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Knowledge and Value Development in Management Consulting

Fionnuala Darby

Geraldine Lavin

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Management Consulting from the Client´s Perspective

Developing an Understanding of the Dynamics of the Client-Consultant Relationship

Ms. Fionnuala Darby & Ms. Geraldine Lavin

Fionnuala.Darby@itb.ie

ABSTRACT

The relationship between management consultants and their clients plays a key part in the success of consulting firms. To develop an understanding of the dynamics of the client-consultant relationship, the authors reviewed literature in the areas of intangible professional services, impression management, perception and the interaction process. A model is proposed and the authors use a case study to emphasise areas highlighted by the literature.

The authors contend that impression management, aided by positive perception and the development of the client-consultant relationship, is an important motivational force in securing consulting projects. It upholds the model for understanding the client-consultant relationship.

INTRODUCTION

Management consulting is no different to any other profession in that promotion is on merit. You move forward as fast as your performance warrants. One should always differentiate in management between "what should be", i.e. normative models promoted by consultants and top managers and "what is". i.e. shop-floor arrangements and regulations lived by employees and that can only be documented by careful and prolonged empirical research.

Fads are created and sold and implemented by consultants, reengineering is a good example. In summer 1990 there was an article by Hammer in the Harvard Business Review on reengineering. By March 1993 Hammer and Champy had published a book on the topic. In a positive sense fads are seen as a source of energy and dynamism to break away from the status quo. Negatively, however they maybe interpreted as a sign of panic, a regression to a "cure-all" magical time of thinking at the expense of distance and analysis.

The true measure of a consulting firm is its ability to help clients solve difficult problems. Consulting is unique in the field of business because it is driven by ideas. This paper will review the concept on impression management and the part that it plays in securing the client-consultant relationship. Examined with this idea are the interaction process, the role perception plays in selecting a consultant and the marketing and selling of an intangible professional service like management consulting.

The corner stone of this paper will develop an understanding of the dynamics of the client consultant relationship.

OVERVIEW

The kernel issue of the research is an attempt to understand the client – consultant relationship. Central to this is comprehending the concepts of intangible professional services, perception and the interaction process. Surrounding these themes is the theme of impression management which permeates the entire model. Diagrammatically the themes can be presented as follows:
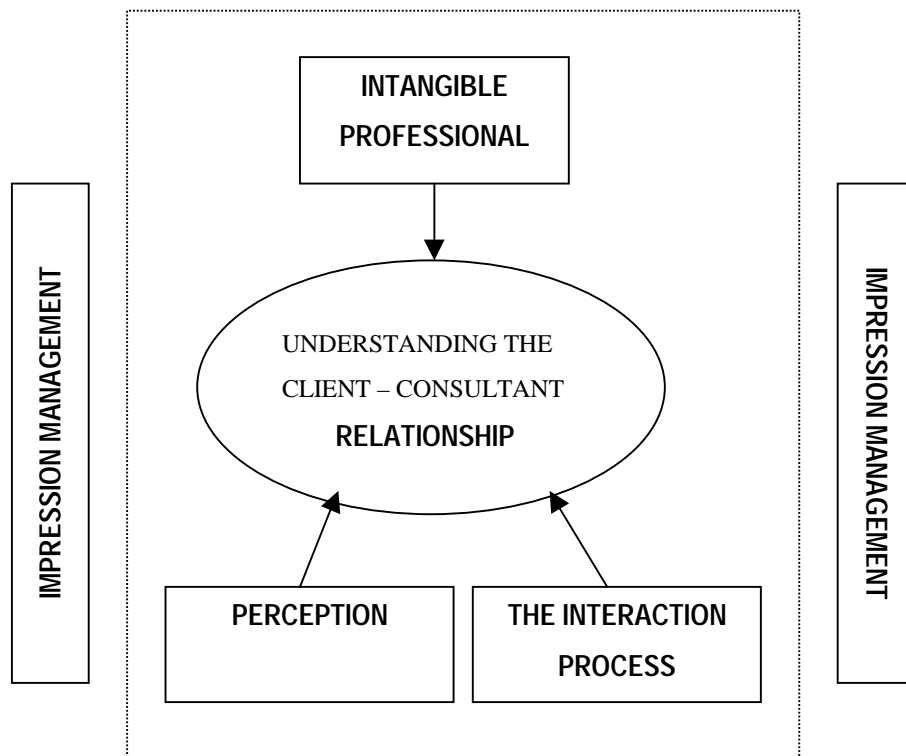
LITERATURE REVIEW

