

**Consultant**

**Value Add:**

**Maximising Value from**

**your Management Consultant**

# ■ Contents

<b>1</b> Executive Summary	3
<b>2</b> Introduction	4
<b>3</b> Key Messages	5
<b>4</b> Our Advice	11
<b>5</b> Our Planned Follow Up Activities	13
<b>Appendix 1:</b> Respondent Demographics	14
<b>Appendix 2:</b> About the Editor	17
<b>Appendix 3:</b> About CMCE	17

# 1. Executive Summary

The Management Consultancies Association (MCA) estimates that UK annual spend on management consulting services amounts to £11.3 billion, and that it is growing at an annual rate of 7%.

To better understand the value delivered by this level of spend, the Centre for Management Consulting Excellence (CMCE) conducted research into the value added by consultants to its clients. We obtained data from 161 respondents through an online survey and follow up interviews.

Respondents included buyers and users of consulting services, consulting firm representatives responsible for selling and delivering consulting services, and independent consultants. Survey questions were tailored to the role indicated by each respondent.

The key finding from the research is that when clients engage consultants, they do not always engage them to provide the services that the clients consider can provide most value. Although there was strong agreement between clients and consultants about the services that deliver most value, these were not the services that clients were most likely to engage consultants to provide, nor those that consultants were most likely to propose to provide.

Based on this, we conclude that consultants are not always delivering the value that they are capable of providing.

Our other key findings relate to the resourcing of consulting activities.

We found that, within the consulting firm respondents, those whose roles combined responsibility for both delivery and sales of consulting services were more aligned to the clients' views of what added value, compared to those whose roles were exclusively in sales.

We also found that although clients still have a strong preference to engage larger, established consulting firms to provide consulting services, independent consultants have an as good, if not better, understanding as the respondents from consulting firms of what clients consider provides value.


In this report we include our guidance on the steps that we consider both clients and consultants should be taking to ensure that consultants deliver value.

We also define the scope of additional research that we propose to undertake to better understand:


- The factors to be taken into account in selecting a consultant to provide different types of consulting service
- The characteristics of a consulting engagement for which a client would consider using independent consultants

## ■ 2. Introduction

The survey was conducted using an online survey, containing questions on the following five topics:

- 
- 1 Client needs that can be met by a consultant
  - 2 Factors to consider in selecting a consultant
  - 3 Phase of a project in which most value is delivered
  - 4 Ways in which value is delivered
  - 5 Approach to sourcing consultants

Respondents to the survey were requested to indicate their role:

- 
- User or Buyer of Consulting Services
  - Consulting Firm Representative
  - Independent Consultant
  - The questions to which responses were requested from respondents was dependent on the role that they indicated.

# 3. Key Messages

## 3.1 Clients and consultants agree that transferring skills and experience is the best way for consultants to deliver value

We asked clients and consultants to identify the Top 3 Ways in which a consulting firm or independent consultant has ensured that value is delivered to a client.

Clients (57% of Respondents), consulting firm representatives (54%) and independent consultants (74%) all agreed that **Coaching Client Staff to Perform Project Activities** is the best way to deliver value.

Clients (50%) and independent consultants (39%) also agreed that **Training Client Staff in Systems and Processes** is the next best way to deliver value.

