

## **APPLICATION FOR THE COL. LYNDALL F URWICK MEMORIAL CUP, AWARDED BY THE WORSHIPFUL COMPANY OF MANAGEMENT CONSULTANTS**

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*Reputation and identity conflict in management consulting. Human Relations, 70(1): 92-118.*

**1. The relevance of the research to management consultancy. For example, any research into management in general might be argued to be relevant to management consultancy, but research that is about the practice of management consultancy would be deemed to be more relevant.**

This study is directly relevant to management consultancy.

Our starting point was a practical as well as theoretical puzzle. It is generally argued that it is difficult for clients to judge the quality of management consultancy work *ex ante* and *ex post* because of the intangible nature of professional services and because of information asymmetries where consultants have more information about their expertise than clients. At the same time, many clients are now very experienced buyers of management consultancy and many clients have previously worked in the sector. Therefore, they are likely to be informed judges of consultants' reputations. And identity is said to drive the reputation, because our actions reflect 'who we are'. So, as consulting firms evolve and adapt to different market challenges, this raises the possibility of a conflict between the identity claims of management consultancies (who they are and what they do – their expertise claims) and their reputation (what relevant others actually think their expertise is).

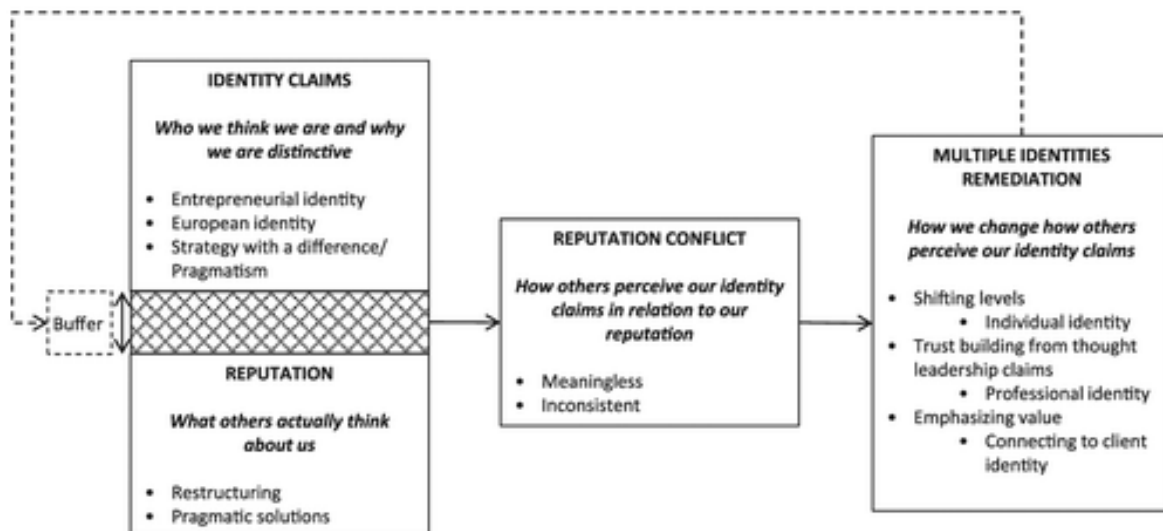
We recognise that all organisations face some disconnect between their identity claims and reputation but for management consultancies this is very important because of the centrality of reputation to their competitive position in client and labour markets. Disconnects undermine the capacity of management consultancies to engage effectively with clients and retain valuable professional talent. We show that the distinct loosely coupled structure typical of management consultancies and the knowledge-based nature of the service require distinct reputation-building strategies, which we explain in more detail in the next section.

This project involved primary research with 116 partners, consultants, clients, non-clients, competitors, alumni and potential employees of a highly prominent global management consultancy across eight countries. We also

conducted focus groups, three partner workshops and non-participant observations. All of this provided us with a very rich and unique insight and account into management consultancy.