Intangible Professional Services

When comparing products and services, the absence of a physical product is the primary difference. The intangible nature of services has been identified as one of the key differences between products and services, the others being inseparability, heterogeneity and perishability (Pride & Ferrell 2000; Zeithaml, Parasuraman & Berry 1985). The characteristics of a professional service, such as management consulting, include intangibility and the status of the personnel involved (Hall, Leidecker, Mills & Margulies 1983). The service industry relies on the experience achieved by the consumer, resulting in the prohibition of potential customers inspecting or trying out a service before purchase. This results in a greater reliance on the communication of the benefits on offer being accurate, attractive and credible. Accurate and current information should be available to the potential consumer, ensuring the build up of an impression of the service (Pride & Ferrell 2000). Further to the marketing effort, Kolter (1994) argues that it is the responsibility of the service provider to "mange the evidence", to "tangibilize the intangible" and utilise the project proposal to make the actions of the service provider specific.

Traditionally, there is also a difficulty in producing accurate comparisons, between two similar services, due to the lack of unbiased material available. This is being resolved in some part through the freedom pertained from the Internet. There is significantly more information available, ensuring increased comparisons and decreasing the inability of traditional price comparisons.

Proposition 1: Consumers about to engage the services of a consulting company seek independent information on their prospective service provider.

The literature also highlights the importance of repeat business from existing clients in service companies and emphasises the benefits of retaining these clients compared to securing new clients (Grönroos 1990; Liswood 1989; Reichheld & Sasser 1990; Sellers 1989). With prospective consumers, the service organisation must expend time, financial and marketing resources on engaging and securing a new client. Whereas with existing clients, provided the service organisation has built up a good relationship with the client, the process consumes less resources. This area has been examined in depth through literature on relationship marketing. Maintaining and developing good client relationships through fulfilling promises to customers is crucial to service organisations (Grönroos 1990). Indeed,

this focus on the value of existing clients convinced Levitt (1986) to deduce that the aim of business is not to make a profit but to win and retain clients.

Proposition 2: Consulting companies who focus on retaining existing clients and developing the client-consultant relationship will secure further contracts as a result.

Impression Management

Consultancy, as impression management, is an attempt to convince clients of their value and quality. What is a consultant but a professional helper. According to Clark (1995) "new lenses" are needed to see that a core feature of consulting work is the art of impression management. The processes by which individuals attempt to control the impression others form is impression management.

It should be noted from the outset that impression management theory does not imply that the impressions created by consultants in this case, are necessarily false. This paper recognises that impression management exists in securing the client consultant contract and attempts to examine the nature of impression management in understanding the client-consultant relationship.

Bolino (1999) posits that impression management appears to have a lot in common with citizenship behaviours. For the purposes of this research there is a dichotomy between citizenship behaviour and impression management. Citizenship behaviours that employees engage in, in the workplace affect the impression that an individual makes on a supervisor or co-worker. These behaviours are therefore internal to the organisation. Their main purpose being an important attempt to accomplish one´s goals i.e. usually career advancement. Impression management on the other hand is what the consulting firm engages in to influence the image others have of them. Consultants use this behaviour because what they are trying to sell is an intangible professional service to the prospective client. Until it is produced it only has potential, up to that point it remains just a promise. This behaviour is external as it occurs in the external-task environment of the company when they seek help, or wish to maximise an opportunity and so draw on a consultant´s supposed expertise.

