MANAGEMENT CONSULTING

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CONTENTS

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Welcome to the Management Consulting Journal issue two.

Welcome to Management Consulting Journal issue two. One of the Journal's aims is to highlight and debate issues pertinent to the management consulting sector and management consulting practice. To that end, we're delighted to include a practitioner paper from Melissa Hernandez, Senior Marketing Executive at Propero Partners around the adoption of digital marketing in management consulting – 'The dangerous discord between sentiment and reality: how management consultancies should be using digital marketing'.

Also in this edition are papers from Olga Matthias on the impact on the changes in purchasing practice of those buying consulting services and from Christopher Williams and Jacqueline Jing You on building resilience in client organisations. This edition starts with two perspectives around the same question – why the management consulting sector is stronger in some countries than others.

We open with an explanation of the 'consulting readiness index' which is a project being taken forward by the International Council of Management Consulting Institutes (ICMCI). This is followed by a note on new research into the national drivers of management consulting use by ICMCI Academic Fellows Andrew Sturdy and Joe O'Mahoney. You may have seen reference to this research thread in the UK Financial Times earlier this autumn.

Thanks to all contributors and to my colleagues on the editorial board who reviewed the submissions.

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MANAGEMENT CONSULTING
JOURNAL

TOWARDS THE CONSULTING READINESS INDEX

Dr Simon Haslam, Robert Bodenstein & Tamara Abdel-Jaber.

How developed is a country's management consulting sector?

The Consulting Readiness Index (CRI) is offered as a means of helping determine the degree to which a country's management consulting sector is developed and to provide pointers to the aspects which are potentially holding back development. The driver for this study is the International Council for Management Consulting Institutes (ICMCI), whose focus is to encourage the professionalisation of the sector and the quality of consulting work. For the ICMCI, a greater understanding of the factors that accord with strong management consulting markets can help with its understanding of the global dynamics in the management consulting sector and also help focus support to the national Institutes of Management Consulting (IMCs).

There are a range of perspectives that indicate the degree to which a country's management consulting sector is 'developed' or not. Numerical indicators, such as the financial value of the management consulting market in a country or the proportion of the working population in the country that are employed as management consultants, can be considered along with ideas like the presence and penetration of a management consulting professional body in the country.

The main point of reference used in the business media to indicate the relative strength of management consultancy is the country's spend in that activity – for example, the USA is the biggest management consultancy market in the world with management consultancy market revenues of over $63m in 2017 (Sourceglobalresearch, 2018).

Raw market size data would perhaps flatter larger economies and discriminate against smaller ones when considering how well the country's consulting market is developed – the USA management consulting sector has a higher annual value than the Gross Domestic Product (GDP) of all but the largest 75 economies in the world, for example. To facilitate a fairer comparison and avoid a 'size is everything' position, the management consulting market size was considered in relation to each of two factors, the country's GDP (2017 data) (The World Bank, 2018) and its population (2017 data) (United Nations, Department of Economic and Social Affairs, Population Division, 2017). The rationale for using GDP was that the proportion of GDP that was attributed to management consulting would indicate the relative economic importance of that activity to that country – and if it is important, the sector is probably taken more seriously and, as a consequence, becomes more developed. An alternative is to use a country's population instead of GDP, so the degree to which a country's management consulting market is developed is indicated by the financial value of the management consulting sector per capita, much in the way that GDP per capita is used as a proxy for the state of the country's economic development. Both the GDP-based and population-based options in assessing the relative strength of a country's management consulting sector have merit and this paper explores each in turn. Perhaps the ideal outcome would be if the same factors/conditions were found to relate to both.

Defining the size of management consultancy markets

Determining the size of national markets can be both difficult and contentious. There were two pitfalls the project sought to avoid, to help give this work as much substance as possible. These were the pitfall of interpretation and the pitfall of consistency. 'Management consultancy' is a sub-set of the broader consultancy market and how such a term is interpreted might vary from country to country. How the size of a market might be calculated could also vary by country or by research project. This led to the decision for the CRI to use only market size data from a single source. In this way (assuming interpretive and methodological consistency within that source), the project was able to move forward with a means of offering meaningful comparison. With this as a key requirement, all the data on the national market sizes for management consulting firms were obtained from Source Global Research, a commercial research organisation focusing on the consulting sector (Source Global Research, 2018).

A sample of fifteen countries was selected, the sample chosen to reflect different geographical areas, cultures, country sizes and amount of management consulting. Figure 1 shows the size of the management consulting markets ($m) for the fifteen countries in the sample. It also shows the strength of the management consulting markets in terms of the proportion of a country's GDP and as a percapita figure. Please note, the main role of the data from Source Global Research was to provide solid reference points for the creation of the CRI by ensuring that geographically diverse data were unified by common sector definition and data gathering methodology.

Country	Size of management consulting market (2017 data, $m)	Strength of management consulting sector to GDP ($m /$bn GDP)	Strength of management consulting sector per capita - $m/pop (million)
USA	63,185	.326	194.7
UK	10,006	.382	151.1
Germany	9,141	.259	116.2
France	5,111	.198	78.6
Australia	5,003	.378	205.0
China	4.992	.041	3.5
Canada	3,912	.237	106.9
Spain	1,662	.127	35.8
Italy	1,412	.073	23.8
Netherlands	1,402	.154	82.5
Japan	1,408	.029	11.0
Switzerland	1,241	.183	146.0
Brazil	1,183	.058	5.7
Russia	493	.031	3.4
Austria	321	.077	36.9

Fig 1. National management consulting markets (sample of 15 countries)

As stated above, a single source was used for the size of the management consultancy markets in each of the countries. This enabled a) consistency of interpretation of the term 'management consultancy', b) a consistent process by which the market size data were gathered, and c) a robust and independent foundation to the data. Without such consistency it would be hard to trust the comparability of the data – which is key to the creation of an index.

Method

The expectation was that, as an 'index', the CRI would incorporate a range of indicators with no single existing indicator being sufficiently robust or comprehensive to function as the CRI by itself.

The quest for insight into possible factors or indicators germane to the development/strength of a country's management consulting sector involved desk research and engagement with the ICMCI's community of Academic Fellows. Academic Fellows are prominent researchers and thought-leaders from around the world with an interest in the management consultancy sector. Most have professorial positions at universities or business schools and most have extensive publication records in the sector. The ICMCI has a community of around fifty Academic Fellows (Sturdy, A. J. and O'Mahoney, J., 2018). Input on behalf of the ICMCI Board, the sponsors of this work, was also provided – ICMCI Board members typically have prominent roles in consulting practices and insight into the global management consulting sector. Thirty-two factors were offered as potential components of the CRI.

Each of the thirty-two factors was then evaluated from two perspectives, reliability and validity. In this context, reliability meant the ability to gather data consistently across a range of geographies to enable meaningful direct comparison. If a factor was not considered to be reliable it was excluded from further study. A valid factor is one capable of shining a light on the relative strength of a country's management consulting market. This means it varied in proportion with differences in the sizes of national management consulting markets. Validity was determined statistically by looking at the correlation between the factor and strength of a country's management consulting market (by the GDP and percapita routes). Any factor of interest to the CRI needed to be both reliable and valid. There was also a third level of screening which involved de-prioritising any indicator which overlapped with or covered the same area as another indicator. This was to remove duplication and prevent factors being double or treble counted in the creation of the overall index. Where more than one indicator looked at the same area, we prioritised the indicator we judged to have the strongest provenance and the more comprehensive global applicability, recognising this project has a world-wide perspective. The Appendix shows the thirty-two indicators and the analysis of their relative reliability and their validity as a means of indicating variance in the strength of national management consulting markets.

Assessing correlation and testing indicators

The assessment of each of the thirty-two possible indicators led to a group of indicators which are shown to vary in relation to the GDP-based perspective of the strength of the country's management consulting sector and a group of indicators which are shown to vary in relation to the percapita based perspective of the strength of the country's management consulting sector.

The analysis can be taken forward in three possible directions. First – to focus on the indicators linked to the GDP-based perspective. Second – to focus on the indicators linked to the per capita-based perspective. Third to focus on the indicators which appear in both groups. Prior to exploring these options, it is useful to note some of the reliable indicators that are shown to offer no illumination on the relative strength of a country's management consulting sector.

Indicators of relevance

The valid indicators that relate to the strength of a country's management consulting market are shown below. There are two validity (VAL) columns. The first refers to validity of the indicator with respect of the strength of a country's management consultancy market as a function of GDP. The second refers to validity of the indicator with respect to the size of a country's management consultancy sector per capita of population. Valid indicators are suggested as those where the mathematical correlation between the indicator and the strength of the consulting market showed a P value (or probability of significance) of 0.63 or over (P values shown in brackets, a perfect correlation is a P value of 1).