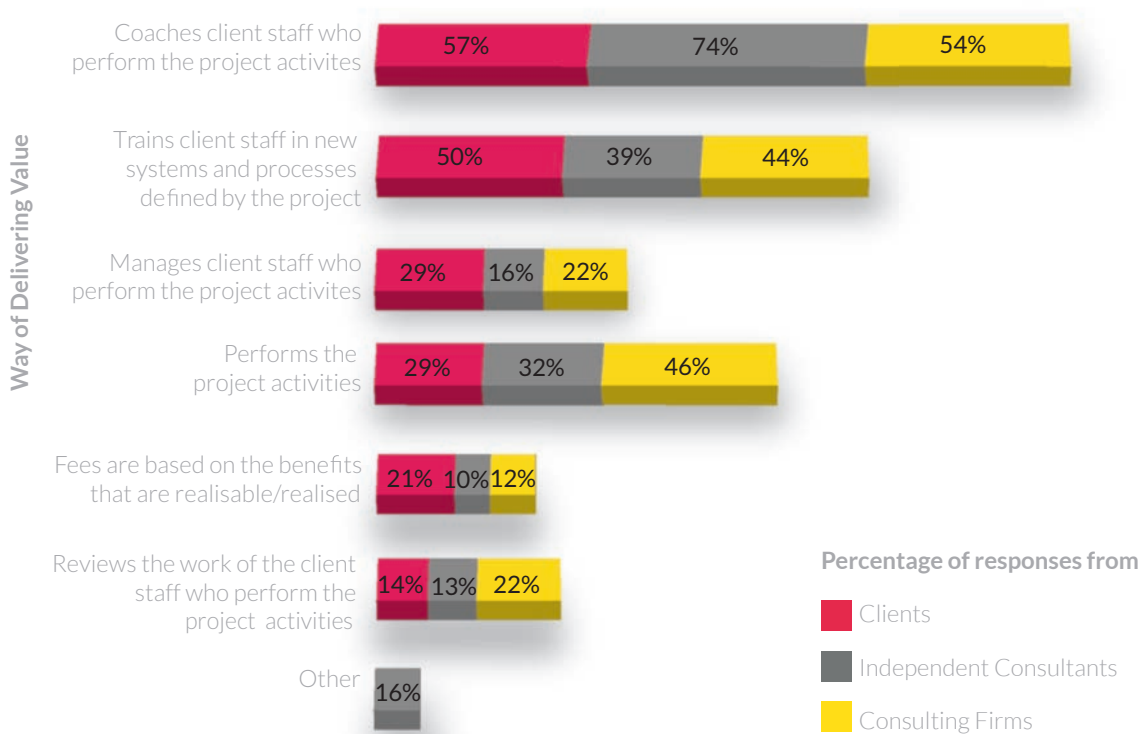


Table 1. Responses to Top 3 ways in which a consultant has delivered Value

### 3.2 However, neither clients nor consultants considered that transferring skills and experience was important in selecting a consultant

When we asked about the Top 3 client needs that