the relevant committee of the board overseeing each risk in first instance.

Many boards make the mistake of not taking steps to approve the controls and the independent assurance of the controls. Management dominates the discussion, and there is a nebulous, opaque discussion of risk. "Trust us" are the words most frequently used by management (who dislike controls) to satisfy a board. Meanwhile, acute risks, such as data integrity, reputation, health and safety, supply chain resiliency, and people risk go unchecked.

In every risk failure I have advised upon, it has been a board that did not ask for the right risk information and relied on management's oral assurance, rather than on what regulators are asking for – namely controls and assurance by the board. Duty of care, or acting as a reasonably prudent person would act under similar circumstances, means that as the risks change, the board needs to ensure that the controls and assurance change as well. Many boards fail to do this, and if the above rigor is not in place during a steady state, when the risks change by an exogenous event such as COVID-19, it is too late for a complacent board to act because it has relinquished oversight to management already.

Set and Adhere to the Tone at the Top

Fourth, and perhaps most importantly, tone at the top and throughout the organization is established by a board of directors. A board, through a board committee or directly, should oversee whistle-blowing complaints of potential wrongdoing, compliance with the code of conduct, and

ethical business practices (including anti-money laundering, anti-bribery and proper procurement). Good boards also oversee conduct risk, and the incentive pay structure through the organization to promote ethical conduct.

A board should take swift action at any wrong doing within the organization. Good tone is clear, immediate and consequential. A common regret that directors have told me is not speaking up when they had the chance, particularly when it comes to ethics. What a director sees, reads, and hears is what the director has accepted if the director does not speak up. Good boards have in camera meetings every meeting, with only independent directors in the room, to increase the ability of directors to speak candidly without management present.

Have Effective Board Committees

Lastly, a board must establish effective committees. Committees are where the work gets done, in reviewing and recommending actions and decisions to the board. Committees do not approve or decide but review and recommend.

One ineffective committee, with an ineffective committee chair, can compromise governance and therefore the company. Committee reporting to the board must be robust, evidence the due diligence of the committee, and not be oral in nature.

We now turn to the role of CMCs in possibly consulting to boards of directors given their management consulting expertise.

CONSULTING TO BOARDS OF DIRECTORS

Consulting to a board of directors is different from consulting to management. The average size of a board is seven to eleven directors, and directors are all peers. So, the acquisition of, and delivering of advice to, a client is to a group of peers.

This brings up the point of who is the client of a governance consultant?

Who is Your Client?

For a governance consultant, it is important to establish who the client is at the beginning of any engagement. In my view, the client for a governance consultant should always be the governance committee (or the equivalent) of the board, or the board of directors itself.

There may be (and is often) a tendency for management to interfere in the choice and compensation of the governance consultant. Management is very sensitive with board consultants. If or when management interference happens, an experienced governance consultant should advise management that the client is not management, and management should stand down from interfering with the governance consultant's client relationship with the committee or board.

The governance consultant's client is also not the chair of the board, nor any individual director. If there the board is ineffective, the board chair is also ineffective. It is not possible to have an effective board chair and an ineffective board. Ineffective boards go hand in hand with ineffective chairs, so the consultant should not be beholden to the board chair as a client, because this may compromise the rendering of independent necessary advice. The consultant should be free to recommend courses of action with which the board chair may disagree, including coaching for the board chair, other remedies, and, if necessary, board chair removal.

Any board committee and the board should have, within their written terms of reference, the authority to retain any independent advisor the committee or the board deems appropriate, without the participation, interference or consent of management.

GOVERNANCE FOR MANAGEMENT CONSULTANTS (CONTINUED)

WHAT MAKES FOR A GOOD (AND POOR) DIRECTOR?

Not all directors are equally effective, and this includes on boards of large, complex public companies. (There is often the myth that larger companies have more effective boards. This is untrue.) In any given survey, including the ones I undertake, there is always: one third of directors who are outstanding and highly effective; one third of directors in the middle; and one third of directors who are under-performing and need development (or removal from the board). What are some of the qualities and criteria that define effective and ineffective directors?

Independence of Mind

Normally, director independence means independence from the company and management. Independent directors should be independent and seen to be independent from both. The only relationship an independent director should have with the company is the directorship itself. The only compensation (or any type of reward or perquisite) an independent director should receive should be for board- and committee-related responsibilities only.

