Introduction to the Consulting Process

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Defining Consulting

- " Any form of providing help on the content,. Process or structure of the task or series of tasks…where the consultant is not actually responsible of doing the task but helping"

- "You are consulting when you are trying to change or improve a situation but have no direct control over the implementation"

Defining Consulting (Larry Greiner, Robert Metzger)

- " Management consulting is an advisory service contracted and provided to organisations by specially trained and qualified persons…"

- "assist in an objective and independent manner the client organisation to :
    - Identify the problems
    - Analyse such problems
    - Recommend solutions to these problems
    - Help when requested in the implementation"

Adding Value to the Organisation

- **The Technical dimension**
  - Concerns the nature of the management or business process and problems faced by the client and the way in which these problems can easily be resolved.

- **The Human dimension**
  - Interpersonal relationships with client organisation, peoples' feelings about the problem at hand and their interest in improving the current situation.

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Advice and Assistance

- Essentially and advisory service

- Not used to run the organisation

- Not used to take decisions on behalf of the clients

- Consulting may also be on the borderline between assisting and managing:
  - Outsourcing
  - Information processing
  - Book keeping
  - Research Design
  - etc

Independence

- Independence is a salient feature
- Be in a position to make unbiased assessments, tell the truth.
    - Technical independence
    - Financial independence
    - Administrative independence
    - Political independence
    - Emotional independence

Temporary Service

- Consulting over a limited period of time
- Can only consult if one is not part of the organisation
- Can look into the internal issues from an external world.

Working definition

- " *Management consulting is an independent professional service assisting managers and organisations achieve organisational purposes and objectives by solving management and business problems, identifying and seizing new opportunities, enhancing learning and implementing changes*"

Why are Consultants used

- Achieving organisational purposes and objectives;
- Solving management and business problems;
- Identifying and seizing new opportunities;
- Enhancing learning;
- Implementing changes.

Generic Consulting Purposes

Achieving
Organisational purposes
And Objectives

Solving
Management
And
Business
problems

Identifying and
Seizing new
opportunities

Enhancing
learning

Implementing
changes

Why do companies hire consultants

Poor business results

Complaining clients

Unexpected loss

Wrong investment choice

Lack of perspective

Internal conflicts

Missed opportunities

Excess of self-confidence

Reluctant to change

Pressure of competition

Unrealistic self-image

Idle resources

High staff turnover

How are Consultants used

- Providing information
- Providing specialist resources
- Establishing business contacts and linkages
- Providing expert opinion
- Doing diagnostic work
- Developing action proposals
- Developing action proposals
- Planning and managing organisational changes
- Training and development management and staff
- Counselling and coaching

Consulting and Change

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Some Questions

- Why change?

- Is one aware of the need to change?

- Does one have the necessary desire to change?

- Is one knowledgeable enough as to how to change?

- Does one have the ability to change?

Challenges of Change

Businesses are constantly looking for an expert approach to change, to

- maximise the benefits and
- keep disruption to a minimum

Pressures for change

- Globalisation
- Information Technology
- Changing Nature of Workforce

Perspectives of Change

- The organisational perspective:
  - Measures effectiveness by how far the organisation satisfies preset identifiable goals

- The systems perspective:
  - Measures how different parts of the organisation functions well

- The organisational perspective:
  - Measures effectiveness through the process of organisational learning

Change Management (CM) definition

- CM is concerned with the methodology of making change manageable to implement within an organisation;

- CM provides organisations with a key process, making it possible to achieve business strategy;

Change Management (CM) definition/2
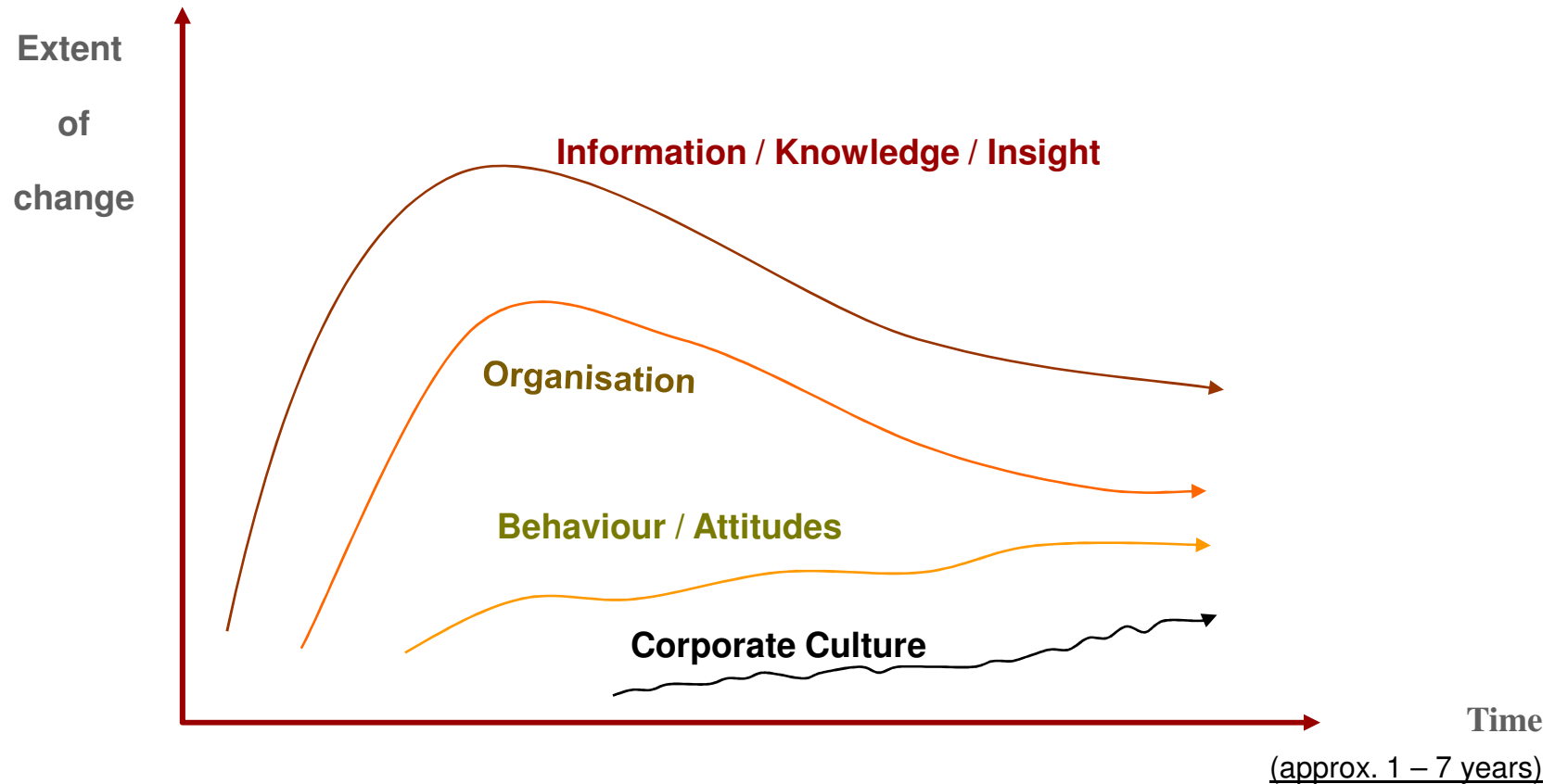
- The tools are organised in a systematic application of:
    - Existing knowledge
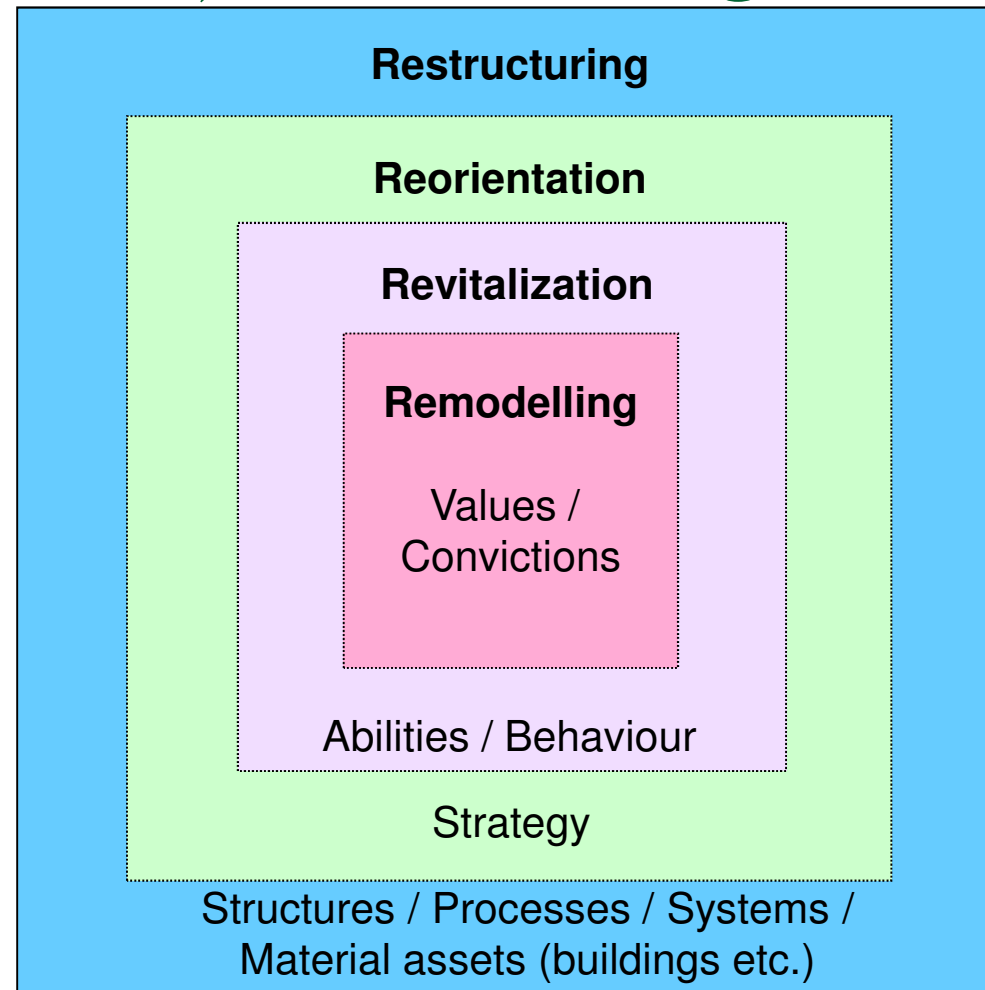   - Methodology
    - Resources
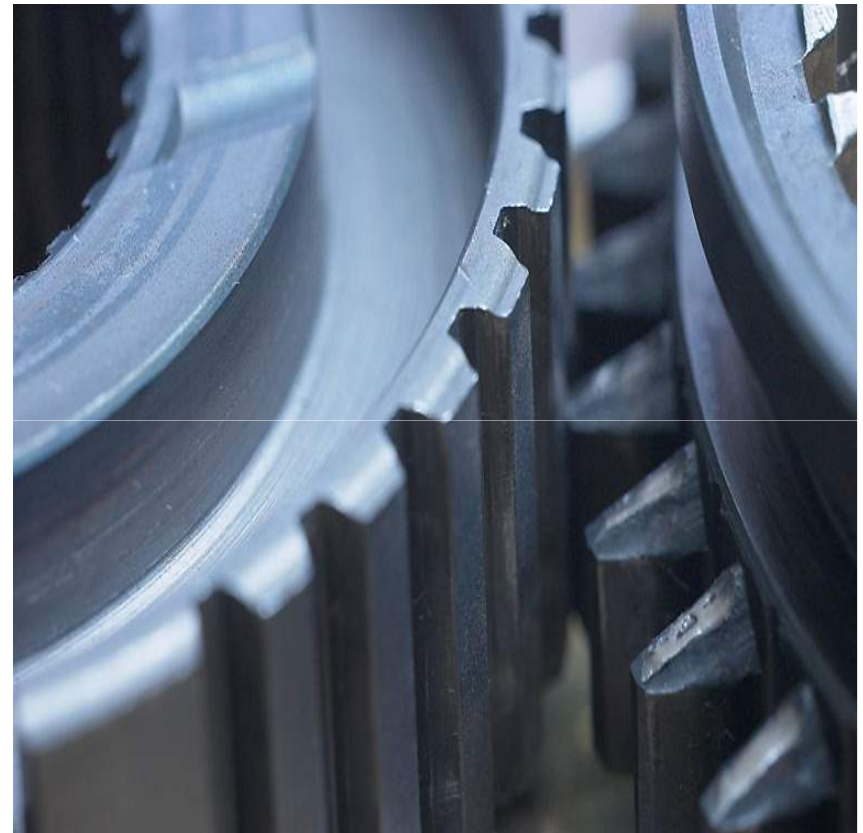
The purpose of Change