can be met by a consulting firm, only 7% of clients, 7% of consulting firm respondents and 6% of independent consultants identified **Coaching Staff to Deliver the Project** as a Top 3 Need to be met by engaging a consultant.

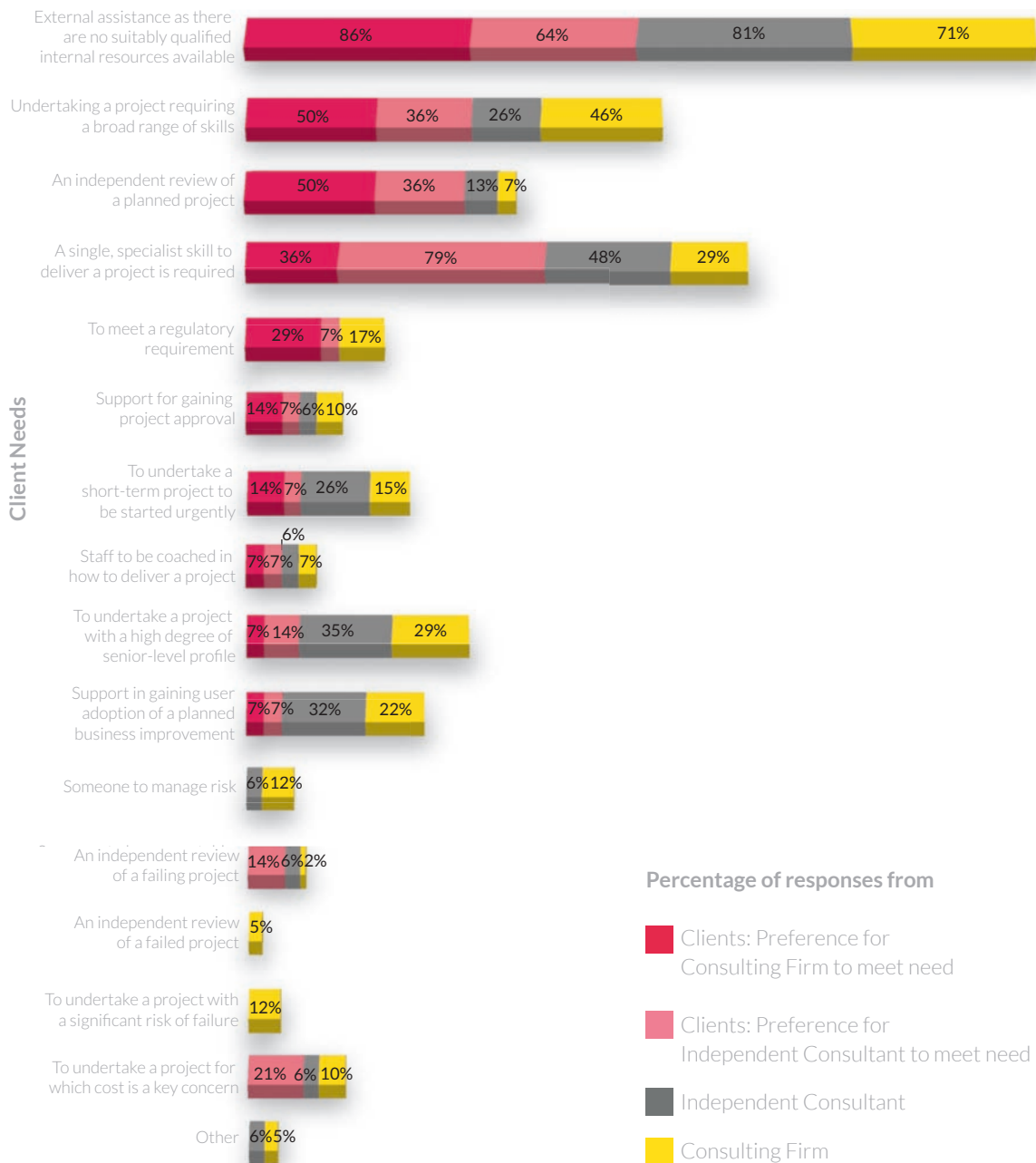
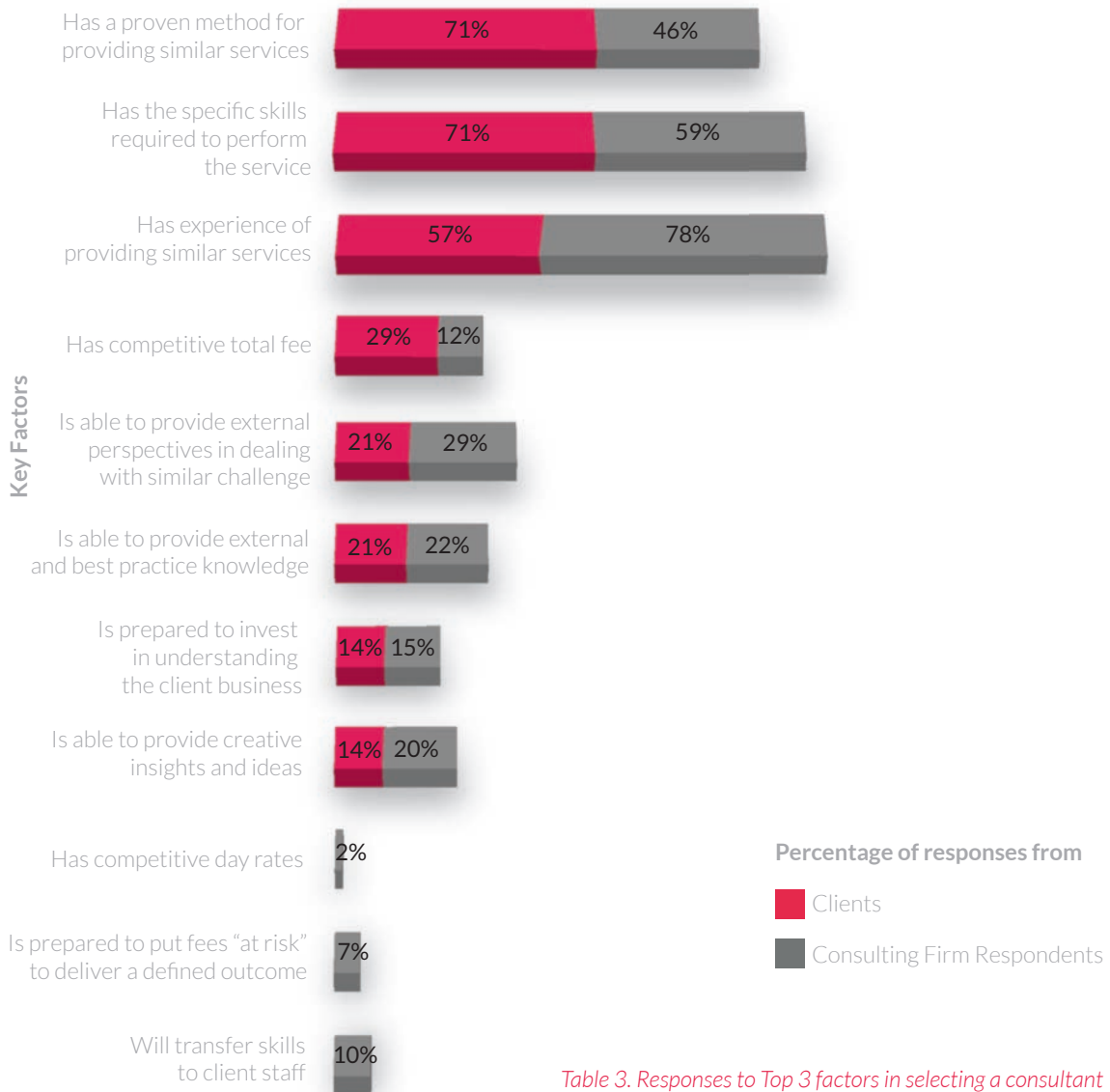