There are social and other relationships that may not be captured by formal independence requirements and may (and often do) undermine independence of a director. Once the independence of one director, and especially a board or committee chair, is undermined, the board now works for management, rather than the other way around. I have never seen a director move from independent to dependent, and then back to independent. The movement is from independent to dependent only. In addition, gifts, honoraria and other perquisites, such as an office and excessive tenure as a director (over nine or ten years) can also undermine effective and independent board service.

Knowledge of the Business

The most common complaint management has of their board is the lack of knowledge of the business. This is hardly surprising given the emphasis by regulators on independent directors. Aside from recruiting some independent directors with industry expertise, most independent directors on boards are not from the sector.

This means that such directors must invest the time – significant time at the front end of their

directorship – to understand the business of the company (any company, including not for profit organizations) and the industry in which it operates.

Many directors make the mistake of defaulting into their comfort zone, particularly industry, legal or accounting directors, rather than adding strategic value to the management team. Consultants, lawyers and accountants can be hired by a board or a management team. Good directors are now advising management with twenty- or thirty-years experience in the industry that directors do not

have. A director who asks compliance questions all the time, rather than strategic questions, is apparent to other directors and certainly to management.

This brings us to the next requirement to be effective as a director: Asking questions properly.

Asking Effective Questions

The job of directors is to ask good questions. The job of management is to respond to the questions that directors ask, candidly, openly and constructively.

Many chairs or directors will state that there are no stupid questions. I disagree. There are stupid questions, and there are also inappropriate questions. The time for dialogue in a board or committee meeting is not for education. If there is a question that is in the pre-reads, that is not a good question.

A good question is a strategic question. It forces management to think. A question has component parts. I look at the frequency of question, the duration of the question, the timing of the question, the words in the question, the body language of the director in asking the question, and the nature of the question itself. Asking good questions as a director can be learned, but not always.

Maintaining an Oversight Role

There is a tendency for newer, industry, or professional (law, accounting, consulting) directors to ask excessively detailed, operational or management questions, rather than oversight, governance and value-added strategic questions.

If or when a director engages in excessively micro-managing questions, that director should be promptly mentored by the board or governance committee chair, and corrected in their questions.



GOVERNANCE FOR MANAGEMENT CONSULTANTS (CONTINUED)

Maintaining Competencies and Currency

Boards should utilize a competency or skills matrix to guide the desired skills needed in successor directors, and development and strengthening of key competencies for incumbent directors. Directors cannot be good at every skill, nor are they expected to be. But they should be expected to keep current on those competencies and skills important to the strategy and business of the company.

Behaving Properly

Behaviour matters and can be recruited for. Leadership, communication skills, impact, influence and teamwork are behaviours of directors that may be developed or mentored. Good boards have behavioural matrixes that are used to guide director recruitment and development for new and incumbent directors respectively.

Boards should conduct written peer assessments annually to assess the above behaviours in directors. A director with a behaviour that is problematic can cause a rift and dysfunction in the board, and between the board and management. A dysfunctional behaviour should be coached as I will address shortly.

Technological Adeptness

Directors should understand technology, including its application to the industry on the board on which they serve. This includes data integrity, artificial intelligence, blockchain, virtual and augmented reality, and internet of things, as applied to the company and its industry.

Directors should also, given virtual meetings, be proficient in conducting and participating effectively in virtual meetings, including adequate lighting, high speed and reliable internet, work from home cyber protections, and a professional camera and microphone.

Solidarity and Resiliency

The final criteria for being a good director is solidarity and resiliency.

Solidarity means supporting a board decision fully once it is taken, even if a director may not have agreed with the decision. Resiliency means re-establishing health boardroom dynamics after a contentious issue or vote, and not holding grudges or pouting in any way. One director not exhibiting solidarity or resiliency can disrupt a health boardroom dynamic.

Can a Director Be Coached?

I have been asked to coach directors on behavioural issues. I have learned that not all directors are coachable. To be coachable as a director requires two contributors: (i) self-awareness, and (ii) an intention to improve in a way that is sustainable. Many directors have (i) but not (ii). There is what I call, reversion to past behaviours.

A director in need of coaching, as judged by the governance committee or the board itself, should be offered coaching and development, either by another director or an external consultant. If, after a reasonable period, the dysfunctional behaviour or other form of under-performance continues, i.e., the director is not redeemable, that director should be asked by the board to stand down. Many boards make the mistake of allowing an under-performing director to continue the board, thinking that the board will wait out the director's tenure. When this happens, talent flight may occur, or it becomes more difficult to recruit top tier directors and even a next CEO.