- To identify patterns and structures of change in advance;

- To be able to control/manage structures and patterns in the process of change;

- To predict results and problems within the individual stages of change;

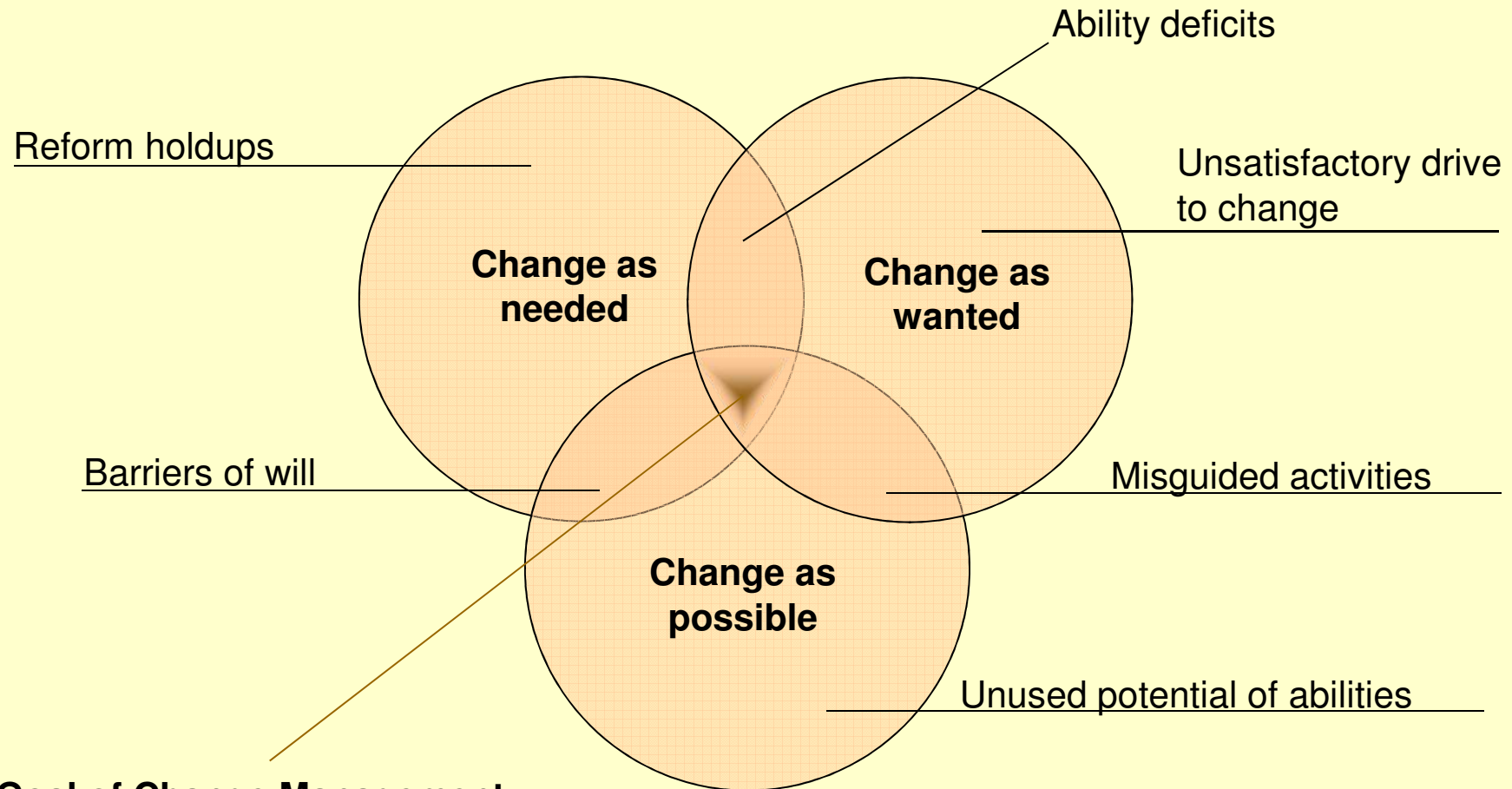- To minimise the process and speed up the action