Table 2. Responses to Top 3 client needs that can be met by a consultant

When we asked about the Top 3 factors to be taken into account in selecting a consultant, none of the clients and only 10% of the consulting firm respondents considered transferring skills to client staff to be a top 3 factor



One of our consultant respondents emphasised the need to be clear about the skills to be transferred, and to accept that client staff may be resistant to change and may need to be convinced about acquiring new skills and taking on new responsibilities.

One respondent commented that transferring skills can often be a “good intention” that gets lost in concerns about cost and schedule.

A client respondent noted that skills transfer is not always appropriate. He has a regular requirement for consultants to provide up to date information about specific market sectors, and could not justify maintaining that information using an in-house team.



### 3.3 Clients consider that ensuring effective business adoption is the phase of a project in which a consultant delivers most value

43% of clients considered that **Ensuring Effective Business Adoption** is the phase of a project in which a consultant delivers most value.

### 3.4 However, Consulting Firm respondents disagree with Clients, and consider that delivering the project is the phase in which they provide the most value to Clients

44% of consulting firm respondents identified **Delivering the Project** as the way that they had delivered most value to a client, whereas only 14% of clients considered Delivering the Project had been the best way for a consultant to deliver value.

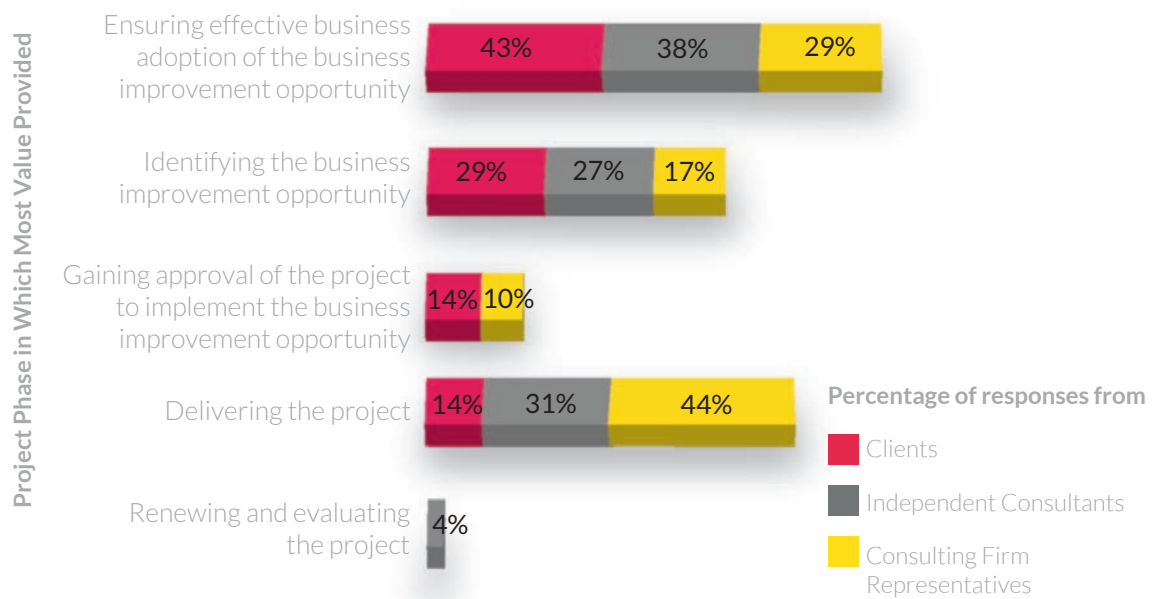


Table 4. Project Phase in which a consultant provided most value

### 3.5 Furthermore, clients do not consider that supporting business adoption is a need that can be met by a consultant

As seen in Table 2, Only 7% of clients considered **Support for Gaining User Adoption of a Planned Business Improvement** was a Top 3 need for which they would engage a consultant.

A number of consultants who responded commented that it can be difficult at the start of a project to convince clients of the need for support in business adoption. They also identified situations where it was only when a problem arose in delivering the project that the client accepted the need for support in business adoption.



### 3.6 Consulting Firm staff involved in delivery of consulting services have a better understanding of how to provide value to clients than staff who are responsible solely for selling consulting services

We asked clients, consulting firm staff engaged in either selling or both selling and delivering consulting services, and independent consultants the top 2 ways in which they have ensured that value is delivered to a client.

The responses are included in Table 5. The Top 2 responses from sellers/ deliverers were the same as clients. Service Sellers considered **Performing Project Activities** to be the best way (56%).

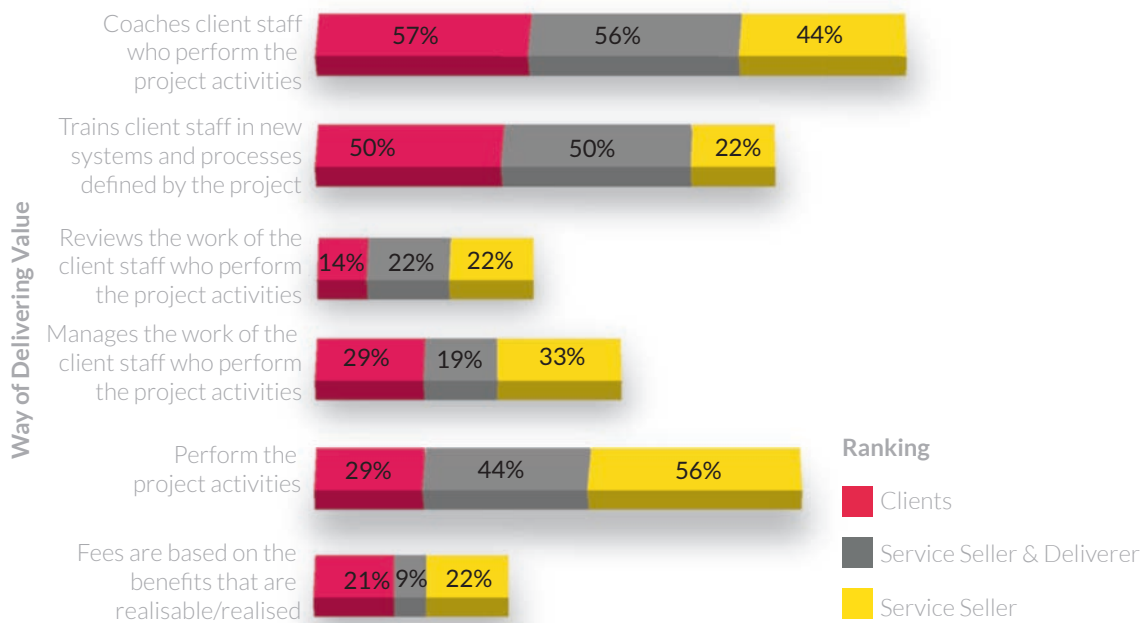


Table 5. Top 2 ways in which consulting firm respondents have ensured that value is delivered to a client

One consulting firm respondent recommended the use of joint sales teams with one person's performance measured on the value of sales and the others on a set of measures related to project success and client satisfaction.