Indicator	VAL (GDP)	VAL (pop)
GDP per capita	No	Yes (0.76)
Hofstede: Individualism-Collectivism	Yes (0.83)	Yes (0.83)
Hofstede: Long Term Orientation	Yes	No
Global Talent Competitiveness Index (2018)	No	Yes (0.83)
Int. Property Rights Index (2017)	No	Yes (0.67)
Index of Economic Freedom (2017)	Yes (0.71)	Yes (0.83)
e-Govt Development Index (2018)	Yes (0.66)	Yes (0.72)
Global Creativity Index (2015)	Yes (0.81)	Yes (0.83)
Human Development Index (2015)	Yes (0.63)	No
Corruptions Perception Index (2017)	Yes (0.65)	Yes (0.73)

Fig 2: Valid indicators which vary in relation to the strength of national management consulting sector strength.

There are six valid indicators which correlate (P equal to or greater than 0.63) with the variance in the sample countries' strength of the management consultancy market as a function of GDP. There are eight valid indicators which correlate (p equal to or greater than 0.63) with the variance in the sample countries' size of the management consultancy sector per capita of population.

Five of the indicators are valid in both interpretations of the relative development of the management consulting sector. It is recommended these five are considered as the basis of the proposed Consulting Readiness Index, on the basis they apply to both interpretations of the strength of countries' consulting market. The five are:

Hofstede: Individualism-Collectivism (IDV), national culture measure. This index highlights the degree to which people in a society are integrated into groups (Hofstede, G, 2011). Individualistic societies have loose ties that, in the opinion of Hofstede, often only relate to an individual's immediate family. In collective societies, these integrated relationships tie extended families and others into 'in-groups'. These 'in-groups' are characterised by internal loyalty and mutual support, for example in the face of conflict with another group. IDV scores range from 0-100 with higher scores reflecting the more individualistic societies.

Index of Economic Freedom (IEF) (The Heritage Foundation, 2018). The Index of Economic Freedom was created in 1995 by The Heritage Foundation and The Wall Street Journal. It is designed to measure the degree of economic freedom within a country. This is based on twelve factors within four broad categories: the rule of law; government size; regulatory efficiency; and open markets. The index has a scale of 0-100, with higher scores representing countries with greater economic freedom (each of the twelve factors is equally weighted to create the index).

e-Government Development Index (EGDI) (United Nations, 2018) This index is a United Nations creation and has its roots in the UN General Assembly Resolution 66/288 'The Future We Want'. This strand of the resolution takes an ICT focus and looks at the flow of information between governments and the public and recognises the power of communication technologies to promote knowledge exchange, technical cooperation and capacity building for sustainable development. The index scale is 0-1 with higher scores representing countries with the more developed e-government processes.

Global Creativity Index (GCI) (Florida, R., Mellander, C., King, K.M., 2015). This is a four-dimensional ranking of countries. It combines individually ranked countries bases on creativity, technology, talent and tolerance in the overall score. The CGI is published by the Martin Prosperity Institute which belongs to the University of Toronto's Rotman School of Management. The index ranges from 0-1 with higher score representing higher national creativity.

Corruption Perceptions Index (CPI) (Transparency International, 2018). This index has been published annually since 1995 by Transparency International. It ranks countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. The index uses a scale of 0-100 where 0 is very corrupt and 100 is very clean.

Calculating CRI using multiple indicators

Having identified indicators with the capability of illuminating the relative strength of a country's management consulting sector, the next step is to combine a range of indicators to create a CRI. The proposition is:

CRI = f (IDV, IEF, EGDI, GCI, CPI)

In this process it is important that no single indicator dominates to the point it distorts the overall picture. To facilitate this, the indicators were modified to give each the same scale and variance – the strongest point on the scale being +1 and the lowest point on the scale being 0. In this way the shape of the data's distribution within that indicator is maintained and the power of each indicator's 'voice' equalised such that they might be combined harmoniously. The five figures were then multiplied together to create the CRI.

Country	CRI	IDV/100 2017	IEF/100 2017	EGDI 2018	GCI 2015	CPI/100 2017
Australia	**0.493**	.90	.810	.905	.970	.77
UK	**0.442**	.89	.764	.900	.881	.82
USA	**0.427**	.91	.751	.877	.95	.75
Canada	**0.391**	.80	.785	.826	.920	.82
Netherlands	**0.387**	.80	.758	.876	.889	.82
Switzerland	**0.330**	.68	.815	.852	.822	.85
Germany	**0.294**	.67	.738	.877	.837	.81
France	**0.227**	.71	.633	.879	.822	.70
Austria	**0.195**	.55	.723	.830	.788	.75
Japan	**0.145**	.46	.696	.878	.708	.73
Italy	**0.139**	.76	.625	.821	.715	.50
Spain	**0.126**	.51	.636	.842	.811	.57
Brazil	**0.037**	.38	.529	.737	.667	.37
Russia	**0.030**	.39	.571	.797	.579	.29
China	**0.015**	.20	.574	.681	.462	.41

Fig 3: CRI = f (IDV, IEF, EGDI, GCI, CPI), for the fifteen countries in the study, and the data for the five components of the CRI

Testing the index shows the CRI has a correlation 'P value' of 0.90 when compared to the assessment of the strength of a country's management consulting sector as a proportion of its GDP and a 'P value' of 0.93 when compared to the assessment of the strength of a country's management consulting sector in respect of the size of the country's population. In both cases of assessing the strength of country's management consulting sector the CRI correlated to a greater degree than any single indicator in the index. This demonstrates the efficacy of the CRI, based on the assumptions around the determination of how strong a country's management consulting sector is and the fifteen countries in this study.

Implications

The paper has developed, tested and validated a Consulting Readiness Index (CRI) as a means of determining the relative strength of a management consulting sector, based on a sample of fifteen countries. The analysis raises some questions but hopefully also offers useful direction.

Moving the needle – as the CRI is an index of indexes, individual countries might be interested in the components within their CRI score to learn more about what factors might be particularly strong in the success of their local management consulting sectors and what factors might be applying the brakes to further progress. It might be within the power of the ICMCI/national IMC to lobby for changes or even make changes to help improve the conditions conducive to a strong management consulting sector.

Extend – the scope now exists to extend the CRI to all the counties around the world. This will give the ICMCI (and other interested parties) insight into those areas where the creation of a national Institute of Management Consulting (IMC) makes logical sense. With the penetration of the IMC sitting around 25% of countries, the potential is clear and the order of expansion more obvious.

Trends – all of the indices within the CRI are tracked over time, meaning they have value not only at a point in time, but also from the dynamic perspective. This means by looking at the direction of travel of the CRI, the ICMCI/national IMCs can become sensitised to the dynamics of the industry and recognise areas where management consultancy is likely to be on the ascendency. This means the ability exists to prepare and ‘push at the open door'.

Further development - the research drew attention to some potential indicators which, while methodologically reliable, had no relationship with the strength of national management consulting markets, in the way this project has defined. We also acknowledge the CRI may have been limited by indicators which were considered methodologically unreliable. The fact that a consistent and robust method of identifying the data was beyond the ability of this project doesn’t mean that a reliable way of generating data is beyond all possibilities – more resources and time would go a long way to resolving the reliability of the majority of these indicators. Also if reliable methods were developed, this could well introduce new validity indicators – the population of MBA graduates per country, the government spend on management consultancy and the number of management consulting courses at universities/business schools are perhaps strong candidates for consideration.

Appendix

The appendix shows the indicators studied. The reliability assessment (REL) is the degree to which the data can be gathered on the various countries around the world by a clear and consistent method. There are two validity columns (VAL). The first comments on the validity of the indicator with respect of the strength of a country’s management consultancy market as a function of its GDP. The second comments on the validity of the indicator with respect of the size of a country’s management consultancy sector per capita of population. Valid indicators are those where the correlation between the indicator and the strength of the consulting market showed a P value of 0.63 or more.