Change Magnitude vs Time

Extent of change

Information / Knowledge / Insight

Organisation

Behaviour / Attitudes

Corporate Culture

Time

(approx. 1 – 7 years)

Forms and Objects of Change

Restructuring

Reorientation

Revitalization

Remodelling

Values / Convictions

Abilities / Behaviour

Strategy

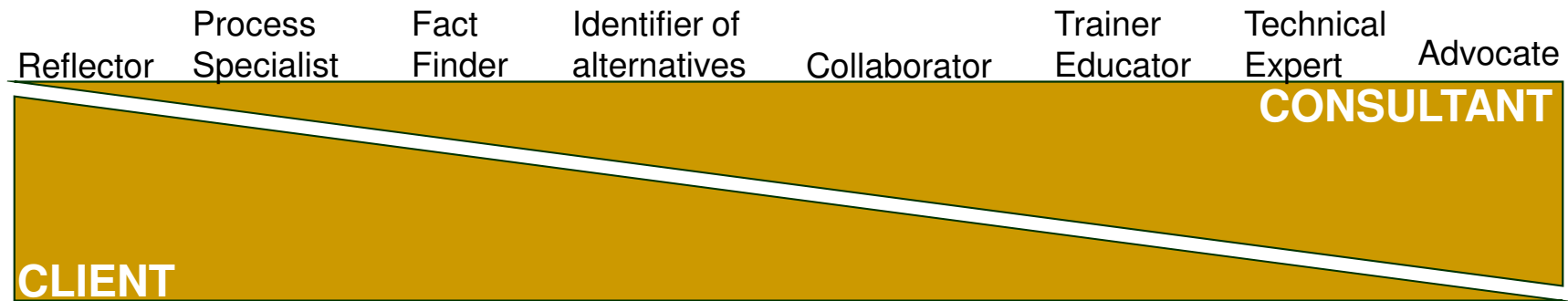Structures / Processes / Systems / Material assets (buildings etc.)

Converting the three C's

Goal of Change Management:

The three Cs are in balance and as strong as possible

C-C Relationship

Reflector	Process Specialist	Fact Finder	Identifier of alternatives	Collaborator	Trainer Educator	Technical Expert	Advocate

CONSULTANT

CLIENT

Level of Consultant Activity in Problem Solving

Non Directive   Directive

Raises Questions For reflection	Observes Problem Solving Processes & raises issues	Gathers Data & Stimulates thinking	Identifies Alternatives & participates In decisions	Offers Alternatives And Participates In decisions	Trains the Client and Designs Learning expectations	Provides Information & suggestions For policy or Practice decisions	Proposes guidelines, Persuades or Directs in the Problem solving process

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Client Categories

- **Contact clients**
    - Approach the consultant initially

- **Intermediate Clients**
    - Participate in various meetings

- **Main or Primary Clients**
    - "own" a problem for which the C is brought in

- **Contract Clients**
    - Play a key role in the consultant selection process

- **Ultimate Client**
    - Their welfare and interests will ultimately be effected by the assignment

- **Sponsoring Clients**
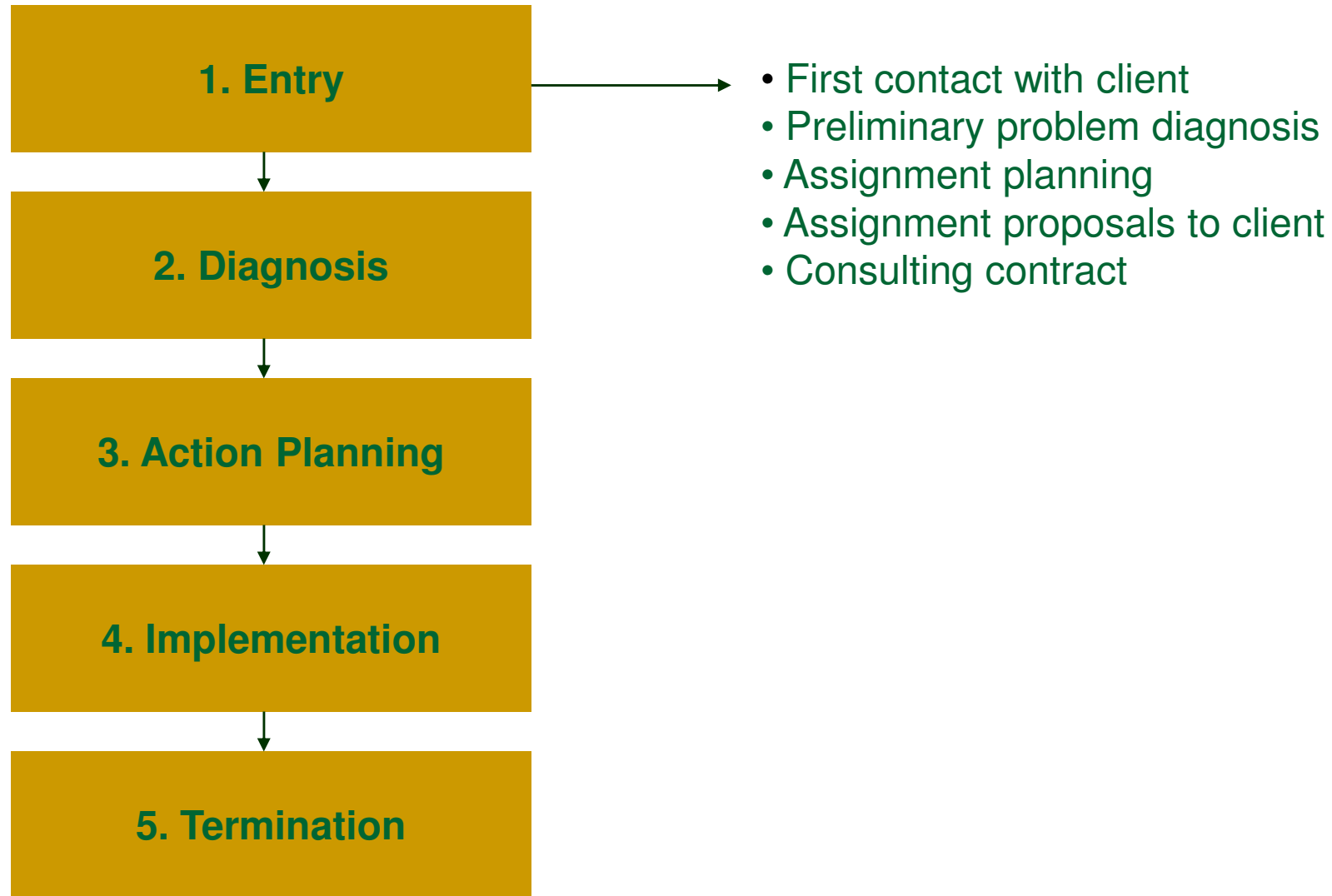   - Provide the financial resources for the assignment.