### 3.7 Although independent consultants demonstrate as good an understanding as consulting firms of what provides value, they are less likely to be engaged by a client

As seen in Table 4, when we asked about the phase of a project in which consultants have delivered most value, the responses from clients were more aligned to those from independent consultants than those from members of consulting firms.

However, only 57% of clients indicated that they would use independent consultants, whereas 71% indicated that they would engage specialist consultancies and 86% indicated that they would engage larger consultancies that provide a wide range of services.

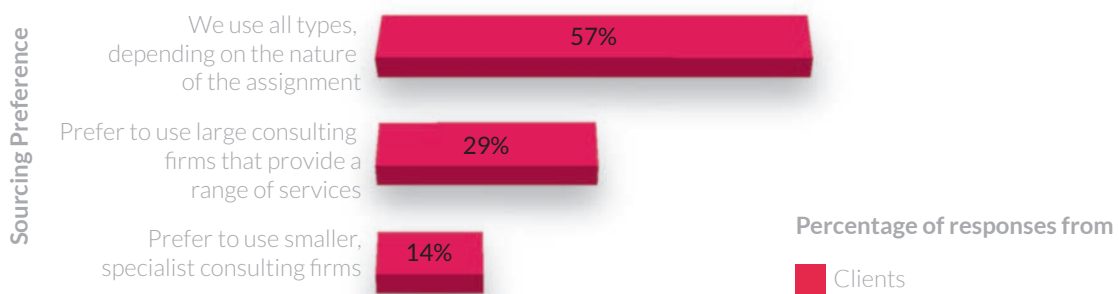


Table 6. Responses to client sourcing preferences

A number of independent consultants mentioned examples where they have been part of a group of independent consultants formed to perform a specific client project, and where they have been encouraged to work as Associates of large, well established consultancies. However, these all appeared to be short-lived.

The procurement processes of public sector clients, which appear to favour well-established consultancies, was also identified as a barrier to providing a group of independent consultants to perform a project.

# 4. Our Advice

## 4.1 For clients

- Before selecting a consultant, determine the value that you want the consultant to deliver, and monitor progress in achieving this throughout the consulting engagement

*In selecting a consultant, our survey indicated that clients are likely to focus primarily on the skills required to perform a specific programme of work. Clearly, this is an important requirement, but we consider that the client's view of how value is to be delivered should also be taken into account in selecting a consultant.*

*At the start of a consulting project, a consultant will typically provide a client with a cost and schedule for the project and agree how actual costs and progress are to be reported. Given the differing views on how and when value is added by a consultant, this should be extended to also agree how value is to be delivered by the consultant, and how it is to be monitored. Although it will not be relevant for all engagements, consideration should be given to the factors such as the transfer of skills and experience and support for business adoption that were highlighted by the survey respondents.*

- Be more open to considering the use of independent consultants

*Although there are more situations where larger, established consulting firms are a more suitable choice, we consider that clients should be more open to considering using independent consultants, either engaged directly or through the increasing number of organisations that provide teams of independent consultants*

*We are proposing to undertake further research into the characteristics of consulting projects which influence clients' decisions to use independent consultants*

- Consider contributing to the creation and operation of a Consulting User Group to share good practice in realising value from consultants

*Another of the follow up activities that we are planning to undertake is to support the creation of this group, and we are keen to work with client organisations in doing this*

## 4.2 For consulting firms

- Demonstrate to clients how value is to be delivered

*Consultants should also determine how they will deliver value to clients for whom they are proposing to provide services, and take this into account in the approach and resourcing of the consulting engagement.*

*Consultants may be assisted in doing this by another of our proposed follow up activities, which is to understand the factors to be taken into account in selecting a consultant to provide different types of consulting service.*

*Once selected to conduct a consulting project, consultants should agree with their client how value is to be delivered, and ensure that they monitor and report progress in achieving this.*

- Ensure that sales teams include individuals with responsibility for delivering consulting services

*This could include developing continuing relationships with selected independent consultants, treating them as Associates rather than as Contractors to meet a specific, one-off requirement.*

### **4.3 For independent consultants**

- Find ways of working in teams to deliver projects to clients

*This could include working with an organisation that provides teams of independent consultants, or working as an Associate of a consulting firm*

- Focus on delivering services that clients consider add value

Based on our survey, these include:

- *Delivering Projects for which a single, specialist skill is needed*
- *Coaching client staff*
- *Supporting Business Adoption*

## ■ 5. Our Planned Follow Up Activities

CMCE is planning to undertake a number of follow up activities which we consider will support enhancing the added value provided by consultant to their clients:

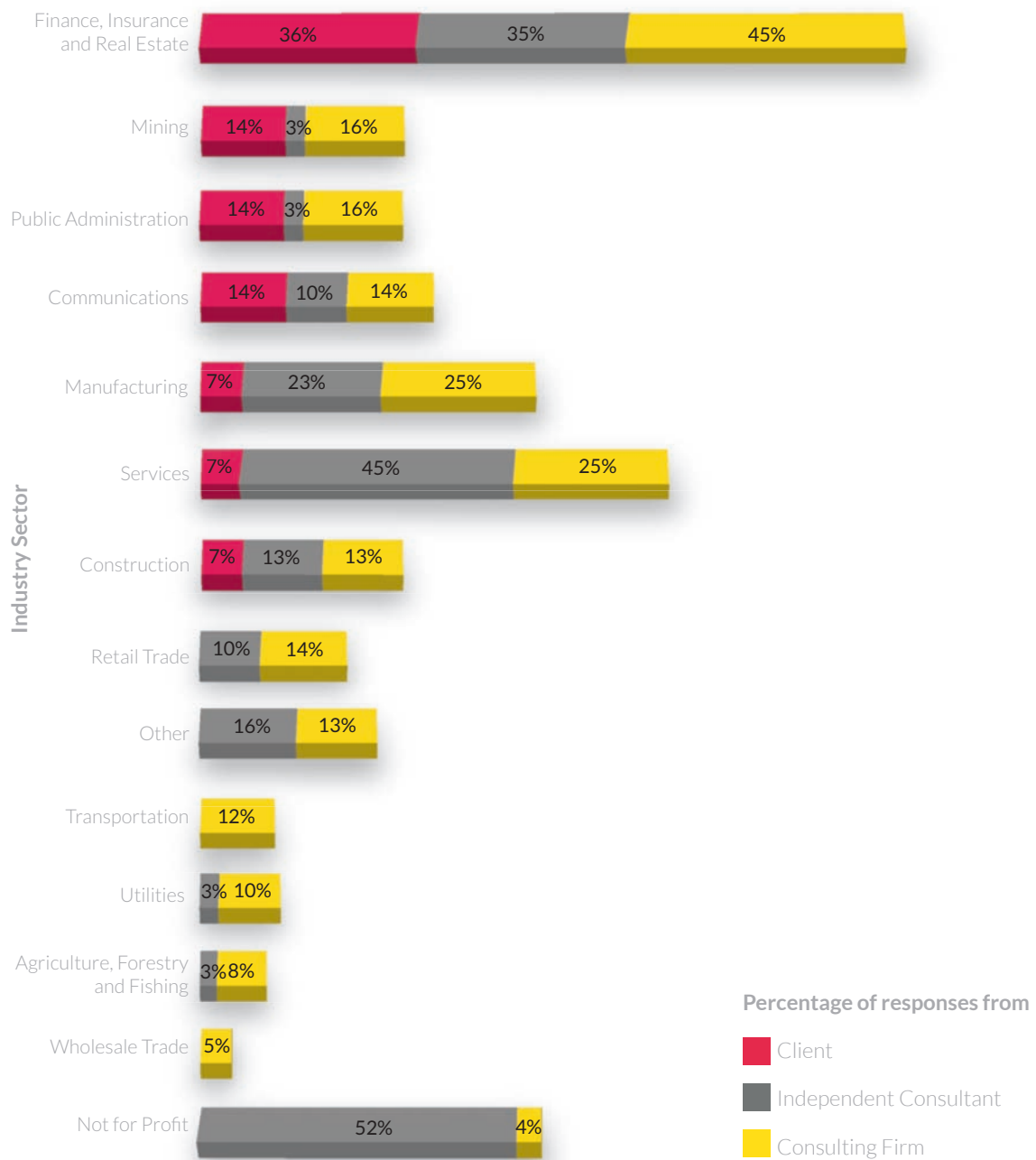
- Conducting a research study into the factors that clients take into account in selecting a consultant to perform specific types of consulting service
- Conducting a research study into the characteristics of consulting engagements for which clients would consider using teams of independent consultants
- Supporting the creation of a Consulting User Group to share amongst client organisations good practice in receiving added value from consultants