	Country indicator	REL	VAL (GDP)	VAL (pop)
1	GDP per capita	Yes	No	Yes
2	Nat econ growth rate	No (no standard reference)		
3	MBA population	No (no data)		
4	Business Schools providing MBA programmes	No (no standard definition)		
5	Consulting skills training	No (no standard definition)		
6	Government spend on consulting	No (global data unavail.)		
7	Presence of overseas aid	No (global data unavail)		
8	Local presence of big firms	Big 4 – not reliable data		
8a	McKinsey office	Yes	No	No
8b	Accenture office	Yes	No	No
9	Prevailing culture (Hofstede – five dimensions)	(see 9a-e below)		
9a	Hofstede: Power-Distance	Yes	No	No
9b	Hofstede: Individualism-Collectivism	Yes	Yes	Yes
9c	Hofstede: Masculine-Feminine	Yes	No	No
9d	Hofstede: Uncertainty Avoidance	Yes	No	No
9e	Hofstede: Long Term Orientation	Yes	Yes	No
10	No of consulting firms in the country	No (no data available)		
11	Presence of multinationals	Yes	No	No
12	Presence of prof. consulting body	Yes (ICMCI)	No	No
13	Directory/register of consultants	No (global data unavailable)		
14	No of CMCs	No (no data available)		
15	Global Competitiveness Index (2017/8)	Yes	No	No
16	Ease of doing business (2017)	Yes	No	No
17	Human Capital Index (2017)	Yes	No	No
18	Global Talent Competitiveness Index (2018)	Yes	No	Yes
19	Financial market development (8 measures)	Replaced by indicator 20		
20	VC/PE Attractiveness index (2018)	No (125 countries only)		
21	Int. Property Rights Index (2017)	Yes	No	Yes
22	Index of Economic Freedom (2017)	Yes (180 countries)	Yes	Yes
23	Economic Freedom of the World (5 measures, 2015 data)	Replaced by indicator 22		
24	e-Govt Development Index (2018)	Yes	Yes	Yes
25	Global Innovation Index (2017)	No (127 countries)		
26	Global Creativity Index (2015)	Yes	Yes	Yes
27	Property Index (2017)	Yes (149 countries)	No	No
28	Human Development Index (2015)	Yes	Yes	No
29	Political stability/Absence of violence (2016)	Yes	No	No
30	Index of Globalisation (2015)	Yes	No	No
31	Connectedness Index (2014)	Yes	No	No
32	Corruptions Perception Index (2017)	Yes	Yes	Yes

The dataset for these indicators across the fifteen coutries is available from the lead authors on request, simon@consult.co.uk.

MANAGEMENT CONSULTING JOURNAL

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NATIONAL DRIVERS OF MANAGEMENT CONSULTING USE – A NOTE ON NEW RESEARCH

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Introduction

Readers of this journal will almost certainly be aware that the use of external management consultancy varies hugely – historically, across sectors and firms and, our focus here, cross-nationally. But many of us are sometimes guilty of giving the impression that it is a universal phenomenon. We may therefore, reproduce the image presented by many of the large firms as global players, with offices in scores of countries, working with both local and multinational clients.

And yet, even a cursory look at market research reports gives a very different picture, at least in terms of fee income. Almost four fifths of management consulting fees are accounted for by North America (48%) and the European Union (30%) (Source Global Research, 2016). With nearly three-quarters of European consulting revenues stemming from only three countries (Germany, UK and France) (FEACO, 2017), this means that, along with the USA and Canada, around 70% of management consultancy fees worldwide are generated in only 5 nations – over double these countries' share of global GDP. If we discount around 10% for 'export' or development-related business from this core, and accept that not all consulting is captured by the figures, it is still a huge level of geographical concentration.

This picture has been evident for some time (Gross and Poor, 2008). Indeed, the market used to be even more concentrated (Sturdy, 2011). Our ability sometimes to forget this might stem from the fact that most of those researchers, practitioners and journalists who study and/or write about consultancy tend to be based just where it is most active and visible. But our failure to make sense of national differences in the use of external management consultancy is less excusable. Even among the highest users, there is considerable variation. Germany, the UK and France for example generate revenues, respectively, of $44bn, $27bn and $12bn (Marketline, 2015).

The question of how to explain national variations in the use of external management consulting was the focus of secondary research we conducted over a number of years – studying reports and literature from a wide range of academic disciplines, looking at consultancy and the related cross-national adoption of new management ideas and practices. This research has recently been published in the journal Management Learning (Sturdy and O'Mahoney, 2018). The following short paper aims briefly to introduce the basic framework we developed and raise new questions for empirical testing, exploration and collaboration.

The five drivers of national consulting use

Notwithstanding the huge diversity within consulting itself, we focused on its use for advice, facilitation, legitimation and as an extra resource (we excluded outsourcing). The study identified five key factors associated with the structure of different national contexts which shaped external consulting demand and supply - the economy, state, culture & ideology, education and organisational relationships. We take each of these briefly in turn.

Of course, economic factors are crucial, not least in terms of who can afford consultancy, but also regarding patterns of economic growth or change and sector specialisms. This is confirmed and the main focus in market research reports. It is also evident in a Consulting Readiness Index being developed by the ICMCI (Haslam et al, 2018), although this is mainly concerned with the level of market development in a country. But the economy is only part of the story. Italy, for example, has a sizable and changing economy and yet makes up only 3% of the European market (Marketline, 2015). Even the type of economy countries have is not crucial - Germany and the UK for instance are the biggest buyers in Europe and yet represent quite different forms of capitalism.

The role of the state is also important. Firstly, as a user of external consultancy, the state can drive demand and attract new entrants. Again, this varies hugely, from 10% of the markets in France and Italy to 25% in the UK (FEACO, 2017). The state has also been important historically in regulating consulting (or more often, in not doing so) and in providing and regulating competing sources of external management expertise. The former is less evident today, although the professionalisation journey of consulting continues. However, the latter continues to be important and the state can readily shape, often indirectly, who is allowed access to what can be a lucrative area of work.

The economy and the state are linked to other core drivers of business activity such as culture and ideology (see also Mohe, 2008). These are more difficult to isolate, but are reflected in the fact that consulting in Europe is based almost exclusively in the north. External consulting use can also be linked to individualism, in part, because this has been shown to correlate with openness to outsiders and their knowledge, while collectivists are more insular. Compare Japan with the US and UK for instance, which both have around twice the level of consulting use as a percentage of GDP. But care is needed. Recent research by Pemer et al (forthcoming) suggests that the opposite might be the case and that the cultural dimension of 'uncertainty avoidance' may also be linked (negatively) to consulting use.

Contrasting the USA and Japan is also relevant in terms of the management education system and the nature and distribution of management and consulting skills. A key factor here is the MBA (and related professional qualifications). One might expect that consultancy is most commonly used in countries where there are fewest management (MBA) educated managers, but, if anything, the opposite is true. MBAs and consultants tend to speak the same language and share knowledge domains, making potential clients more responsive to the consulting offer, although this might also be achieved through internal consulting options or other partnerships.

In both cases, the final factor shaping consulting supply and demand is also relevant - organisations and their networks. Although not impossible, consulting is notoriously hard to evaluate in terms of its outcomes. Not everyone agrees with this, but most recognize the centrality of relationships and trust between clients and consultants. Market entry costs may be low in external consulting, but reputation is priceless. As a consequence, consulting is most common where it has already become established in countries and their business and elite networks. This phenomenon of innovation more generally is evident historically and currently. For example, as multinational companies set up in new countries, they can act as a bridge for their consulting firms to follow them and start to establish a wider reputation and market for themselves, complementing and/or competing with existing and emerging organisations and networks of management expertise.

Conclusion and the need for empirical research

So why does it matter that consultancy use varies and is not as global as many imagine? For some, it may highlight how there is still work to be done to expand the industry and occupation further. For others, it alerts them to the fact that organisations can be advised and supported in different ways, using different sources of knowledge and expertise, including internal consulting, but also wider employee-based approaches; think tanks; industry associations and supplier/competitor networks; government sponsored organisations; and other professional services. It seems that each country has its own historically produced management knowledge regime comprising different and changing actors with different levels of prominence.

Finally, our framework suggests that there is much research yet to be done, empirically. In our research, we tested it out with the case of Japan, but more countries need to be included and, if possible, weightings considered for the different drivers. Perhaps most importantly, it needs to be sounded out with those who study or create national consulting markets for a living. We found market research organisations very reluctant, for commercial reasons, to discuss their own assumptions and methods of analysing national consulting markets. However, there is a real opportunity for a dialogue among consulting and (potential) client practitioners that is grounded in national contexts. For example, how can we make sense of nations where consulting use is increasing, declining or surprising and what about the non-use of consulting? How is consulting demand stimulated? How can we link the answers to these questions with other factors that are more specific to organizational decisions and sectoral issues? Our framework and research make a start and also remind those of us who see consulting as global to think again.

The research findings are available directly from andrew.sturdy@bristol.ac.uk.

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PROFESSIONAL PURCHASING PROVIDES PROFESSIONAL PROJECTS AND REMOVES PERSONAL BIAS. DOESN'T IT?