Theorists in impression management advocate that there exists a primary human motive, both inside and outside of organisations, to be seen by others in a favourable light and to avoid negative connotations. (Rosenfeld, 1995). Drawing on the literature on the topic there appears to be three salient factors determining the motivation to manage impressions:

Goal importance and impressions

This is the consulting firms motivation to make the prospective client perceive that the consulting firm´s proposal is instrumental to the client´s success, (Leary & Kowalski, 1990). The "goal" has two sides – the client firm´s goal is economic success after project implementation. The consultant´s goal is securing the contract after presentation of the proposal.

Proposition 3:   Consultants will be more likely to engage in impression management when they can identify with the importance of the client´s goals.

Value of image enhancement

Bolino (1999) describes this factor as obvious in political climates in an organisation, e.g. approaching performance appraisal deadlines. In the consulting industry value enhancement is used where there is a lack of objective criteria for assessing performance or success. The greater the ambiguity surrounding an organisation´s future, the greater the scope for the consultant to engage in successful impression management behaviours.

Proposition 4:   The greater a client organisation´s environmental uncertainty the more likely a consultant will engage in impression management.

The difference between desired and current images

This is the discrepancy between the consultant´s desired image and the image they believe the client has of them. This discrepancy can arise from reputation, previous experience and former successful or unsuccessful contracts. The greater the discrepancy between the two states the more likely the consultant will be to engage in impression management. The consultant´s aim being corrective action for prior negative impressions the client may have of them. Or simply to reinforce the consultant´s current positive reputation and track record.

Proposition 5: Consultants will be more likely to engage in impression management when their image has suffered in the past or due to poor performance.

Not everyone is concerned with impression management and it is no surprise to hear that the low self-monitor does not feel the need to mould their appearance and behaviour to fit each situation unlike the high self-monitor. The consulting profession undoubtedly, engages in impression management. Impression management techniques include conformity, acclamation, flattery and association (Robbins 1999). Crosier (1997), refers to "corporate

reputation" in his article on Bromley´s *Social Psychology of Reputation* as an "unarguable credential" in analysing one consultant´s bid over another.

It is important to keep in mind that impression management does not imply that the impressions consultants convey are necessarily false. The impression manager for the consulting firm must be cautious not to be perceived as misrepresenting the situation. However it is situations of high uncertainty and ambiguity that tend to be characterised by misrepresentation and these situations provide little information for challenging a fraudulent claim (Robbins 1999) (See proposition 2).

Interpreting impression management could be described as a stand-alone theory. Like reading a novel each reader will have a different interpretation of events. Similarly because impression management involves interpreting behaviours, each client-consultant situation is likely to be different. The above propositions are to be seen in a general light and will undoubtedly vary from client to consultant to interpreter and so on. For the purposes of this research they are to be seen as highly exploratory in nature.

Perception

While impression management focuses on attempts by the consultant to be seen in a favourable light by the client, perception in this paper is the client´s view of these attempts by the consultant to secure the contract. Perception is the process that the client uses to make sense out of the consultant´s proposal. It is the means by which the client selects, organises and interprets the information put forward by the consultant firm. There exists individual differences in what people perceive and how they organise and interpret it. Therefore perceptions vary among people. Recognising the difference between what is perceived and what is real is a key element in diagnosing a situation.

According to Daft (2000) the perceiver, the client in this case, has six characteristics:

- Needs and motivation – What is the consultant´s attempt to satisfy the client´s needs by finding a solution to a problem or exploitation of a pending opportunity.

- Values and beliefs – How aligned are the beliefs and values of the consulting firm with those of the client?

- Personality – How stable is the consultant´s behaviour pattern in response to idea generation, problem-solving and the environment?

- Learning – Has the consultant made certain factors important enough for the client to pay attention to them.

- Primacy – People pay greater attention near the beginning of a presentation.

- Recency – People pay greater attention toward the end of a presentation.