# Appendix 1: Respondent Demographics

## 5.1 All Respondents

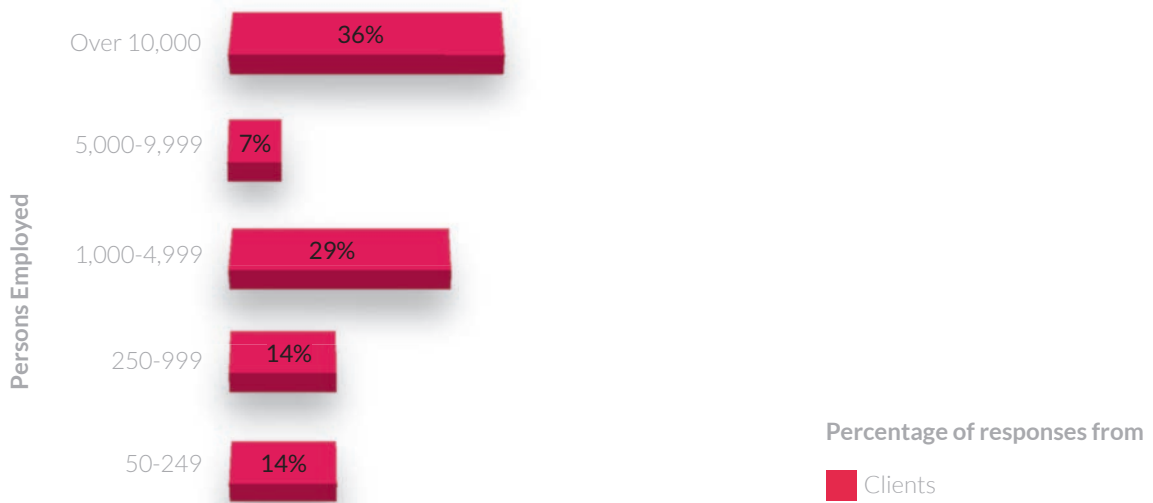
### 5.1.1 Industry Sector

Independent Consultant and Consulting Firm Respondents were asked to identify up to 3 Industry Sectors in which they have experience



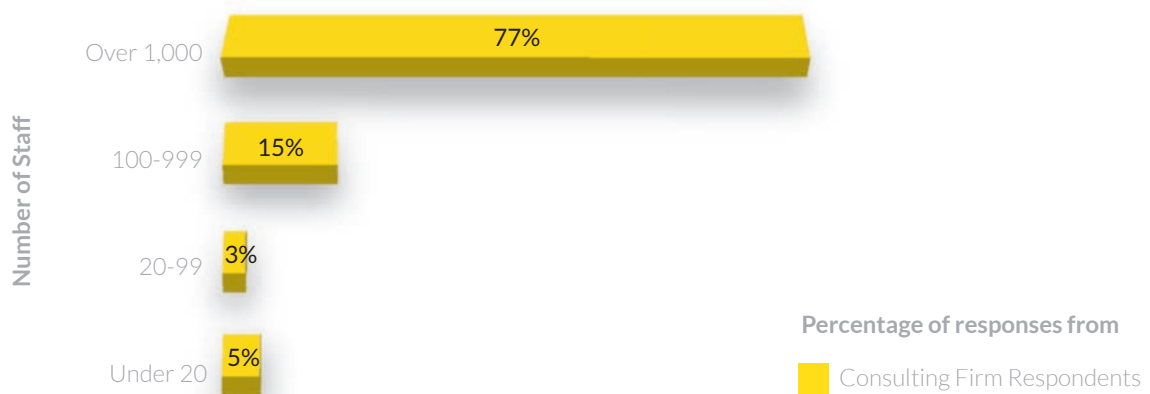
## 5.2 Client Respondents

### 5.2.1 Organisation Size of Client Respondents



## 5.3 Consulting Firm Respondents

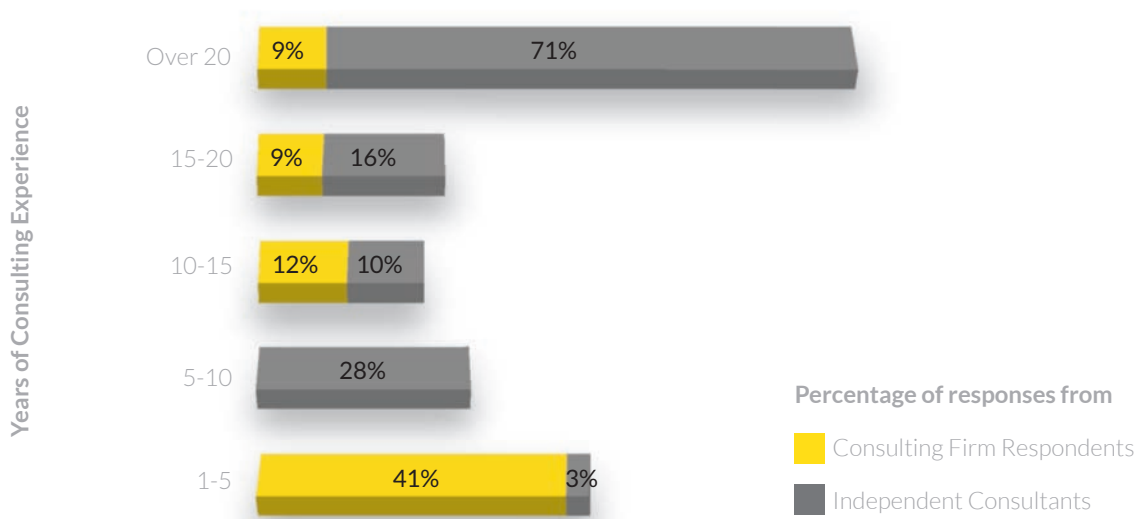
### 5.3.1 Size of Consulting Firm Working For