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Introduction

Management Consultancy is a complex multi-actor professional service system which arguably is bought, not sold, and has high customer voluntary participation (Ostrom et al., 2015; Susskind and Susskind, 2017; Matthias, 2018). The engagement of consultants used to be a personal, relationship-driven matter where networking and social ties were paramount, and much has been written on the importance of relationship-building to management consultants, and on how it is the cornerstone of growth for firms (Ernst and Kieser, 2000; Maister et al., 2000; Handley et al., 2007; Chelliah, 2011; Fischer et al., 2014; Empson et al., 2015).

However, over the last few decades client organisations have formalised their purchasing practices and this has had an impact on how consultants are engaged. The personal has ostensibly been removed and process has become paramount. There is less empirical research when it comes to the client perspective on the client:consultant relationship in the context of the professional buying of consulting services. Using evidence obtained through interviews with major consultancy buyers, this paper presents findings regarding how organisations engage consultants and what criteria are instrumental in their choice of consulting partner. These insights can be used by consulting firms to improve their responsiveness to clients, raising awareness of how to more directly customise their service.

The fact that personal relationships are no longer central to buying but are central to working together is a complicating factor for consultant and client alike (O'Mahoney and Markham, 2013). Unlike other B2B professional services, the design, selection and delivery of the still discretionary consulting service usually takes place over an extended period of time, with a multi-actor client actively co-creating the value they will eventually buy (Ostrom et al., 2015; Matthias, 2018). The final outcome for each project is based on the nature of the relationship the client seeks for that particular intervention and how the client wishes to work with the consultant to achieve that (Broschak, 2015). With the formalisation and professionalisation of the buying process it is important for consultants to understand why and how buyers choose with whom they work. To try to unpick some of the complexities surrounding the nature of buying consultancy services and to help consultants understand how and where they can influence the process, the research questions are:

RQ1: How are consultancy services purchased?

RQ2: What matters to clients as they buy consultancy services?

Primary data was collected through interviews with senior executives from British, German, Chinese and US utility firms. The interviews explored the consultant engagement process seeking to identify key influencing features. A mix of functional, mechanic and humanic factors (Berry et al., 2006), both positive and negative, emerged from the responses, incorporating process and emotional perceptions of participants. Whilst the differences were interesting, it is the similarities which were focused on in order to seek insights. This is situated within existing research from both a buying and selling perspective which highlights the multi-layered complexities involved in creating and delivering management consulting services.

Buying consulting services

Consultancy is a high product complexity, intensely interpersonal, multi-actor purchase bought for a variety of reasons (Matthias, 2018). As such, there is potential for multiple interpretations of service quality, with multiple influences on expectations, experiences and interaction with consultants both before and after engagement. Figure 1 shows how these mostly intangible factors combine to influence a client's a priori evaluation of consultants (Edvardsson, 1990; Lowendahl et al., 2001).

Consultant's ability to solve problems and suitability in other respects:

- Problem/situation at hand
- Pedagogical Competence
- Values
- Co-operative Ability
- Trust Signals

Image of consultant

- Individual Consultants
  - Relevant Knowledge
  - Relevant Experience
- Consulting Company
  - Organisation
  - Reputation
- Buyers Network
  - Internal Network
  - External Network
- Buyers Interaction
  - "Cognitive Trial Run"
  - "Practical Trial Run"

Figure 1: Factors Influencing the Buyer's Evaluation of Consultants (Edvardsson, 1990)

These factors chime with the functional, mechanic and humanic clues Berry et al. (2006) noted and underline how both rational and emotional perceptions of service quality influence decision-making. Much boils down to reputation, obtained through the buyer's network, and is a prior assessment of the abilities of an organisation, unlike 'satisfaction' which is a post-experience judgement (Flanagan et al., 2005). Instrumental in the creation and sustaining of a relationship, such concepts underpin the reliance on 'soft' judgemental criteria when selecting consultants (Werr and Pemer, 2007; Hill et al., 2009; Höner and Mohe, 2009). Clients have a presumption that technical competence exists so look for social competence through empathy and genuine interest to be able to co-create a shared reality (Stumpf and Longman, 2000; Schwarz, 2004; Appelbaum and Steed, 2005; Richter and Schmidt, 2006; Chelliah, 2011; Giannakis, 2011).

As consulting is such an expensive purchase, in order to formalise and bring into line with the procurement of other services, organisations moved away from personal contracting for consultancy support to a more organisation-wide approach involving professional purchasing staff and managers who would be instrumental in shaping the requirements and be working with the consultants on any actual project.

This move was partly driven by US legislation in the immediate post-Enron environment, which required open competition. It consequently institutionalised the formal, structured procurement processes most buying organisations now practise in the US and Europe (Currall and Epstein, 2003; Deakin and Konzelmann, 2003; Healy and Palepu, 2003). It was also driven by the desire for greater scrutiny and better corporate governance.

Selling consulting services

Consultants wish to establish long-term relationships and gain repeat business (Patterson, 2000). To fulfil this objective they recognise that no client is standard, that there are a number of client types and client relationships (Maister et al., 2000; O'Mahoney and Markham, 2013; Pemer and Werr, 2013; Broschak, 2015). These authors highlight the unstable characteristics of consulting service and argue that client uncertainties should be viewed as a central aspect of the complex interplay between consultants, individual managers and their organisational context. In so doing they also therefore depict that relationship as uniquely individual, requiring focused effort on understanding the real client need and being able to add value to that.

By contrast, the industry itself has increasingly codified its knowledge and thereby moved towards ever more commoditisation for delivery of its services (Czerniawska, 2003; Delong et al., 2007; O'Mahoney and Markham, 2013; Scott and Matthias, 2018). There are several reasons for this, not least of which is the pursuit of profitability. Commoditisation enables the conversion of corporate knowledge into saleable and usable form, in contrast to a personalised approach which is heavily dependent on individuals and relationships (Hansen et al., 1999; Muzio et al., 2010); higher consultant utilisation, through the practice of 'leveraging', where more expensive consultants oversee a greater number of younger ones (Kipping, 2002; Maister, 2003; Delong et al., 2007); greater flexibility to respond to clients, to help mitigate against the threat of substitutes (Marketline, 2018).

Less positively, whilst spreading knowledge more widely commoditisation simultaneously dilutes personal relationships; increased utilisation levels means constraints in the time for training, reflection, creativity and innovation, all of which are necessary for building more customised client solutions and developing the trusted advisor relationship (Adams and Zanzi, 2005; O'Mahoney, 2007).

MANAGEMENT CONSULTING JOURNAL

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PROFESSIONAL PURCHASING PROVIDES PROFESSIONAL PROJECTS AND REMOVES PERSONAL BIAS. DOESN'T IT? (CONTINUED)

Research Method

A semi-structured interview was composed and individuals were approached from UK, German, and US companies. There were seven utilities, six financial services companies, one telecommunications company and one international high end agency. A preliminary search on LinkedIn identified individuals in procurement. The UK companies were called directly and generally the call was put through to the individual requested. Success was mixed; some said no, others transferred me to colleagues they believed to be open towards researchers, or a central department that may help source participants. Some actually said yes they would participate and would pass me to colleagues or people in their networks, which is how participation became internationalised. In total, 20 procurement professionals and 40 senior executives, involved in the commissioning and purchasing of consultancy services, participated. All were asked the same questions regarding their organisation's procurement process.

The questions covered the following areas: what they looked for and expected from their consultants, and how they decided who they would work with. Individuals were anonymised by company although a note of role was made in case a difference emerged between procurement professionals and 'the business'. Interviews lasted between 45 and 90 minutes, were recorded and transcribed once all had been completed. Data analysis was carried out using NVivo software for capture and coding.

Analysis was descriptive, identifying the steps in the process as well as thematic, grouping opinions, thoughts, feelings and ideas as they emerged.

Findings

The findings presented reflect the thematic structure of the interview protocol and capture both tangible and intangible features important to organisations when they buy consulting services.

The consultant procurement process

The official procurement of consulting follows a pre-ordained process for all the participating companies, and generally has two stages. The first stage is mechanical, complying with legal requirements as set by the European Procurement Directive, and is required for all projects over specific thresholds. Whilst these requirements apply only to public bodies, private sector companies also broadly follow the same process, with initial selection for preferred supplier list (PSL) based on criteria such as worked together successfully before, reputation or recommendation.

Core business and procurement work closely together from inception in a process that is both mechanical and time-consuming. Thankfully, the Framework Agreement which results from the approach shown in Figure 2 is procured on a fixed planning cycle of 3-5 years. The preparation of a general requirement leads to a request for information (RFI) sent to consulting firms, or advertised on designated sites. Those consulting firms who are not deterred by the time and expense respond with the requisite information, which is sifted through and those who are deemed potentially suitable are invited to submit a tender (ITT). From the full responses a preferred supplier list (PSL) is created, providing a pool of pre-qualified suppliers with a broad set of skills available at an already agreed rate.