It can be concluded that it is the job of the consultant to select and organise stimuli to provide meaningful experiences for the perceiver. Hentschel, Smith and Draguns (1986), stipulate that this represents the psychological process whereby people take information from the environment and try to make sense of it. In this case the client takes information from the consulting firm´s proposal/presentation that will be of relevance to their situation be it a problem or an opportunity.

In the consulting industry the client or prospective client engages in perceptual selectivity. They screen out the various objects and stimuli that vie for their attention. Certain stimuli catch their attention and others do not. It is the intention that this exploratory piece of research examines what exactly catches their attention and what does not, all the time taking into account the role impression management is playing in catching the client´s attention.

Proposition 6: On what basis does the client perceive an understanding of the consultant´s efforts in attracting their attention?

The Interaction Process

Customers are increasingly aware of the alternatives on offer and also of the rising standards of service. Consumers are demanding higher standards and better customer service, both of which businesses must provide in order to remain competitive (Lewis 1995). The changing pace of business has increased the need for more meaningful interaction between client and consultant.

The nature of the delivery of a professional service requires a high degree of client-supplier organisation interaction. Levitt (1972) identified this personal involvement in delivery and maintained that "services are invariably and undeviatingly personal….something performed by individuals for individuals". The interaction between the consulting company and the client is particularly important in the initial stages of securing the consulting project. Gummerson (1979), following interviews with 50 professionals, concluded that:

> *A professional service can only be purchased meaningfully from someone who is capable of rendering the service. What is needed is the professional who sells, not the professional salesman.*

Further research by Gummerson (1987) stresses the emphasis on person-to-person interaction between the service provider and the customer. The interaction between client and consultant is not static, it develops over a number of phases. Grönroos (1980) developed a Three Stage

Model to describe the development of the supplier organisation-client interaction process. The three stages are:

Stage 1	Interest by the consumer in the supplier organisation and the services it offers as a possible means of satisfying the consumer´s needs
Stage 2	Purchase of the services required as a possible means of satisfying the consumer´s needs
Stage 3	Repeat purchase of the same or similar services which are provided by the supplier organisation as needed.

Of particular interest to the scope of this paper is Stage 1, where it is identified that the supplier company, such as a management consulting company, is trying to generate consumer interest in the company and its services and to generate a high level of perceived quality. Stage 2 involves turning the consumer´s general interest into a sale. During Stage 3 the supplier organisation attempts to guarantee repeat sales by activities engaged in during the supply of the service to the consumer when there is frequent and interactive contact between the two parties. Grönroos (1980) advocates continuous adaptation of the supplier organisation´s operations to meet consumer´s present, expected and perceived needs.

A framework of four phases, drawing on the work of Peplau (1969) and Barber (1997) has been extended by Barber and Mulligan (1998). The four phases discussed are orientation, identification, exploration and resolution and can be summarised in the following table (Barber & Mulligan 1998):

Phases	**Issues**	**Nature**
Orientation	Forming a working allegiance Adapting to each other´s world Developing trust Negotiating rules of engagement	Client-centred
Identification	Clarifying problems Raising strategies Understanding the contextual frame Bonding in partnership	Problem-centred
Exploration	Implementing chosen strategies Modifying and experimenting Enacting mutually supportive roles Deepening understanding	Strategy-centred
Resolution	Evaluating outcomes Completing consultation Reviewing follow-up Debriefing for insight	Quality-centred

Proposition 7: To ensure successful interaction, the consulting company must concentrate on the development of a personal relationship with the key project members in the client company particularly during the preliminary stages of the project.

RESEARCH METHODOLOGY

The research conducted involved the collection of both primary and secondary data. Primary data is information collected from the original sources specifically for the task at hand (Emory & Cooper, 1991). Secondary data is gathered and recorded by someone else, prior to and for purposes other than the current needs of the researcher (Zikmund, 1991).

Research Question

To develop an understanding of the client-consultant relationship.

More specifically the paper strives to understand the part played by impression management, perception, intangible professional services and the interaction process as interpreted by the consultant, client and potential client.