**2. The potential value of the research to those involved in management consultancy – for example, research that shows how consultants can provide more value in terms of higher quality or lower cost to clients.**

Reputation is an important means to reduce client uncertainty and vulnerability about the quality of work they are purchasing. At the same time, how management consultancies perceive themselves in terms of their expertise is often not aligned with how clients perceive their expertise. Our study provides practical insights into how reputation and identity conflict can be successfully managed in the industry. We show how organisations can effectively buffer their identity when threatened by reputational judgments through a set of remedial actions that shift the focus away from the organisational level to individual-level identities with clients. We found that there were three different remedial actions that were frequently adopted: first, shifting the focus of attention to the consultant and consulting team; second, building trust from thought leadership; and third, emphasising additional value (see diagram below). We now explore these remedial actions in a little more depth.



First, management consultancies shift the focus of reputation to the consultant rather than the firm. This strategy involves partners reassuring clients of their own credentials, through for example their past experience and reputation for particular types of expertise and experience, during the pitch by providing testimonials, outlining their track record with other high status clients and by inviting previous clients to present with the pitch team.

Second, consultants build trust with clients through acting as a disinterested broker of useful knowledge about sector or market developments. This strategy does not involve explicit selling: the partner offers his or her expert information and insight to demonstrate competence or thought leadership. Partners can implement this, for instance, by organising meetings with clients and non-clients in their sector where they discuss the latest trends and sector-models of innovation or competition. Other options are to send communications to clients about recent or up-coming events and news with their own perspective on the general implications for the dynamics of the sector such as sales, pricing or areas of innovation.

Third, firms emphasise additional value, which relates to its claims to be pragmatic and entrepreneurial in their engagement work, as a form of differentiation from other management consultancies. Emphasis on value can be displayed in two ways. One is to load management consulting teams more heavily with senior consultants including partners so that there is greater experience in the consulting project than might normally be offered by other competing firms. For clients, loading on experience is meant to be insurance that they will obtain high quality, practical results. Second is to put additional effort on client projects. The intention is to provide extra value via the delivery of non-contracted services to signal over-delivery. The aim is to demonstrate that the firm is deeply committed to the client's goals although this remedial action can be problematic. This can have positive reputational implications and for consultants it demonstrates a deep commitment to the client's goals which reinforces a sense of identification with them. However, this strategy risks implying the firm would do anything, and is therefore not distinctive.

There are several take-home messages from the above remedial steps for how other management consultancies can demonstrate value for clients. First, clients value corporate, team and individual reputation and therefore signalling all of these forms of reputation in a coherent and complementary way is important. Second, providing evidence of expertise through supplementary information, either directly for the client or through broader thought leadership outlets, is valuable tangible evidence for clients to evaluate the quality of management consultancy work. Third, emphasising value through the experience of a project team and through going the extra mile for the client is to some extent valued, but in extreme cases can be perceived as management consultancies desperate to please clients to win work.

**3. The potential or actual impact of the research. This might, for example, consider the ease of its dissemination, adoption or application in the management consulting community.**

**Actual impact**

This work has been presented to a range of non-academic audiences. The article has been written-up in a double page spread for the University of Oxford's Reputation Magazine, which is circulated to CEOs of major global organisations and leading reputation scholars from the top universities around the world. The paper has been presented in three rounds of annual workshops for leading partners of management consultancies. The paper was presented on the 8th February, 2017, at the University of Exeter's flagship Business Leaders Forum.

This research has been presented at the Management Consulting Division of the Academy of Management, in the Professions Stream at the European Group for Organization Studies and at university seminars at the Georg-August University of Göttingen, Germany, Indian Institute of Management Ahmedabad, India, University of Bristol, UK, Judge Business School, University of Cambridge, UK, University of New South Wales, Australia, and the University of Salamanca, Spain, which have included both academic and practitioner audiences.

**Potential impact**

The paper is currently being piloted with a range of partners of management consulting, law and executive search firms with a view to building a model for how management consultancies can more effectively signal value to potential and existing clients. We will be presenting our model in May, 2017, with both senior partners of professional service firms and with CEOs from a range of sectors. Finally, we are developing the paper into a shorter article for submission to Harvard Business Review, with a view to influencing a change of thinking and behaviour among a broader group of leaders around the world around how they can more effectively and authentically convince clients of their expertise.