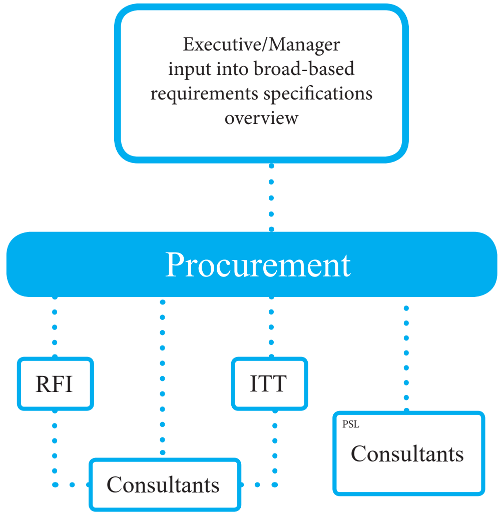

Figure 2: The Framework Development Progess

Of course, being a preferred supplier does not of itself guarantee fees, but being on the PSL does provide opportunities to bid for future projects.

The second stage is the actual buying (Figure 3), which begins with an internal management discussion, is opened up to procurement for:

"broader organisational knowledge rather than just issue-specific knowledge" (Participant 17).

From this an initial document is sent to companies identified as being able to help in the particular area asking for suggested outline proposals. Typically, the information in these proposals is used to shape a more defined requirements document which is then sent to all or some of the original respondents, but usually no more than 3 or 4 consultancies. Procurement's core role is seen predominantly as being to support the activity, to help source, negotiate, and contract. There is little, if any, difference between the companies. The steps are briskly listed by one respondent:

> **"Specification out, briefings, follow-up briefings for those that want them during the course of preparing their pitch, and when they do the pitch, we'll score it and weight it and make the decision with that bid review team (Participant 39)."**

From receipt of proposals to the decition being made, organisations use a scoring sheet which has a set number of scoring criteria, weighted dependant on the particular assignment.

Participants admitted they weight the criteria for consultants on qualitative factors. This was a key area where companies differed. For instance one company weights 70% on the technical side, whose sub-criteria include cultural fit, the understanding of the requirement, consulting firm track record, and the depth of their consulting resource, and the remaining 30% is price. Another weights 30% on people, 30% on experience and 40% on cost. In all instances each buying team member completes a scoring sheet.

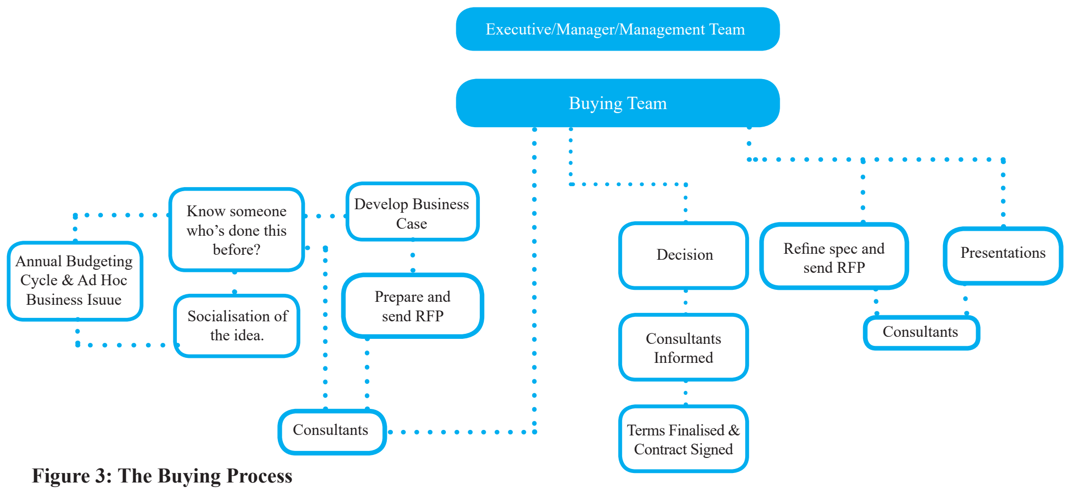

Figure 3: The Buying Process

Scores are discussed, specifically around the questions shown in Figure 4, which address the technical, functional and humanic factors.

drafted the contract, the contract goes in a drawer and it's a joint effort" (Participant 7). Respondents expected 'to go out for a beer', with consultants and to talk about non-work topics frequently. Important criteria are personal and professional rather than organisational attributes.

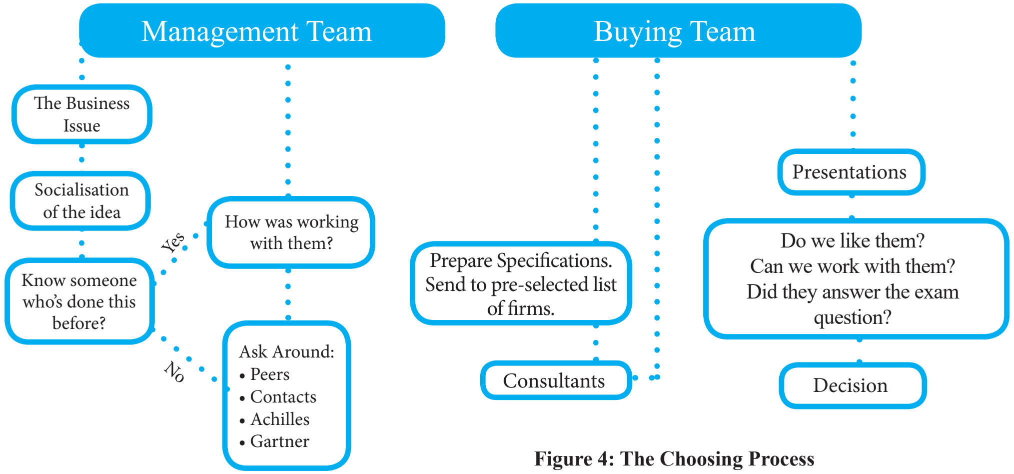

Figure 4: The Choosing Process

There is a generally taken-for-granted expectation that consultants have the desirable expertise to do what is needed and would not "have got through the door if they did not have that" (Particpants 10, 14, 19, 43). This means question three is the easiest to answer, and the remainder require more discussion. All participants noted there tends to be broad agreement amongst the buying team. The general reason given was one of organisational culture binding them together and therefore a shared outlook and understanding of their organisations' needs. However, when differences arose, and someone held an outlier view perhaps, a discussion takes place until a final outcome is agreed. Rarely does the discussion include cost; it is usually a combination of the three questions in Figure 4. There was one outlier participant (5), who talked at length about the objective nature of the procurement process, designed for transparency and clarity, with cost as a core factor. By contrast, his 4 colleagues all said the discussion and selection was about chemistry and picking the people that can work with them, their teams and external stakeholders.

What matters to clients throughout the procurement process?

Figure 4 shows the questions that are paramount in client minds as they buy consulting services. The crux is a sense of shared goals, objectives and ways of working:

"I think where we're buying people we're looking for flexibility, we're looking for people who, once you've

Figure 5 notes the words respondents put forward to describe the characteristics a consultant should possess.

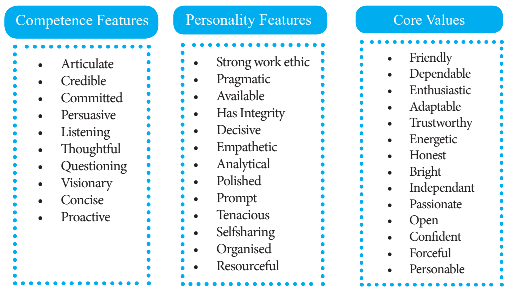

Figure 5: Personal Characteristics

The words are open to interpretation, but they do point to competence being about how a consultant demonstrates their knowledge, manifests core work values, and the strong, vibrant, positive personality attributes pertaining to how they behave. All this is required for a professional relationship, and features prominently in the professional buying process.

Discussion

Management consultancy is no longer infrequently commissioned, relatively discrete or ad hoc (Matthias, 2018). Consequently, clients have experience in creating and building relationships. Moreover, they do so with specific business needs in mind, and they follow a standardised, formalised procurement approach regardless of sector. The questions featuring in the choosing process (Figure 4) demonstrate that intangible factors still prevail in a client's evaluation of consultants, despite formal procurement practices implying emphasis on tangible technical and mechanical factors. Regardless of the service being bought and the reason for buying, all companies followed the outlined procurement process. Partly this was conformance to legislation. The other reason was for transparency, accountability and a clear audit trail should there need to be one.