Critical Dimension of Client-Consultant Relationship

- Collaborative relationship
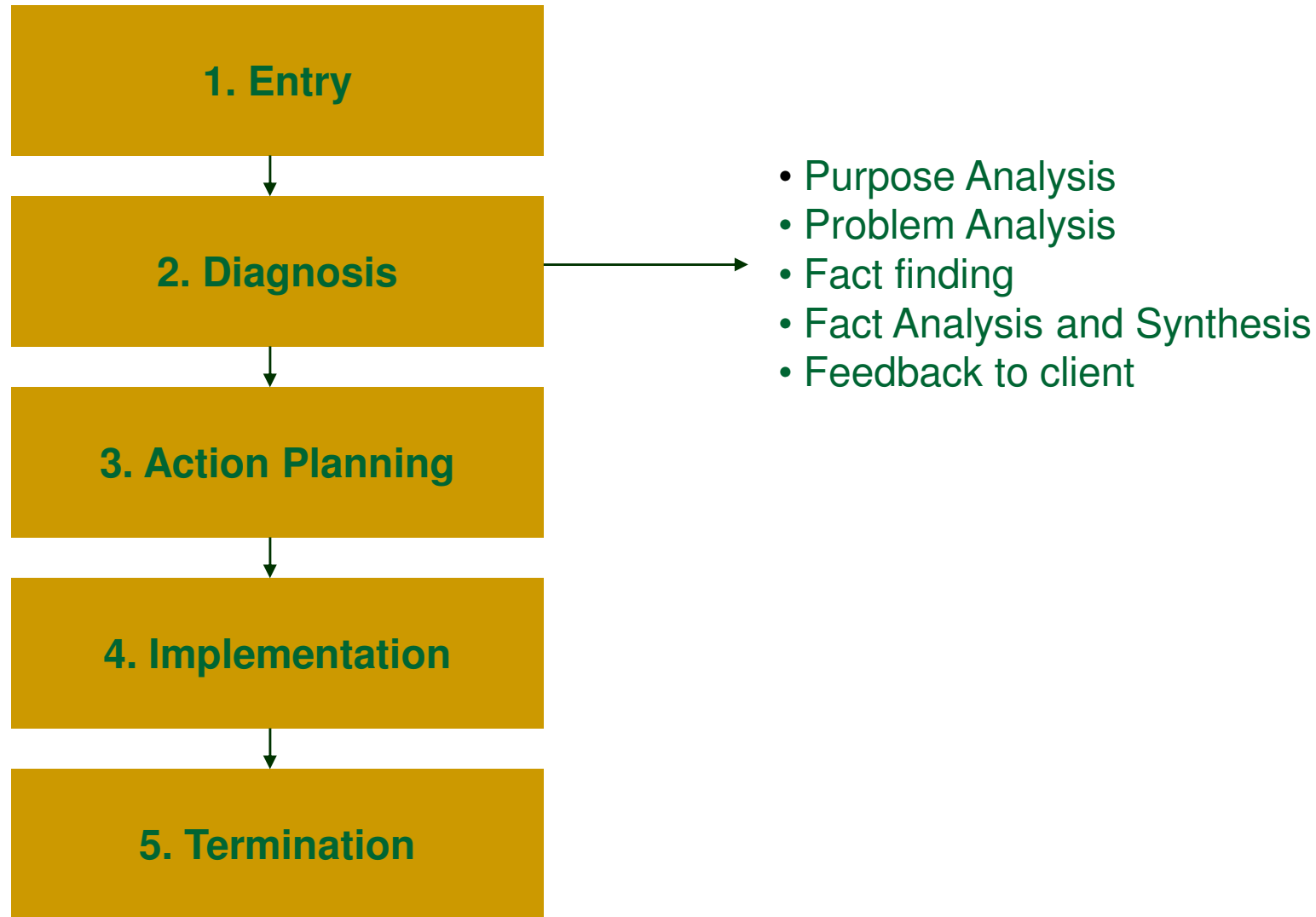- Knowledge based relationship
- Relationship of trust

The Consulting Process

1. Entry

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2. Diagnosis

↓

3. Action Planning

↓

4. Implementation

↓

5. Termination

The Consulting Process

1. Entry →
- First contact with client
- Preliminary problem diagnosis
- Assignment planning
- Assignment proposals to client
- Consulting contract

2. Diagnosis

3. Action Planning

4. Implementation

5. Termination

The Consulting Process

1. Entry

↓

2. Diagnosis → • Purpose Analysis
- Problem Analysis
- Fact finding
- Fact Analysis and Synthesis
- Feedback to client

↓

3. Action Planning

↓

4. Implementation

↓

5. Termination

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The Consulting Process

1. Entry

2. Diagnosis

3. Action Planning

- Developing solutions
- Evaluating alternatives
- Proposals to client
- Planning for implementation

4. Implementation

5. Termination

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The Consulting Process

1. Entry

↓

2. Diagnosis

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3. Action Planning

↓

4. Implementation ⟶ • Assisting with implementation
• Adjusting proposals
• Training

↓

5. Termination

The Consulting Process

1. Entry

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- Evaluation
- Final Report
- Setting commitments
- Plans for follow up
- Withdrawal

The "usual" Consulting Process

Objectives and results to be achieved

The expertise to be provided by the consultant

The nature and sequence of tasks

The client's participation in the assignment

The resources required

The time frame and time table

The price to be paid

Other conditions as appropriate

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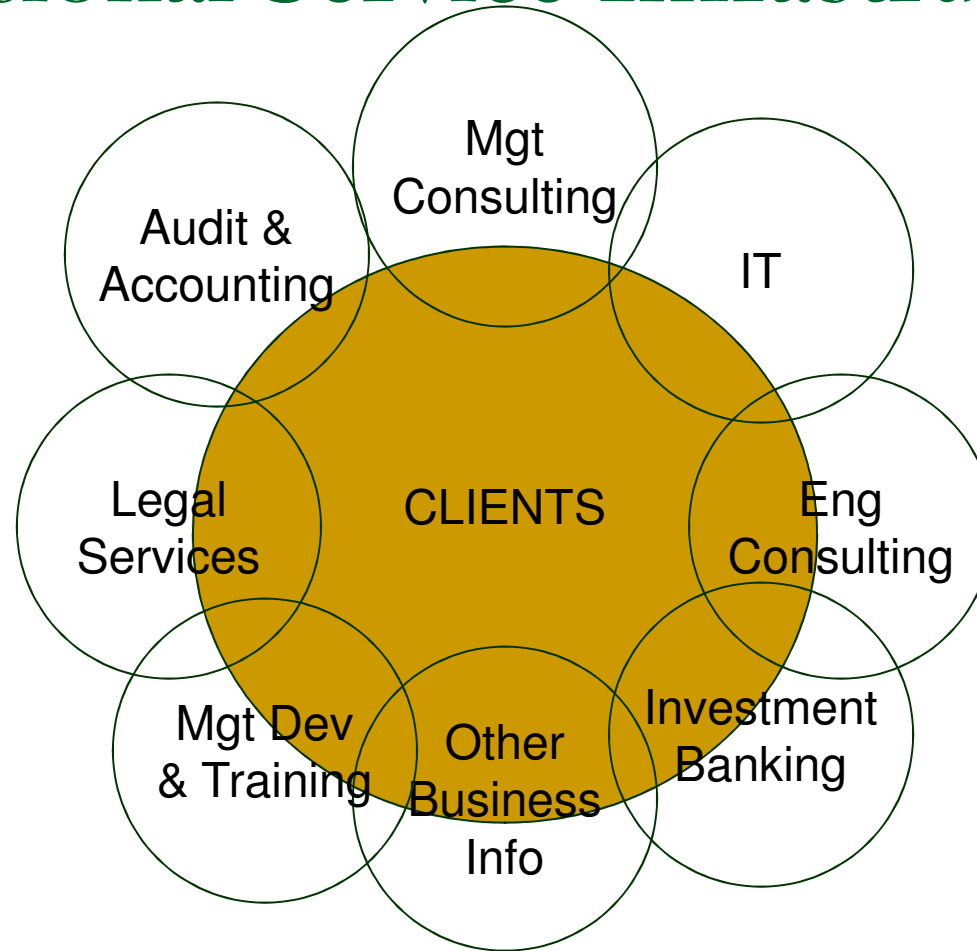SCHOOL OF
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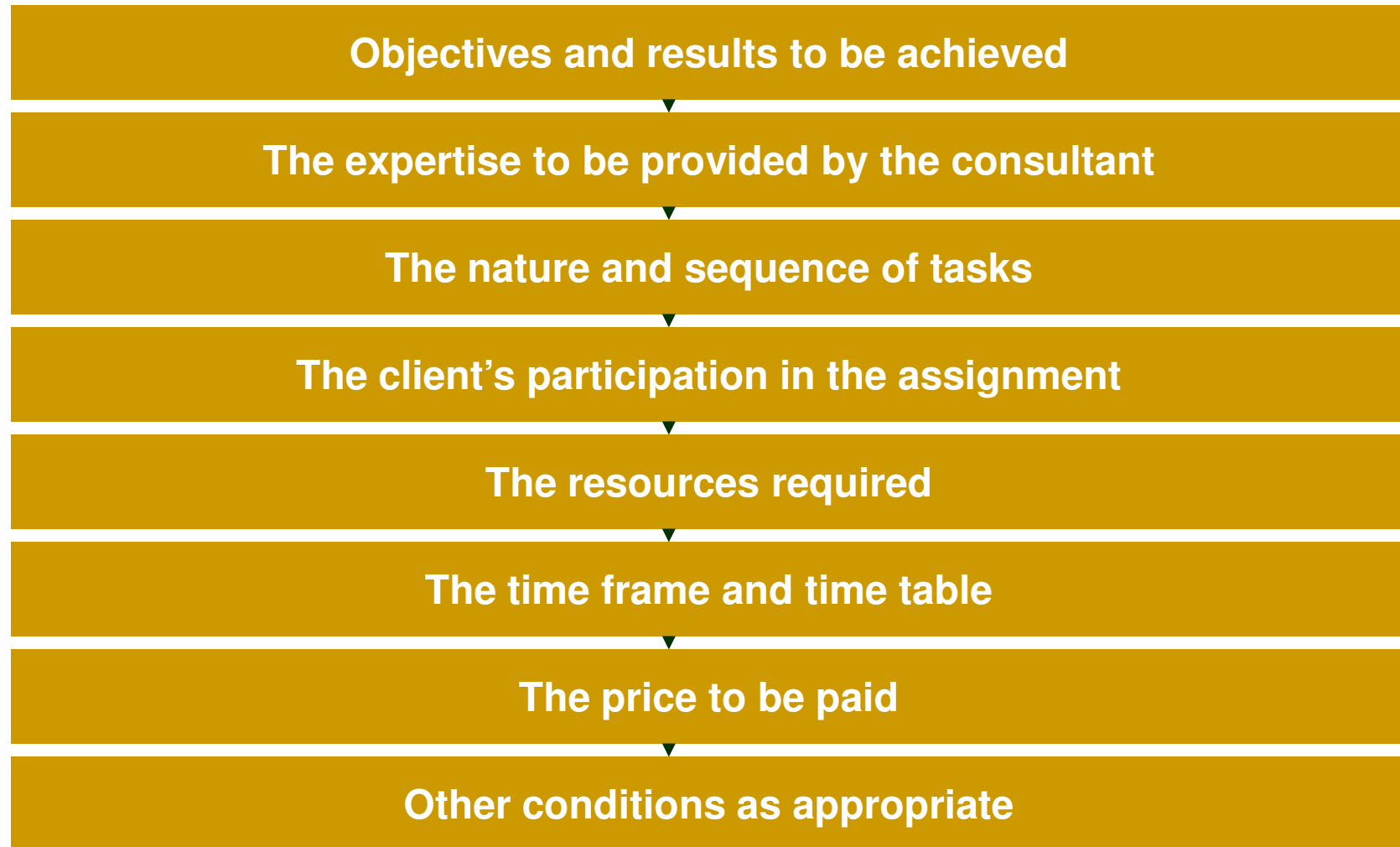
Alternatives to Separate Consulting Assignments