Propositions

1. Consumers about to engage the services of a consulting company seek independent information on their prospective service provider.
2. Consulting companies who focus on retaining existing clients and developing the client-consultant relationship will secure further contracts as a result.
3. Consultants will be more likely to engage in impression management when they can identify with the importance of the client´s goals.
4. The greater an organisation´s environmental uncertainty the more likely a consultant will engage in impression management.
5. Consultants will be more likely to engage in impression management when their image has suffered in the past or due to poor performance.
6. On what basis does the client perceive an understanding of the consultant´s efforts in attracting their attention?
7. To ensure successful interaction, the consulting company must concentrate on the development of a personal relationship with the key project members in the client company, particularly during the preliminary stages of the project.

Research Design

The information gathered in qualitative research goes beyond what, which and when and into the realms of how and why. It consequently allows the researcher to gain deep and rich insight into people´s attitudes, needs and behaviours.

What is distinctive about qualitative research is that it is holistic in the sense that qualitative research attempts to understand the overall context of the problem. It does not follow a ready made plan and the research is open to discovery. Qualitative methods are particularly oriented toward exploration, discovery and inductive logic.

According to Cooper and Emory (1995) exploration is particularly useful when the researcher lacks a clear idea of the problems they will meet during the study.

Sample

The sample size used was a single case study. The participants were made aware that their expert training and experience in their professions would give the researchers valuable insight into the research topic. The case study examines the relationship and interaction process between a management consulting organisation and their client. The consulting project required the management consulting organisation to complete a 5 year strategic plan for the client. The time frame for the consulting project was one year. The project was completed in summer 2000.

Data Collection

Within the realms of direct qualitative methods, the researcher must choose between in-depth research methods or focus group interviews. The nature of the questioning in this study rendered inapplicable the use of focus groups. The confidential nature of the information required creates reasonable doubt that sufficiently deep responses could be elicited in a group setting. Therefore in-depth interviews with the key project members from the consulting company and the client organisation were held in October and November 2000.

Data Analysis

Qualitative methods will be used in this research due to its suitability as a means of conducting exploratory research. The qualitative findings are presented in the following section along with a discussion.

Research Limitations

The results will be limited primarily by the use of a single case study. However the authors feel that the primary benefit will be the review of literature in this area and the case study serves to enhance this review.

RESULTS & DISCUSSION

The cornerstone of this research is to understand the dynamics of the client-consultant relationship. More specifically one of the over-riding factors that emerged from the literature review and subsequently the data collection was the key role of impression management in securing the initial consulting project and developing the relationship between the two parties.

Proposition 1: Consumers about to engage the services of a consulting company seek independent information on their prospective service provider.

Proposition 2: Consulting companies who focus on retaining existing clients and developing the client-consultant relationship will secure further contracts as a result.

Proposition 3: Consultants will be more likely to engage in impression management when they can identify with the importance of the client´s goals.

Having analysed the data bearing Proposition Three in mind, the following results emerged:

- The consultant company in this research has a relatively recent formation. Due to previous work the company had done on similar projects they were invited to tender for the project.
- A tender document containing terms of reference were submitted prior to a presentation to the client company.
- The presentation by the consultant company was interactive and was made to a steering group.

The consultant company was of the impression that the potential client was looking to work with someone who could maximise a highly interactive and consultative environment to elicit information. In this regard the interactive and open presentation worked to their advantage as the format of this presentation was essentially a questions and answers style forum "around a table". It was in this environment that the consultant company could display highly interactive and communicative skills which turned out to be a forte for them in securing the

contract. So it could not be directly said that they engaged in impression management but rather that the open nature of the presentation worked to their advantage.

Proposition 4: The greater an organisation´s environmental uncertainty the more likely a consultant will engage in impression management.

A key success factor for the consulting company was their exact interpretation of the environment that the client wished them to work in (an highly interactive and consultative environment). To this end their initial strategy was focused in displaying a confidence at the presentation of their ability to work in a highly interactive environment. The environment could be said to be certain as there was a clear strategic aim (to write a 5 year strategic plan) but the outcome of the environmental analysis was uncertain and emerged during completion of the project.