Not withstanding this standardised approach by clients, the results of this research also highlight the continuing importance of 'soft' judgemental criteria when selecting consultants - commitment, attraction, interest and emotional bonds between individuals (Stumpf and Longman, 2000; Werr and Pemer, 2007; Richter and Niewiem, 2009; Ko, 2010; Chelliah, 2011). It represents a form of buyer power because of the cultural framework each organisation operates within, but the evidence points to consultants consistently having the ability to blend with that. The problem for consulting firms is that it is not always they who are successful - sometimes a competitor better fulfils the remit.

The clear buying signals and steers which came from the responses give consulting firms practical insights about clients' selection and decision-making processes as they continue to focus from their side on establishing long-term relationships. Whilst all clients are unique, the findings in this research demonstrate that up to a point client share important features. Their procurement processes are standard. The features they seek from their consultants also appear standard. Clients are focused on achieving specific goals from projects. These goals provide specific context to each assignment, which the respondents referred to as 'the exam question'. Through the procurement process they are exploring how specifically the consultants responded to the brief, and they expect this to be paramount when consultants design a solution. Given that consultants are familiar with asking questions, listening, seeking information, drilling for knowledge, it is not an insurmountable task to be able to take context more definitively into account and present a clearly customised solution. The knowledge is there, the expertise is there. Clients take it for granted, consulting firms recruit it. There is a strong ability to do that. It just sometimes appears, reading between the lines, that not everyone does. Clients buy those who do. Given the increased commodification of services and codification of knowledge, in practice putting together the correct package of components should be easier than when consulting knowledge resided largely with the most senior person. Interest, empathy and trust are all strengthened by a demonstration of the abilities you were believed to possess in the first place. Interestingly, of the three questions, the third is possibly the most tangible, although it is still of course open to some interpretation. The answers to the other two questions in Figure 4 are also openly discussed as part of making the decision who to buy. However, through the protracted process of engagement the answers are subliminally, and piecemeal, constructed on an ongoing basis. To some extent each encounter throughout the procurement process provides a building block towards the full answer to both those questions, and is demonstrated through the manifestation of some of the words in Figure 5 - dependable, enthusiastic, resourceful, tenacious, proactive, articulate, and of course a visionary.

Conclusion

This paper set out to answer two questions:

RQ1-How are consultancy services purchased?

RQ2-What matters to clients as they buy consultancy services?

Consultancy services are purchased by following a transparent, documented and formal process, which incorporates planned and ad hoc work, aligned with long-term planning and the annual budgeting cycle. Buyers are from the business and the purchasing department, so that the interests of the whole organisation are considered. From this perspective, clients are serving their own organisations better. Indeed, given the duration of the framework agreements (Figure 2) there are also obvious benefits for consulting firms, in the form of being able to 'be in it to win it'.

In answering RQ2 this study identified a combination of personal characteristics which individual consultants needed to possess to ensure all the required service components could exist. These characteristics related to features of competence and personality, and to core values such as being decisive, resourceful and tenacious. It highlighted that within a formal procurement process clients have made personal relationships central to the selection process. This is encouraging for consulting firms as it means that developing and managing relationships is a mutual priority.

The different starting points for consultant and client remain, and this is something firms should consider when embarking on their next 'sale'. Clients know what they want and the kind of people they want to work with. Consulting firms who wish to continue to develop their client relationships should endeavour to ensure their processes enable them to demonstrate how they are personable, good to work with and responsive to specific briefs. Customisation may be elusive, but even with standardised selection processes and commoditised service design this research shows how a level of personalisation can improve customisation and keep both client and consultant happy. The definition of professional projects is definitely not one which includes impersonal.

BUILDING RESILIENCE IN CLIENT ORGANISATIONS: THE CONSULTANT'S CHALLENGE

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What is organisational resilience?

The term 'resilience' in business and management is used to describe organisations that are able to respond effectively or recover quickly from major disruptions. Disruptions originate from many sources, both internal and external to the organisation; natural disasters, human error, IT failure, supply chain problems, customer boycotts...the list is endless. An organisation that is high in resilience is able to withstand the onslaught of disruptive forces - which often occur unexpectedly - due to its possession of capabilities that allow it to be robust or agile (Fiksel, 2006; Lengnick-Hall, et al., 2011). In the robust form of resilience, the organisation maintains its shape and continues to operate despite sudden unforeseen troubles in internal or external environments (Ponomarov & Holcomb, 2009). In the agile connotation, the organisation is able to develop novel ways of doing business – normally involving continuous learning and an ability to adapt while under stress (Bhamra, et al., 2011).

Linnenluecke (2017) provides an exhaustive review of the field, noting: "Case and anecdotal evidence exemplifies that some organizations are more successful in responding to (or even surviving) unexpected, abrupt and/or 'extreme' events than others under similar circumstances" (Linnenluecke, 2017: 4). Large companies such as Apple and Amazon have capabilities that allow them to rapidly respond to environmental turbulence quickly (Sheffi & Rice Jr, 2005; Juttner & Maklan, 2011). Nevertheless, the case of Tesco's Fresh & Easy venture in the U.S. (Chandrasekhar & Williams, 2013) shows how even large and mature companies are not always able to successfully respond to unexpected events; in this case leading to a £1.2 Billion loss and a decision to eventually withdraw from the U.S. completely. Small companies also can be highly vulnerable to sudden shocks. The case of Expatica Communications (Williams & Van Eerde, 2017) describes how the sudden and shocking death of one of the managing partners led to a crisis in the company, which then required strong leadership by the remaining partner. Looking across networks of organisations, the resilience literature often cites the 9/11 attacks as an example of networked supply chains that can be highly vulnerable (Linnenluecke, 2017).

In different countries and cultures, the definition and translation of the concept of resilience can become more nuanced. In China, for example, there are three interpretations: Hui Fu (recovering to an original point or situation), Tan Xing (a flexibility characteristic: the shape will change when faced with external forces, but will bounce back when the external forces disappear) and Ren Xing (the shape is changed when faced with external forces, but it is impossible to bounce back even though the external forces disappear) Wang, et al., 2017 (The way in which consultancy is delivered to help client organisations become more resilient also varies across cultures, an example being the advisory role of powerful entrepreneurial incubators in China (e.g., Li, et al., 2014).

Resilience is studied at different levels of analysis, not just at the firm level. Some examine resilience at an individual level, where the term has been used to describe the ability of individuals to pull through in the face of adversity (Werner, 2000). And it is used at the network level, where the interconnectedness amongst organisations comes into play; for instance, where critical failures may ripple through supply chains, from raw materials to transportation. Scholars have, therefore, considered how to build resilient architecture in global value chains (Christopher & Peck, 2004; Peck, 2005) and at different levels of analysis. Indeed, according to the U.S. National Research Council (2011), resilience is the "continued ability of a person, group, or system to function during and following stress" (National Research Council, 2011: 3, emphasis added).

Trajectory of the field

Resilience has its origins in the field of ecology (Holling, 1973) but has had a much wider influence in social science from the mid-1990s onwards in studies of the interactions between humans and nature (e.g., Holling & Gunderson, 2002). The origins of the resilience concept in the business and management literature can be traced back to seminal works drawn from evolutionary theory (Campbell, 1965). Staw, et al. (1981) and Meyer (1982) developed somewhat opposing arguments relating to how organisations respond to external threats, i.e., rigidity versus adaptability, and whether the responses were successful or unsuccessful.

From the 1980s onwards, research on resilience shifted from external threats to internal organisational reliability, in particular, the reliability of complex technological systems applied in intra-organisational processes and the curtailment of small failures (e.g., Perrow, 1984; Sutcliffe, 2011). This shift was driven by accidents and disasters occurring at that time, including Chernobyl, Exxon Valdez, Bhopal and the Space Shuttle Challenger (Linnenluecke, 2017).

The field has noted how some organisational systems may recover more quickly from disruption than others, sometimes with less effort and at lower cost (Chowdhury & Quaddus, 2017). Scholars have argued that what determines 'success' in dealing with disruptions involves a mix of proactive and reactive capabilities. Proactive capability, according to Hollnagel, et al (2006), is a system capability which identifies, predicts and defends against the changing shape of risk before adversity occurs. Reactive capability refers to the organisational abilities to respond and recover from disruptions. (Ponomarov & Holcomb, 2009).