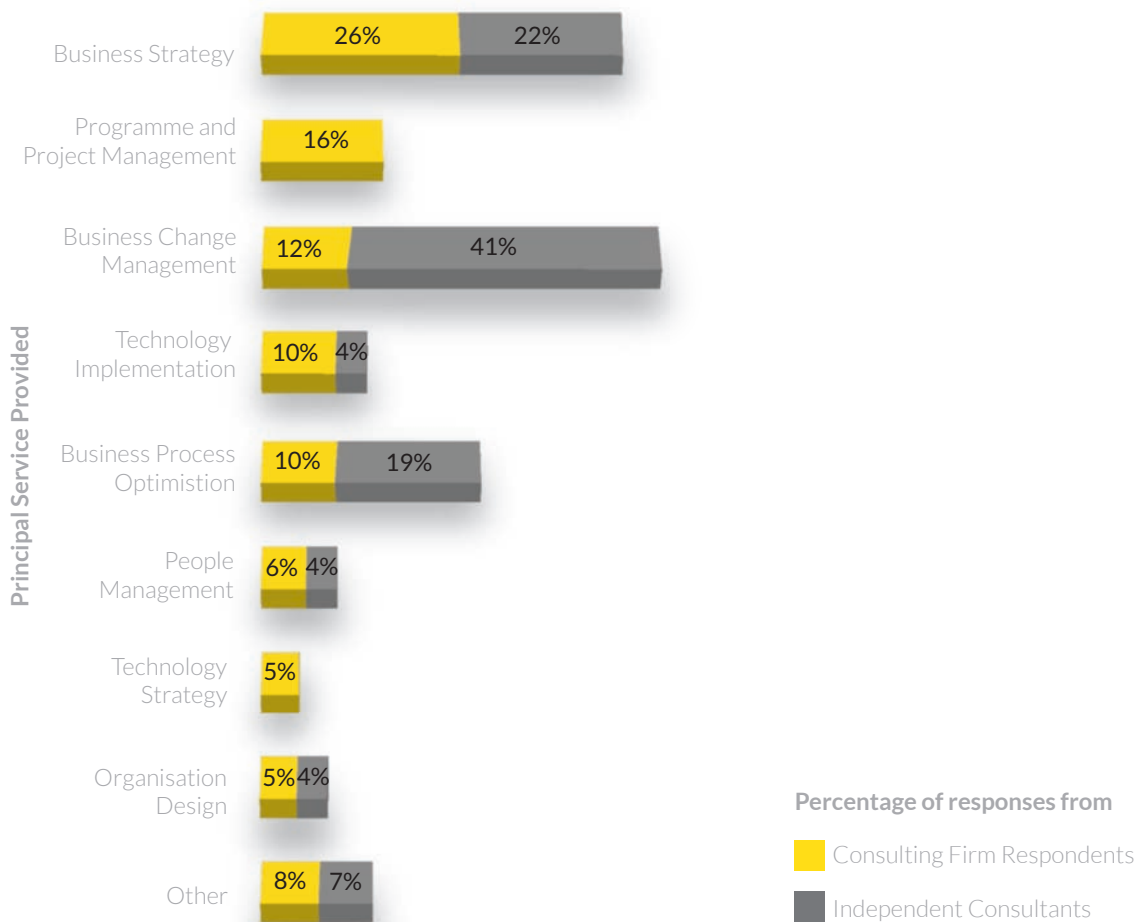


## 5.4 Consulting Firm and Independent Consultant Respondents

### 5.4.1 Number of Years of Consulting Experience



### 5.4.2 Consulting Services Delivered or Sold



## Appendix 2: About the Editor



**Jim Foster** is the editor of the Consultant Value Add survey. Jim leads an independent consulting company that specialises in advising and supporting organisations that are implementing Enterprise Resource Planning (ERP) solutions. He is also active in providing pro-bono consulting services provided by the Worshipful Company of Management Consultants to UK charitable organisations.

He has over 40 years' experience as a management consultant, including 12 years as a Partner at PwC Consulting, based in London and New York. He is experienced in assisting organisations in a wide range of business sectors to implement system-enabled business change. Jim holds a BSc in Mechanical Engineering from Imperial College.

## Appendix 3: About CMCE

Education is one of the primary objectives of Livery Companies and many have of course set up and supported their own schools. The Centre for Management Consulting Excellence has been established by the Worshipful Company of Management Consultants as its contribution to knowledge sharing and development within its own domain of interest.

Management consulting is a major business worldwide, and in the UK as elsewhere has a major impact on productivity. The Centre has been established to provide a forum for all who are interested in developing management consulting performance – not just consultants and consulting firms, but also their clients, and educational, academic and other individuals and institutions. In particular it provides a forum for the exchange of thinking between practitioners sharing the fruits of their experience and academics sharing the results of their research.

The Centre currently has the following main areas of activity:

**Major events** such as its annual Global and Technical Symposia, examining topics of interest relating to the context and content of consulting respectively

**CMCE Showcases** which are smaller scale events presenting leading edge thinking on a specific topic with the opportunity to engage with others in sharing and developing your own understanding of a relevant topic

**CMCE Round Tables** which are bespoke, sponsored, invitation-only seminars commissioned by organisations wanting to develop insight into an issue of interest to them

**The CMCE Knowledge Bank**, being a web-based source of information relevant to management consulting

**Research projects**, in which we investigate an area of general interest to the management consulting community, of which this report is the second example.

Design: Suzanne- Harris-Design



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