QUESTIONS TO ASK BEFORE JOINING A BOARD

We turn now to questions that prospective directors should ask when interest in the director

has been expressed by the board, or the nominating committee of the board, or shareholders or a body or entity who has authority to recommend a director to a board. Here are the following questions that prospective directors should be asking.

**Time Commitment Expected**

What type of time commitment is expected? The average directorship is more than 250 hours, so the time commitment is not insignificant. A practicing executive should receive permission from the home company CEO (or board if the executive is the CEO) before agreeing to join an external board.

For a practicing management consultant, the opportunity cost of the directorship should be factored into any decision calculus, as well as conflicts of interest in consulting engagements by virtue of board service.

Ethics and Compliance Checks

A prospective director should conduct a thorough due diligence check on each director and officer of the company, for misconduct, criminal behaviour, litigation, tax evasion, and reputational contagion. Directors are peers and often will have joint and several liability, so wrongdoing by one director may affect assets and reputations of another.

A non-disclosure agreement should be signed, and any outstanding litigation, audit concerns, regulatory investigations or sanctions should be requested by the prospective director.

Lastly, the director should conduct due diligence on the company itself, for wrongdoing, reputation, financial mismanagement, and regulatory or other stakeholder concerns.

Some of the Best Decisions Are “No”

If there are any ethical red flags that surface during the above due diligence search, the prospective director should refuse the directorship. The person to preserve the reputation and assets of a director is the director by what is done, and as importantly what is not done. Some of the best decisions, as management consultants know, is to refuse a problematic client. It is the same with board positions.

Liability begins as soon as one steps onto a board. And if a mistake is made, and a director joins a board and then stands down, regulators have long arms and the liability continues for actions the director took, or did not take, whilst on the board.

Most ethical concerns were or should have been known prior to accepting the directorship, so diligence is intelligence gathering. Directorships are accepted without rose-colored glasses, but with eyes wide open.

GOVERNANCE FOR MANAGEMENT CONSULTANTS (CONTINUED)

Insurance and Indemnification

A prospective director should assume that the director can and will be sued by plaintiff's counsel during the directorship. Review the director and officer insurance policy (the actual copy, not management's summary of the policy), and ask about the adequacy of coverage, indemnification, and the advancement of legal fees in the event of litigation. Assume a worst-case scenario and receive comfort about the adequacy and advancement of coverage and fees.

Reporting and Disclosure

Ask to review all financial, tax, and non-financial reporting and compliance with regulations. Liability can attach for unpaid employee wages, tax remittances, of other offences. See the audited financial statements, external counsel reports and (if the company is public) securities filings. If the company is not-for-profit, review the Internal Revenue Service's Form 990 for key reporting and disclosure issues.

Compensation

Lastly, ask about compensation for director service, including structure and quantum. There are a variety of practices here, including cash, equity, options, and based on board, committee, chair, committee chair and director retainers and meeting fees (in person, phone and now virtual).

CONCLUSION

Consulting to a board, or sitting on a board, by CMCs can offer beneficial dividends. I hope this article has been useful to CMCs and all management consultants.

I am sincerely grateful for receiving the honor of Academic Fellow from the International Council for Management Consultants.

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CONSULTING AND THE PYRAMID OF TRUST