The challenge facing consultants in dealing with resilience in client organisations

When we consider the issue of resilience within client organisations in a consultant-client relationship, there are two basic scenarios. On the one hand, a consultant may be engaged by a client organisation in order to advise on how to deal with a problem that has been explicitly recognised as relating to the client's resilience. In other words, the client themselves have framed their issue in terms of problems they are having dealing with disruptions. Perhaps there have been recurring disruptions that have been inadequately dealt with and that have adversely impacted the performance of the client. On the other hand, there is a scenario in which a consultant is engaged by a client organisation to work on a non-resilience-related problem or a broader strategy issue where resilience is implicitly - not explicitly - mentioned by the client as being the central concern. An example could be to help develop a new growth strategy for a firm considering entering new markets. This distinction is important. Strategy is a much broader concept than resilience alone. Following Hambrick & Fredrickson's (2005) strategy framework, consulting in strategy requires the consultant to provide guidance on (1) the arenas in which the organisation should participate, (2) the vehicles for achieving this objective, (3) the differentiators which should represent the organisation's belief in how it will achieve its objective, (4) the staging of moves to be made by the organisation over time, and (5) the economic logic of how the organisation will obtain returns. Consulting for resilience, on the other hand, is about how the organisation – once it has adopted a strategy and set out to fulfil its strategy – will be able to deal with (often unanticipated) disruptions along the way. The point is that some client problems will be framed to the consultant as being explicitly about resilience.

We argue that in both of the scenarios (implicit and explicit) the consultant's ability to engage with the client on the issue of their overall resilience is both (1) necessary and (2) not straightforward. In the first scenario, the assignment brief will necessitate an explicit focus on the capabilities to deal with disruptions. In the second scenario, the consultant has a duty of care obligation to the client; the consultant should not provide any advice or guidance on a particular issue that might have a side-effect of lowering the client's resilience (i.e., increasing the client's vulnerability to disruptions) in other areas. This latter point is especially interesting because there is much pressure on consultants themselves to act as disruptive forces in - and for - their client organisations (Bessant & Davies, 2007; Christensen et al, 2013.). In their good faith attempts at being disruptive, are consultants actually an accident waiting to happen?

Firstly, we think it is important in both explicit and implicit scenarios for management consultants to make deliberate attempts to understand the client's resilience landscape. We do not mean here the strategic or competitive landscape; we mean the resilience landscape. As noted above, there are multiple levels to consider as regards the issue of resilience: the individual, the organisation, and the wider network level (National Research Council, 2011). The literature also explains there are two sides to the question of resilience at each level: it is not just about a client's capabilities for dealing with disruptions, there is also the nature of the disruptions themselves. Consultants, therefore, need to gain understanding in various areas in order to be able to contribute to the client's resilience. Consultants need to understand the nature of past, present and even possible future disruptions. Are they internally or externally arising? Do they impact on the whole value chain, the client organisation only, or just one part of the client organisation? Do they occur suddenly or do they build up over time? This means that there is the issue of understanding the client's broader organisational system. For large and interconnected client organisations, we might expect that there could be a dispersion of disruptive events across these dimensions. Sometimes, disruptions might be felt most acutely in sub-units of the organisation; sometimes, they might impact on the client's position in its external network.

Consultants need to understand what it is about the client's resources and capabilities that allow the client to deal with disruptions or prevent it from dealing with them. Again, this is not about the classic view of resources and capabilities to enact a broader strategy. It is about resources and capabilities specifically for resilience. Are certain individuals (including leaders) supportive of – or inhibiting of – resilience? Are all of the client's external partners contributing adequately to the resilience capability of the client organisation? Again, there is likely to be variance across the landscape on the question of resilience capabilities.

It will also be necessary for consultants to understand why the client's prior responses to disruptions have been successful or possibly unsuccessful; in other words, identifying the causal mechanisms. It will be necessary to ask questions about what kind of response was made, in particular, whether it was a response based on rigidity and robustness (Ponomarov and Holcomb, 2009) or one based on adaptability, agility and flexibility (Lengnick-Hall et al., 2011)

Gaining this knowledge about the resilience landscape in a client organisation is likely to be a non-trivial and potentially problematic task. It will be a costly and time-consuming exercise, especially in large client organisations and/or when the consultant is operating alone as an independent consultant (i.e., not in a large engagement team). It will be necessary to connect with a large number of stakeholders who have been involved in the client's organisational ecosystem to identify and interpret perturbations that have occurred. A consultant may only ever obtain a narrow view of the resilience landscape working on their own. Their data collection may also be restricted because of project scope and commitment made to the client regarding project costs and deadlines. Going outside the scope of agreed assignments might annoy the client, particularly if the consultant seeks to interview a range of individuals and external partners who seemingly have little connection with the assignment at hand. And making sense of the knowledge obtained will be tricky. Just because a certain individual interviewed by the consultant provides attribution for an inability to deal with a disruptive event does not necessarily mean that the attribution is correct. Others may disagree. A highly politicised discussion around 'who was to blame' could follow. In international client organisations a political arena could develop, leading to new complexities in the managerial environment of the firm (Williams & Lee, 2009).

Secondly, we also think that it is necessary in both explicit and implicit scenarios for the consultant to be proactive in their advice and guidance to a client on the question of the client's resilience. Gaining understanding of the client's resilience is one thing. Turning this knowledge into sound advice and delivering it so that this will help the client to become more resilient is quite another. Again, the literature is informative in that it points to areas where a consultant may want to offer advice. The consultant will need to decide if advice specifically related to resilience (not overall strategy) is to be directed at certain individuals (including leaders), at the organisation as a whole (e.g., structure, systems and culture), at the client's network partners (in supply and distribution chains), or at a combination of these. The consultant will need to demonstrate evidence for any 'resilience capability' gaps at these different levels in order to be credible with the client. A participatory approach that promotes the client's capacity for learning could be useful. It could act as a facilitating mechanism to enhance client resilience through the sharing of experiences or jointly developing innovative solutions.

Possibly the trickiest aspect will be that of thought leadership and the fundamental framing of the problem in resilience terms. The consultant will need to decide which 'stance' to recommend and to articulate this clearly and confidently to the client: should the mind-set be based on rigidity and robustness, or should it be based on adaptability, flexibility and change, or should there be a combination of the two (if so, how)? These aspects of advice-giving also represent challenges to management consultants. If the consultant chooses to adopt an advisory approach based on compartmentalisation of the problem (e.g., a narrow focus on one part of the organisation and one specific area of capability such as IT), there is a chance that the client ends up devoting resources to boosting its resilience within that 'compartment', only for another disruptive event to suddenly have a devastating impact elsewhere. Such narrow advice might appear to have blindsided the client, annoying them and weakening the consultant's credibility. On the other hand, a broad scope approach where the consultant seeks to guide the client to address largescale resilience capabilities at all levels and all parts of its ecosystem might be seen as too ambitious and possibly unrealistic. Implementing the solution in an acceptable timeframe could be fraught with difficulties. The literature also suggests that giving advice on client resilience is a challenge because of the question of 'stance'. Recommending a rigidity stance might be seen as a direction that the client might have conceived without outside help, thus weakening the consultant's perceived value. Although management consultants often fulfil a useful role in validating a client's own approach, some – especially those promoting an innovative agenda within the client – may question why an external consultant should be required to recommend a rather un-innovative solution. Conversely, suggesting an adaptability/agility stance is also fraught with challenge. Brusset (2016) pointed out that instilling agility in an organisation is a multi-faceted and cross-enterprise problem, including operations, strategy, information systems, marketing and human resources. The consultant is also challenged with the decision of whether to recommend a Tan Xing approach, or a Ren Xing approach; in other words, within the concept of agility there are more nuanced forms that will have implications for how operations, strategy, information systems, marketing and human resources are reconfigured. In addition, there could be severe consequences for a consultant in recommending an adaptability/agility approach where the outcome leaves the client exposed to new disruptive events in other areas.

In summary, there are some fundamental choices facing a management consultant when it comes to using their knowledge of the client's resilience landscape in order to develop and profit from the client relationship. Given that the issue of resilience strikes at the core of the client's operational performance, any error by the consultant that misdirects the client will lead to low client satisfaction, a lower chance of repeat business, and possibly legal action.

BUILDING RESILIENCE IN CLIENT ORGANISATIONS: THE CONSULTANT'S CHALLENGE - (CONTINUED)

Six suggestions for consultants when advising clients on how to develop resilience

We suggest six areas for management consultants to consider when dealing with the issue of resilience in a client organisation. We believe that these suggestions are relevant for both explicit and implicit resilience contracts and our first suggestion speaks directly to this point.