The aim of the project was the development of a project plan for a suburban area. The way in which the consultant company gathered information on the project after securing the contract was through a long and rigorous series of focus groups and interviews with key personnel in all segments of society pertaining to the development plan.

As Bolino (1990) points out where there is a lack of objective criteria for assessing performance or success then the greater the scope for the consultant to engage in successful impression management behaviours. In this scenario the client was uncertain as to how the objectives were to be achieved thereby creating uncertainty. The consultant adopted this uncertainty by reducing it to comfortable terms for the client and thereby securing the contract.

Proposition 5: Consultants will be more likely to engage in impression management when their image has suffered in the past or due to poor performance.

For the consultant this was one of the first major projects they had undertaken since their formation. The client was aware of them from previous work the consultant company had completed in the project area. So with regard to Proposition Five, it does not apply in this case since the consultant company had neither poor performance nor a dented corporate image to defend. However it is worth noting under discussion of this proposition that because the consultant company was a in an early start-up phase, it was very eager to make a lasting impression having neither an extensive portfolio of previous projects to give additional weight to their initial tender.

The consulting company would like to think that the impression they left with the client company was that they endeavoured to pursue the client´s objectives in a capable, competent and complete fashion, so much so that the client company would use their professional services in the future and would also recommend them to others.

Proposition 6: On what basis does the client perceive an understanding of the consultant´s efforts in attracting their attention?

The project in question in the case study was the development of a 5 year strategic plan for the development of a suburban region. It should be noted that the providers of information to the consultant company did so on a purely voluntary basis. Interviews were conducted with local government departments, residents and social partnerships in the area.

It was through networking that the client shortlisted three consulting companies to bid for the project. On the basis of initial proposals, the consulting companies made presentations to the client. The quality of the tender proposal along with the consulting company´s subsequent presentation to the steering group were the deciding factors in securing the contract.

What was the client company looking for?

- **Personnel Involved** - a concern for excellence and success and the ability to work closely with others on the project.
- **Body Language** – the use of body language to create a confortable setting which would be used by the consultant later in eliciting responses. This was particularly important due to the highly participative nature of the information gathering process.
- **Rapport** – in general terms the client company were seeking an affiliation with the consultant company and their strategic aims and objectives for the project. One of the initial companies invited to tender failed to secure the contract because they gave the impression to the client that they were unapproachable and viewed the project as "just another piece of business".

The client´s initial impression of the consultant company was favourable. During the project this impression escalated. The client perceived that the consultant was always looking ahead. The consultant company had no affiliation to the suburban area but the client perceived that nonetheless they "embraced the environment" they found themselves in and took ownership of the project, something that looked unlikely from another competitor in the tender process.

The client has used the consultant company again in a training capacity and has recommended them to other organisations. The client company revealed the following about the consultants:

- Found the consultant company to be highly professional

- Committed to the project

- Made a lasting first impression

Proposition 7: To ensure successful interaction, the consulting company must concentrate on the development of a personal relationship with the key project members in the client company, particularly during the preliminary stages of the project.

CONCLUSION

On the basis of impression management and perception there appears to be little differences between the impression the consultant company feels they left with the client and the impression and perception that the client company has of the consultant. The authors contend therefore that impression management, aided by positive perception is an important motivational force in securing the bid for a consulting project. It upholds the model aforementioned for understanding the client-consultant relationship and enforces how one´s image may drive a project in the initial stages.

If the propositions in this article are found to be true in further research then they present important implications for practising managers seeking a consultant and consultant companies trying to secure contracts. The client should be careful in assessing the impression of the consultant firm so as to reduce the discrepancy between desired and current images. What is special about this piece of research is that the consultant did not have a reputation or much previous experience to rely on and won the contract solely on the content and delivery of their presentation. The authors would also make the assumption that the client was not unduly concerned about impression management swaying their decision in the selection of a consultant.

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