Martin Williams

INTRODUCTION

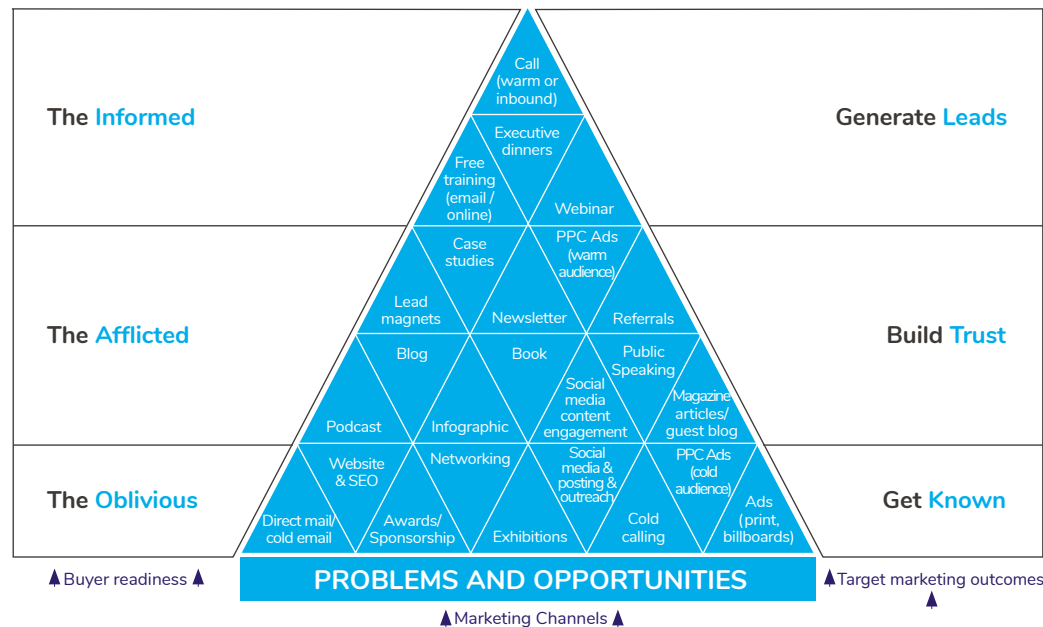
If I had a pound for every consulting firm that exclaimed to me, "We're the world's best kept secret!". It's as though it's a badge of honour. The fact is, most consulting firms are over-reliant on repeat business and referrals as their only sources of new leads. The problem, however, is that referrals are inconsistent, and repeat business is unlikely to be enough to truly scale the business. For such firms their growth strategy is simply a hope strategy. The likely outcome of this is a ticket to the revenue rollercoaster – where revenues are up one month, down the next. There's no predictability, there's a chaotic swing between feast and famine.

THE PYRAMID OF TRUST

A remedy is offered in the form the Pyramid of Trust. This is a three-stage framework to enable consulting firms to take a more proactive and considered approach to building a viable enterprise. The subject of trust is prominent in the consulting literature (Maister et al 2000, Schein 2016, Fields 2017) and trust building sits pretty much central to the activities of most effective consultants. Ingredients like clarity, proficiency, and consistency are trust-building qualities. In the marketing field, the value of taking a step-by-step approach and linking otherwise discrete activities together is widely understood and underpins many success marketing campaigns, for example, the AIDA (Attention, Interest, Desire, Action) pathway and the concept of the sales pipeline.

The Pyramid of Trust melds the concept of trust and trust building with business development process logic to create a framework specifically for the consulting context. Based on the three stages (Get Known, Build Trust, Generate Leads). Each of the three deals with target audiences in different states and suggests methods and approaches whose characteristics make them suitable for that stage of the process.

The shape of the pyramid acknowledges that, at the start, the target audience is likely to be relatively broad. As the consultant moves up the pyramid (effort starts at the bottom and progresses upwards), the audience of interest narrows. Here's what it looks like:



The first stage is to Get Known. It's important to recognise that your audience may not yet know of the challenges their organisations face and why consultants might be able to help. They're what we call Oblivious - they're nowhere near ready to buy, they may not know who you are, and they'll give you very little attention. To build this audience you'll need to choose marketing channels that have a broad appeal; for example, you might use LinkedIn or networking. You are sensitising them to challenges they may face and ideally, your marketing content will enable you to get known for being the experts and having great capability in addressing these challenges.

The next stage in the pyramid is to Build Trust. Your audience has progressed to being Afflicted. That is, they're aware of the challenge that they face; they're looking for a solution.

They're probably not ready to buy. They will, however, give you more time and attention. Since we know that your prospective clients want more information, and are prepared to invest more time, we should give them deeper content. For example, you might create an infographic to grab attention, go into more detail through a blog article, invite them to hear from you regularly by subscribing to your newsletter, and provide a free in-depth guide or template (aka lead magnets).

The top of the pyramid is the third stage, Generate Leads. Your audience has now become Informed.

This means that they're aware of their problem or opportunity, they're actively seeking a solution, and through your consistent and focused efforts to date, your audience has come to know you and become more trusting of you. Your marketing will become more focused and intimate. You might put on an event, such as an in-person talk or a webinar, or perhaps an executive dinner, or even a free online course.

On reaching the pinnacle of the pyramid, you've shifted from a one-to-many conversation to a one-to-one. This is the point at which you handover a qualified lead to your sales process.

HOW TO USE THE PYRAMID OF TRUST

Each consulting firm's Pyramid of Trust will be unique, as each reflects the context, target audience, expertise, and value propositions of the different consulting enterprises. The Pyramid of Trust provides a basis for considering and designing an integrated business development approach that fits your own firm's circumstances. As the owner of a consulting firm and adviser to other consulting firms I can acknowledge the focus and logic the Pyramid of Trust offers. This, coupled with energy and discipline in its application, pays dividends.

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