1. Answer the question: Am I working on an explicit or an implicit resilience assignment?

Management consultants need to be clear about whether a current or proposed assignment explicitly relates to resilience, i.e., has the client formally recognised the problem it faces as a resilience issue and has it framed it as such? If it has, there is perhaps a stronger case to be made for broadening the scope of the project to conducting an audit of the client's resilience landscape. If the assignment is of an implicit resilience nature, in our line of thinking the consultant will need to tread carefully. They will need to take extra precautions to ensure there will be no adverse side-effects in terms of weakening the client's ability to deal with new disruptions as a consequence of any advice that is forthcoming.

2. Build a holistic understanding of the client's resilience landscape during the ongoing relationship with the client and keep this knowledge up to date

Clients contain individuals (employees) working in units (teams). They execute strategy (as an organisation) and often they are part of large and complex value chains (networks). Management consultants need to understand individual, team, organisational and network effects as a collective whole, not as individual parts. It is essential for a consultant to have a holistic view of how different actors or stakeholders within the client's ecosystem interpret and understand issues or problems when faced with disruptive events. Complex adaptive systems (CAS) thinking can help in building a mental model or a cognitive map of the client's resilience landscape in terms of what they know, how they perceive disruption and what they do when disruptions occur. This knowledge should include insight into how the various levels inter-relate, and cases illustrating how the client has dealt with major disruptions in the past. Such knowledge development will take time and should be a core feature of the ongoing consultant-client relationship. Eventually, this knowledge will help the consultant to identify the client's weak spots and areas of vulnerability in terms of overall resilience. It will also help the consultant to build legitimacy and credibility with strategic leaders in the client organisation.

3. Produce a compelling pitch to conduct a 360 degree resilience audit for the client

Conducting a 360 degree audit of resilience in a client organisation would be an explicit project. It would require an acknowledgement and sign-off by senior-level budget holders. It would be highly visible and would need a sanctioning and sponsorship within the client organisation for the consultant to collect data from all parts of the client's organisational system. Depending on the size and complexity of the client, it is likely to be a non-trivial and time-consuming exercise. Particularly in situations where the client has not requested an explicit assignment on resilience, there may be some hesitation or resistance: "Why do we need this?" Nevertheless, consultants should not wait for the client to approach them. They will gain credibility by being proactive and recommending a broad-scope resilience audit for the client.

4. Nudge the client towards a resilience mindset

Especially when working on implicit resilience assignments, the consultant can introduce the language of resilience into day-to-day communications with the client, and particularly with senior managers and decision-makers within the client organisation. Being sensitive to the issue of resilience in the client organisation, even when working on other assignments for the client, will act to nudge the client towards thinking more about resilience at a strategic level. It may also act to boost the trustworthiness of the consultant in the eyes of the client. The client will feel that this consultant 'really cares about us'. Nudging the client towards a resilience mind-set may pay dividends for the consultant in the long-run as the client starts to think about explicit resilience projects and how they might use the consultant to assist them in such new projects.

5. Work with academics who understand the theory of resilience

Consultants may benefit by linking with academics and researchers who have an in-depth understanding of resilience in multiple contexts. The organisational resilience literature has become quite well-established; there are multiple competing books in the market and a growing base of scholarly research in business and management. Consultants may not have studied resilience in an overt form on their MBAs or other formal education programs. Working with academics at the cutting edge of organisational resilience research (much of which is based on primary data and cases – forms which should be accessible to and interpretable for consultants) will help to develop the consultant's heuristics in the field of resilience. This can take various forms, ranging from attending conferences and workshops, seeking out the latest publications and new work from academics, engaging in joint research projects and case development, participating in informal knowledge sharing meetings, inviting academics to speak at consultancy forums and so forth.

6. Be on call for key clients

Quite often, episodes of disruption for clients occur suddenly and they can also be highly sporadic. We think that the best time to learn from them is while they are actually taking place. Interviewing people about events and responses that might have occurred months or years in the past can be troublesome because of recall bias and other time-lag effects on the quality of the data. Gaining an insight into resilience capabilities in real-time and as they are utilised can be highly beneficial for the consultant. This will likely entail the consultant offering to be on call and prepared to travel to client locations to personally experience and work with clients through specific episodes of disruption.

Conclusion

Sadly, we do not live in a world where there are no disruptions. Such a world simply does not exist! Client organisations are constantly confronted by disruptions and it is a management consultant's professional responsibility to be sensitive to the issues surrounding their client's resilience, regardless of whether or not the client has explicitly recognised resilience as a strategic problem or not. Understanding the capacity of the client organisational system to survive, adapt, and grow in the face of adversity is one side of the coin. Actually providing a helping hand so the client can function effectively in tumultuous times is the other. Overall, putting client resilience at the centre of the consultant-client relationship will be challenging for many, but it will ultimately lead to new opportunities, a healthy relationship and a prosperous outcome for both sides.

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THE DANGEROUS DISCORD BETWEEN SENTIMENT AND REALITY: HOW MANAGEMENT CONSULTANCIES SHOULD BE USING DIGITAL MARKETING

This paper looks into the implications for management consultancies who aren't implementing effective digital marketing strategies as part of their own advertising campaign.

Melissa Hernandez, Senior Marketing Executive at Propero Partners

Introduction

Our digital age has changed the way management consultancies work. Businesses have had to adapt and revolutionise in order to maximise the rewards the digitisation of business has brought i.e. increasing productivity and efficiency, which can drive better products for their clients / consumers and increase profits.

Management consultancies have had to grow in knowledge alongside the businesses they instruct, so they are able to provide expertise on innovation, growth and technological advances, such as artificial intelligence (AI), which could help a business lower its costs and improve efficiency. Yet, despite that growth in knowledge, it seems that management consultancies haven't necessarily taken their own advice.

For instance, although consultancies will advise their clients on the rewards certain marketing campaigns can bring, we found in our 2018 State of Digital Marketing in Professional Services report (Propero Partners, 2018) that 54% of respondents said their firm allocates zero marketing budget per year, and 15% do not utilise digital marketing at all. The data was gathered by sending a survey to over 400 managers, partners, c-suites and directors within the professional services industry—303 responses qualified and were included in the analysis. The survey respondents came from firms such as Clyde & Co, Freshfields, EY, Boodle Hatfield, and Burges Salmon. Fifty Management Consultancy businesses responded.

Digital marketing is a catchall term for advertising through different online channels, including social media, tablet and mobile apps, search engines, websites and email. It can play a huge role in an overall marketing strategy, or be a strategy in itself.

It's also clear that for the majority of consultancies, there is a dangerous discord between sentiment and reality – 75% are aware that they need to adopt digital marketing strategies but haven't yet done so.

Coupled with this, 57% of respondents aren't planning to integrate any advanced technology. Those who are, have indicated that they plan to integrate augmented reality and robotics, with more respondents keen to utilise AI and blockchain.

To gather this data, we surveyed senior decision makers from management consultancies of differing lengths of operation and size. We also conducted our survey across the broader professional services space, including the legal and finance industries, who, albeit at a slow pace, have begun leveraging digital marketing.

Implications for management consultancies

Generational changes, technological accessibility and freedom of choice have meant that the older, more traditional ways of sourcing work have become outdated. Potential clients have so much choice nowadays – consultancies can no longer depend on word of mouth or referrals to increase their client base. Networking events – which consultants rely on for referrals, must be coupled with digital connections and advertising – which will provide them with new business opportunities.

In order for consultancies to achieve this growth, the viewpoint of tomorrow's prospect needs to be kept front of mind, they need to be receptive to innovations which will set them apart, and they need the ability to convert enquiries into new projects.

This is no fallacy. Our research found that those who don't adopt digital marketing tactics receive substantially fewer enquiries per month than those who do.

Interestingly, we also discovered that management consultancies prioritise referrals over the enquiries they receive through marketing. In fact, 27% of consultancies convert 45%+ of their referrals, and 17% convert 45%+ of their new business enquiries. If firms are spending money attracting these new business enquiries, they need to look at how they can improve conversion rates.

Fear of marketing

The hesitancy around adopting online marketing could be explained by an overall lack of knowledge about how marketing actually benefits management consultancies. For instance, we often see firms failing to use the appropriate channels to attract the enquiries they need, which means they risk their return on investment.

This should serve as a warning to other firms, especially those that don't realise the range of digital marketing tools at their disposal.

This divide between those with marketing skills and those without could increase, with consultancies that have the know-how gaining more and more clients, leaving those that don't struggling to compete.

Looking to the future

If consultancies are struggling to discern which digital marketing tools to use, it's important for them to find a supplier that can guide them in the right direction. Firms in other industries—ones that management consultancies are likely to work alongside, if not for—are already seeing a return on investment from their marketing spend.

Experts in marketing will be able to help firms with brand awareness, content strategy and online advertising, meaning less money and time wasted on a hit or miss approach.This will help drive efficiency, as well as boost client enquiries.