- ## A generalist retainer:
  - The C follows global results and trends and looks for opportunities;

- ## A specialist retainer:
  - The C provides the client a permanent flow of technical information;

- ## Framework contract:
  - The C is contracted for a certain and specific job over a period of time

Outsourcing

- **Activities that previously carried out within the business:**

- **Factors Influencing Outsourcing are:**
  - Benefits to the client:
  - Technical improvement:
  - Legal provisions:
  - Ethical issues:
  - Commercialisation.

Professional Service Infrastructure

Mgt Consulting

Audit & Accounting

IT

Legal Services

CLIENTS

Eng Consulting

Mgt Dev & Training

Other Business Info

Investment Banking

Consulting & Training

- Knowledge transfer and learning;
- C view training as their intervention solution;
- Setting up Training centres as part of consulting;
- C are also part-time trainers, lecturers;
- Drawing from training to consulting and vice versa;
- In some educational establishments consulting has become an institutional function;
- Hybrid firms.

Consulting & Research

Factor	Research	Consulting
Problem	Mainly fashioned by researcher	Mainly fashioned by client
Time Scale	Usually flexible	Tighter and more rigid
End Product	New theories	Better management practice
Ownership of Information	Usually publicly available	Often confidential
Decision Making	Focus may change	Discretion limited to main task only
Academic Rigour	Methodology tight	Minimum level appropriate
Evaluation	Exrernal, by peers in scientific community	Internal by company

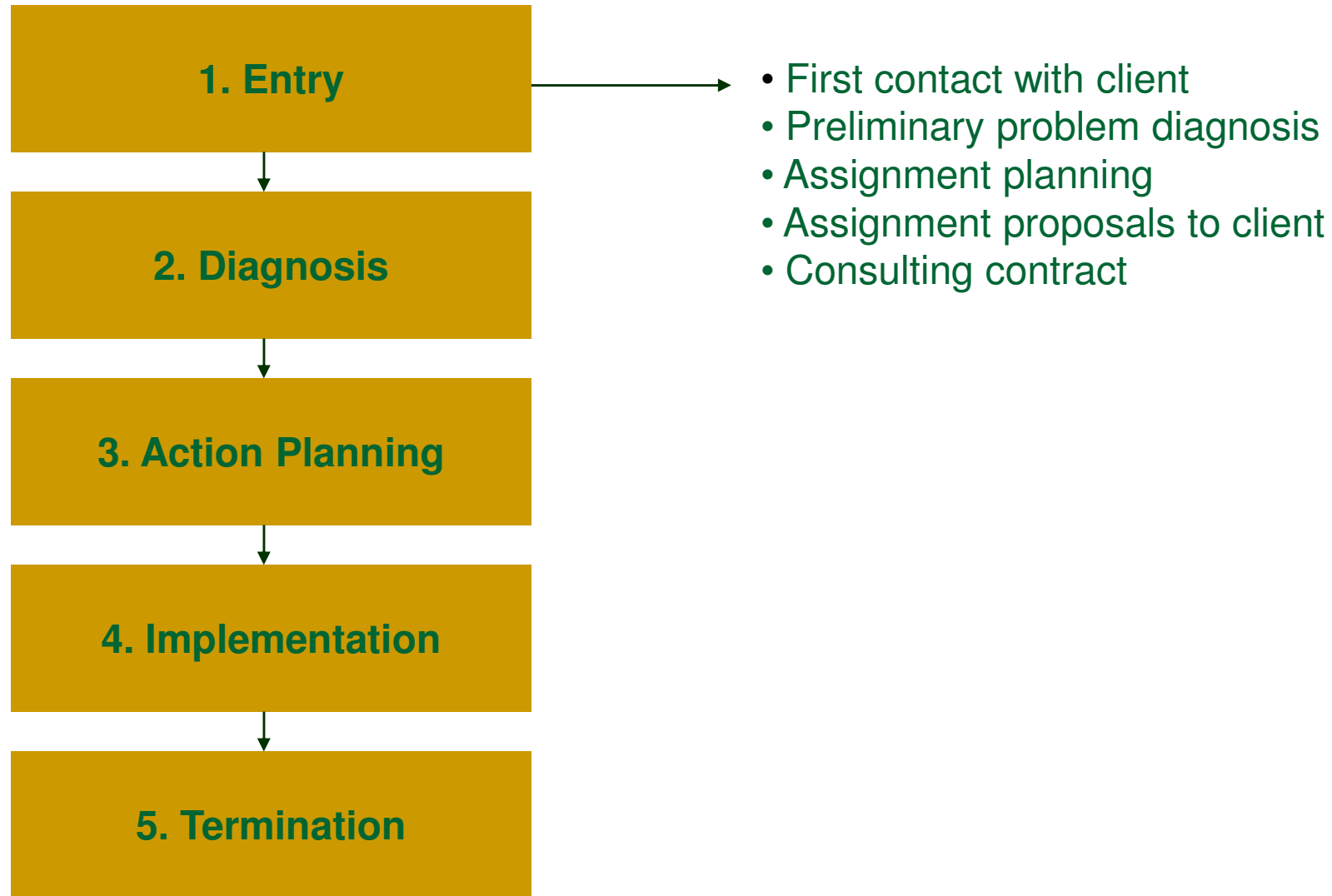# The Five Stages of the Consulting Process

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The Entry Stage

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Who contacts who!

- **Reactive Approach:**
  - ❑ The client contacts the consultant in order to solve a problem or to work out a solution to an issue;
  - ❑ The client is generally eager and demands an urgent meeting;
  - ❑ The issues are unclear and not defined.

- **Proactive Approach:**
  - ❑ The client contacts the consultant ahead of a problem;
  - ❑ The client is interested in getting advice before any action has been taken;
  - ❑ The client generally has a good idea of the project

The initial meeting

- **Is this a chess game or an understanding process?**
  - How has the client learned about the consultant?
    - Recommended
    - Repeat Business
    - Professional Registry

  - *Role Play: A new client has just asked for a meeting. He proposes a date and a meeting place. How would you prepare yourself for this meeting? What preliminary research would you undertake and why? Prepare an agenda for the first meeting.*

Preliminary Problem Diagnosis

- Consultants should use every piece of information that has been said, seen, understood and implied;

- A preliminary diagnose is NOT part of the solution but to draw a preliminary plan – proposal – for the client to evaluate;

- Proceed from the general to the particular, from overall objectives to reasons for substandard performance or missed opportunities.

The Consultant's Approach

Study the current state of affairs (Past – Present – Future)

Strengths and weaknesses

Possible improvements, opportunities

Action needed and help proposed

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Preliminary methodological guidelines

- **Based on relationships and proportions in the client organisation;**
  - *Looking into the main processes,*
  - *Identifying the relationship between inputs, processes and outputs,*
  - *Relationships between principal indicators of performance.*
- **Using comparisons;**
  - *Temporal,*
  - *By the respective division and process.*
- **The client's involvement**

Getting hold of the information

- Information gathering could be a nightmare for most consultants
- Information is generally within the organisation but hardly ever presented in the correct way.
- The consultant's role is to identify the information required as well as the sources through which this information can be obtained.
- Generally through publications, records, files

Setting the terms of reference

- Is generally described as the framework of the consulting job.

- It should serve as a guide that regulates the objective relationship between the client and the consultant.

- Gives the client comfort of recognizing what will be achieved.

- Gives the consultant a contextual framework.

Assignment and strategy plan

Summary of problem

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Objectives to achieve and action to take

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Phases of the assignment

↓

Role defintion

Building the Proposal

- There is no perfect way how to present the proposal.
- This depends on the client's needs, expectations and urgency.
- Each proposal must have enough information about:
  - Technical aspects of the job
  - Staffing
  - Consultant and background
  - Financial terms and other items

Contracting

- This regulates the relationship between the client and the consultant.
- Consulting companies adopt different rules and practices.
- The consulting contracts must include:
    - The terms of reference
    - The objectives of the assignment
    - Expected outcome
    - The consulting team (key personnel)
    - Time frame
    - Cost
    - Other legal issues…opt out clauses, etc.

Group Exercise

You are asked to use one of the case studies and prepare and by using the information available draw up:
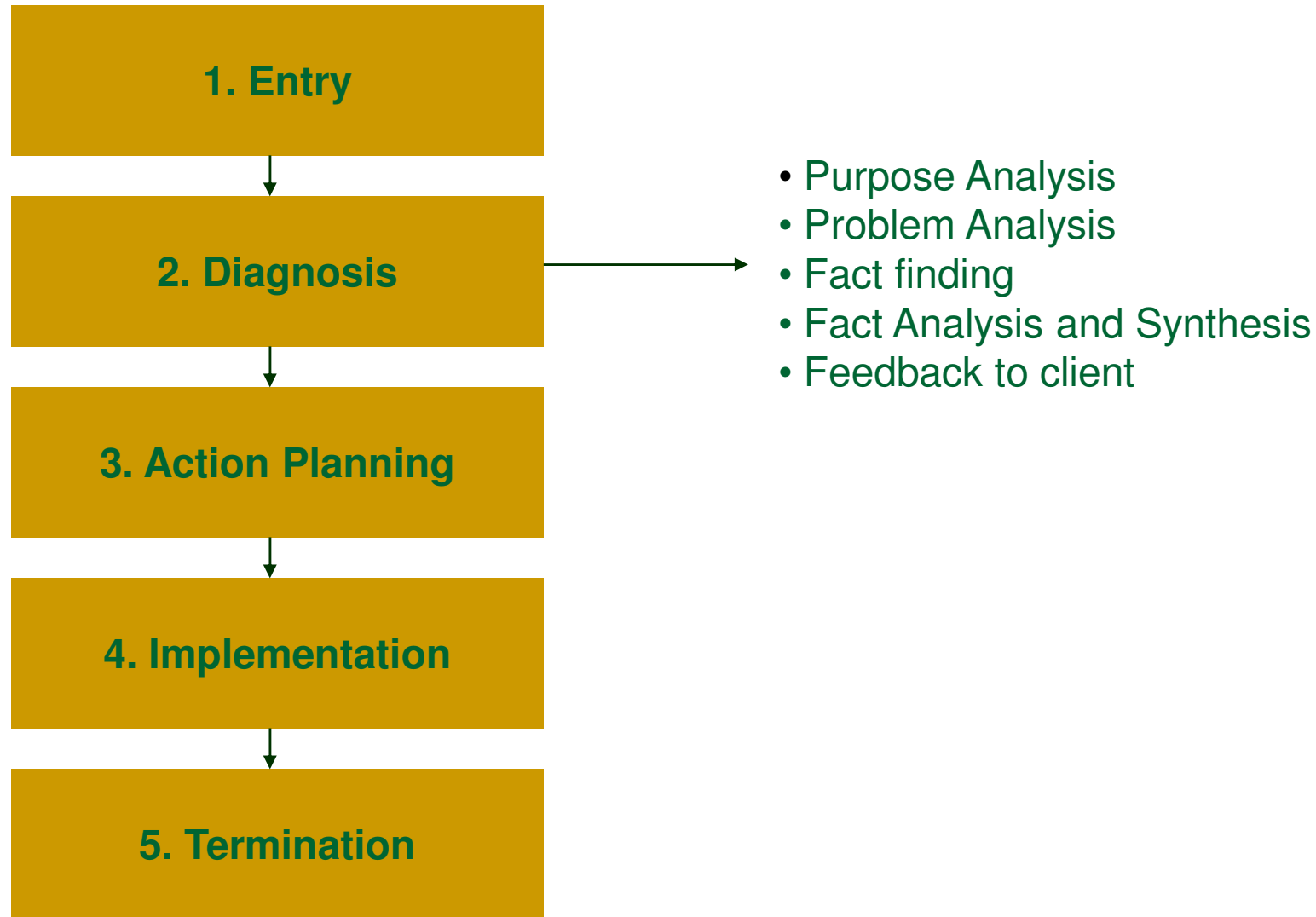
- (a) terms of reference

- (b) assignment objectives

- (c) Develop the main points for a proposal

- (d) How would you present this proposal to the client.

Diagnosing

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- Purpose Analysis
- Problem Analysis
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Diagnosis

- This is one of the most important stages in the consulting process since it should direct the consultant to the real issue of the problem.

- Diagnosis is NOT a mere collection of data but it is based on selected data and is consistently focused on the purpose of the project.

- The consultant must be rigorous to focus on what is causing the problem rather than jumping into action plans.

General causes to the problem

- Describing the substance of the problem (problem definition)

- Identifying where the problem exists within the organisation (physical location)

- Identifying who is responsible (ownership)

- Identifying the magnitude of the problem – worth working on or not!

Common pitfalls in diagnosis (Kubr p.186)

- Mistaking symptoms for problems,
- Preconceived idea about the causes of the problems,
- Looking at the problem from a technical point of view only,
- Ignoring how the problem is perceived in various parts of the organisation,
- Wrong appreciation of the urgency of the problem,
- Unfinished problem diagnosis,
- Failure to clarify the focus purpose.

Data gathering

- **Factual and objective data:**
  - Company records
  - Audited Accounts
  - Audited Processes

- **Inferred Data**
  - Personal analysis from different sources
  - Estimates

- **Qualitative Sources**
  - Personal interviews
  - Surveys - Questionnaires
  - Tested models

Managing Data

- Cultural factors affecting data gathering and analysis,
- Data analysis and data synthesis – two sides of the same coin,
- Editing data to meet the current research,
- Classifying data in line to the assignment,
- Anlysis organised data

Different methods of analysis

- Casual Analysis – aims to discover different relationships between conditions and events,
  - Cause-effect relationship
  - Basic or primary cause
  - Multiple causes of one effect
  - Multiple effects of one cause
  - Cause or culprit
- Forced Field Analysis (Lewin)
- Comparison Analysis
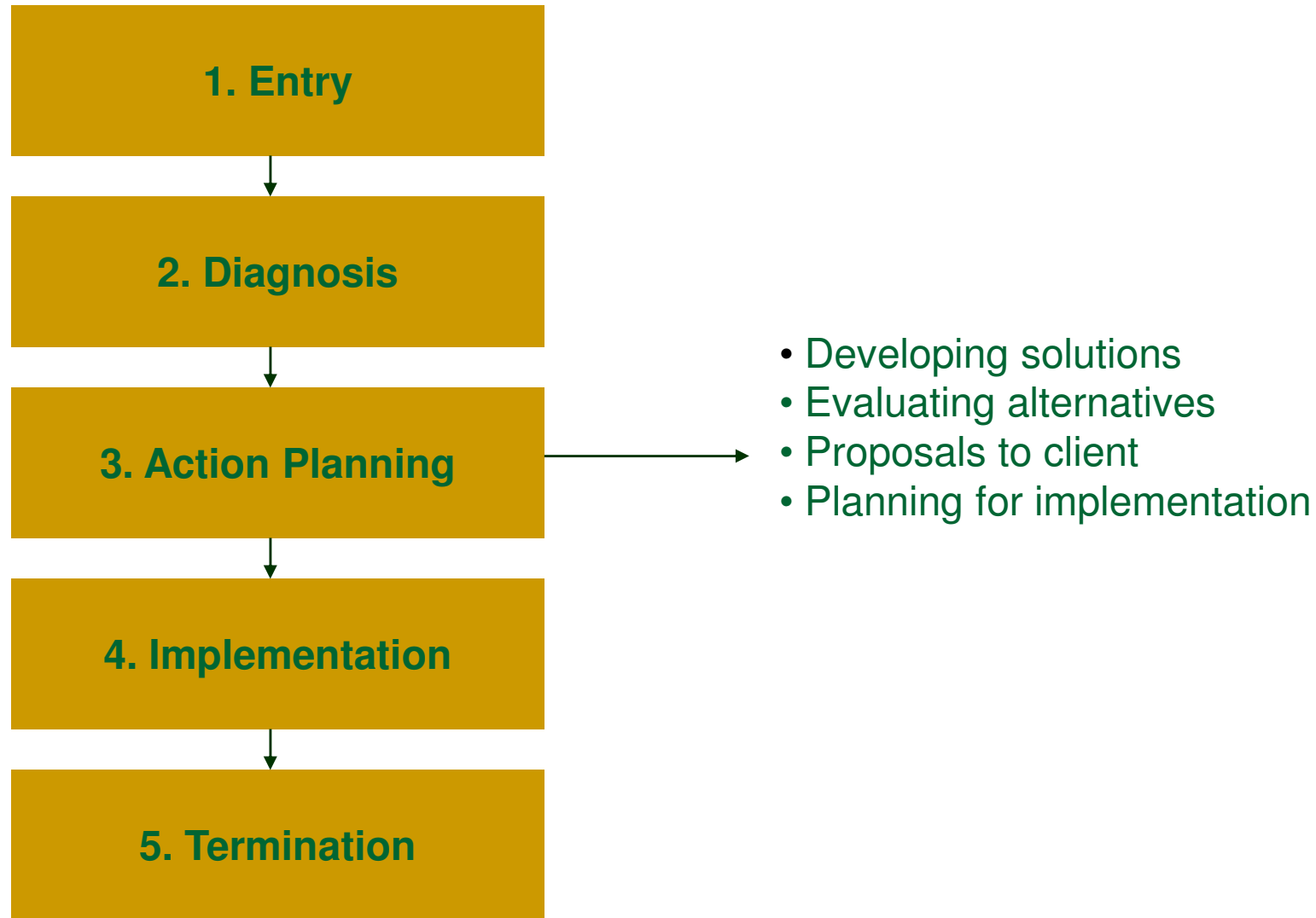- Synthesis (drawing a whole picture from different parts)

Group Exercise

1) You are asked to use one of the case studies and propose different methods of evaluation.

2) Explain why would you have selected some methods over others?

3) What type of data do you think is required and why?

Action Planning

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Action Planning

- This very active phase in consulting includes:

  - Developing possible solutions to the problem,
  - Choosing among alternative solutions,
  - Presenting proposals to the client,
  - Preparing for the implementation of the solution chosen by the client.

Searching for possible solutions (Kubr, p.215)

- What should the new solution achieve?
- How will the new situation differ from the present?
- Are the effect likely to last?
- Where could solutions or ideas be found?
- What difficulties may arise?
- Who will be effected?
- When is the best time to change?

The thinking process

- **Experience is a good source to identify action plans;**
  - Tacit knowledge about the various issues involved in the process,
  - Transferring information to knowledge to wisdom,
- **Creative thinking;**
  - The relating of things and ideas that were previously unrelated,
    - The process of creative thinking involves:
      - Preparation – Effort – Incubation – Insight – Evaluation.
    - Brainstorming & synectics (problem solving groups)
    - Attribute listing
    - Forced relationships
    - Morphological Analysis (matrix)
    - Lateral thinking – ex six thinking hats
    - Breakthrough thinking

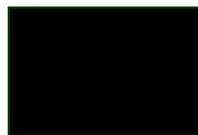# Exercise – The Six thinking hats
(Edward de Bono)

- Assessing available information

- Feelings and emotions about the issue

- Looking and gains and advantages

- Looking at constraints, criticism, risk
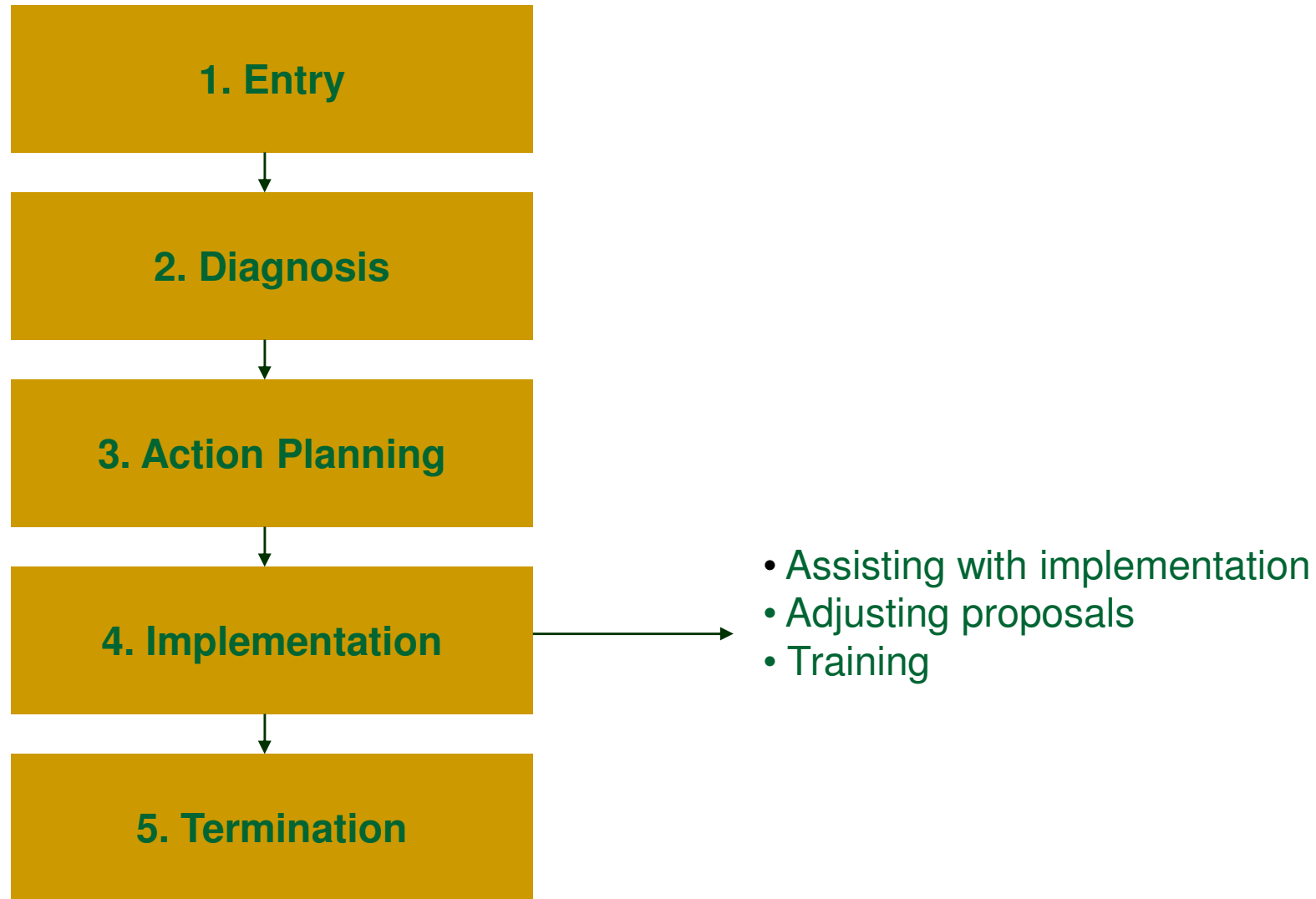
- Creativity and new idea

- Pulling the whole thinking process

Implementation

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The Consulting Process

1. Entry

↓

2. Diagnosis

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3. Action Planning

↓

4. Implementation →
- Assisting with implementation
- Adjusting proposals
- Training

↓

5. Termination

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Consultants role in implementation

- There is a constant debate whether the consultant should be part of the implementation process.

- Technically, it is the client who has to make the necessary decisions to implement (or not) the consultant's recommendations.

- The consultant may not necessarily be involved if the problem is relatively easy and the client has demonstrated understanding during the diagnosis.

When Consultants are part of the implementation

- There should be an *a priori* agreement about the new role the consultant should play including.

  - Clear terms of reference describing the consultants role and the clients role in the implementation process,
  - Consultants should not assume management's responsibility in making decisions,
  - Generally consultants should deal with most difficult tasks,
  - The consultant's role should gradually reduce.

Implementation steps

- Identify the clear steps to be taken by the consultant and the client,

- Define the responsibilities,

- Pace and lead time of implementation,

- Built-in flexibility and contingency

- Detailing procedures,

- Monitoring implementation – through regular visits.

- Training the client

Some tactical guidelines for introducing changes at work

- **Tactic 1: The best method.**
    - This approach involves that stakeholders are well informed and trained before in order to change the general attitude and behaviour.

- **Tactic 2: Spaced practice**
    - This approach states that improvement in performance occurs more quickly, in greater depths and last longer if new approaches are introduced in relatively short periods with the provision for rest periods.

Some tactical guidelines for introducing changes at work/2

- **Tactic 3: Rehearsal.**
    - When changes involve skills, results constantly improve with spaced practice.

- **Tactic 4: Moving from the known to the unknown**
    - Moving from what is known to something which is still not adequately established by the participants.

Some tactical guidelines for introducing changes at work/2

- **Tactic 5: Setting demanding but realistic goals.**
  - Setting targets slightly higher than would normally be expected.

- **Tactic 6: Respecting the absorptive capacity**
  - Respecting the fact there generally there is a limit how much people ca absorb. Knowledge and experience both play very important part.

- **Tactic 7: Providing evidence and feedback**
  - Implies maintaining a constant communication loop with all stakeholders.
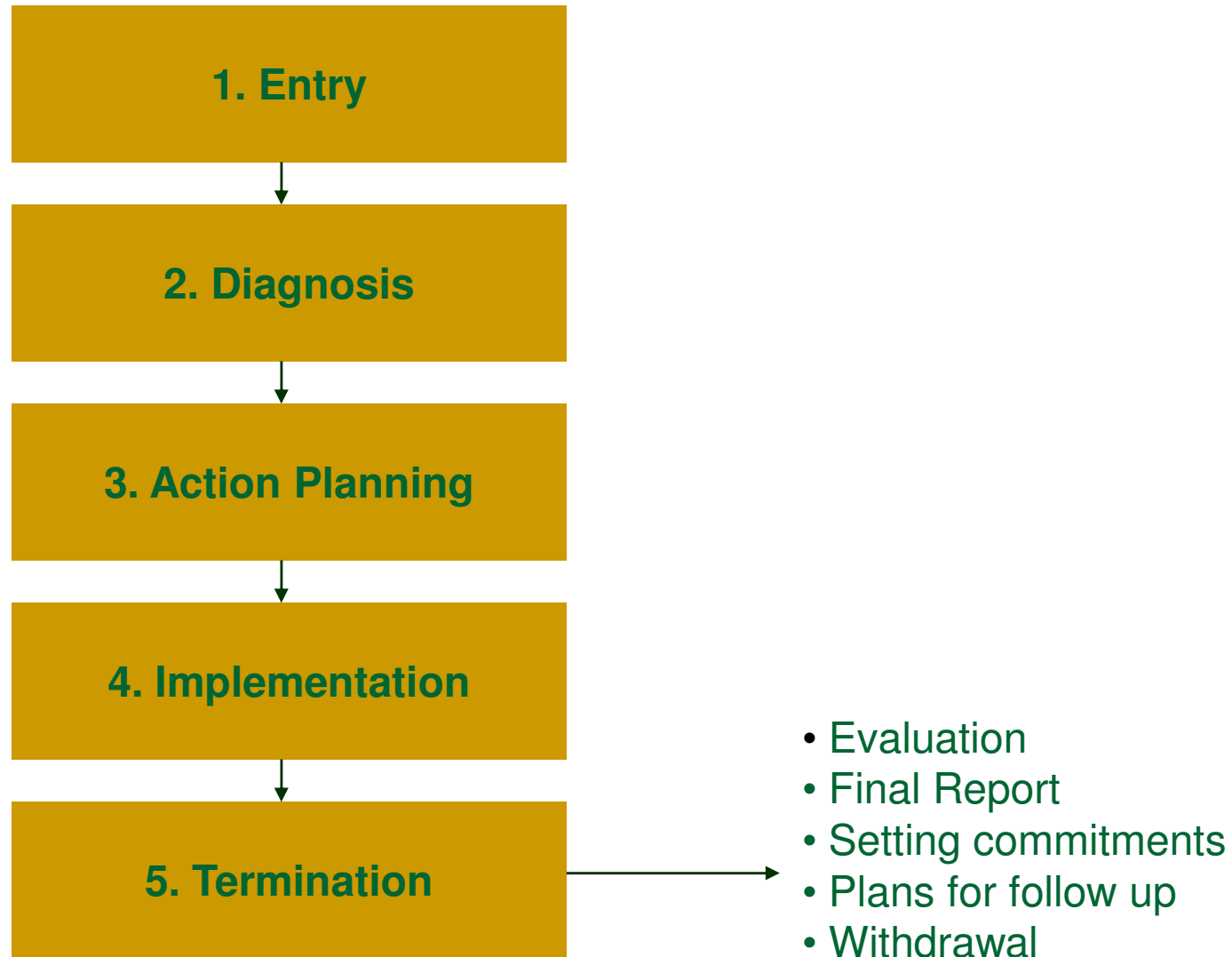
Exercise

- You are asked to make use of one of case studies and propose a an implementation programme.

- Outline the most appropriate implementation approach and give reasons for your choice.

Termination

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The Consulting Process

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- Evaluation
- Final Report
- Setting commitments
- Plans for follow up
- Withdrawal

Termination

- Any termination should be clear and ideally agreed between both parties.

- Has the consulting job been completed;

- Will the consulting job be discontinued;

- Will the consulting job be pursued but without further help from the consultant.

When is it time for withdrawal

- **Preparation for withdrawal**
  - Is the consultant withdrawing before the planned time
  - Is the consultant withdrawing on time
  - Is the consultant withdrawing after the planned time

- **Be aware for the withdrawal symptoms and never stay longer than actually required.**

Evaluating the consulting job

- Who should evaluate the consulting job?

- What are the parametres for evaluation?

- Evaluating benefits:
  - New capabilities
  - New systems
  - New relationships
  - New opportunities
  - New behaviour
  - New performance

Evaluating the Consulting Process

- The design of the assignment (the contract)

- The quantity and quality of inputs

- The consulting mode (style)

- The management of the assignment by the consultant and the client

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