

CONTENTS

Authors and acknowledgements	XV
Foreword	XVII
Part I Management consulting in perspective	
<hr/>	
Chapter 1 Nature and purpose of management consulting	3
1.1 Definition: What is consulting?	3
1.2 Why are consultants used: Five generic purposes	9
1.3 How are consultants used: Ten principal ways	13
1.4 Fundamentals of the consulting approach	18
Chapter 2 Range and scope of consulting services	27
2.1 A historical perspective	27
2.2 Range of services provided	32
2.3 Generalists and specialists	34
2.4 Main types of consulting organization	36
2.5 Internal consultants	39
2.6 Management consulting and other professions	43
2.7 Management consulting, training and research	46
Chapter 3 The consultant-client relationship	51
3.1 Defining expectations and roles	51
3.2 A collaborative relationship	54
3.3 The client system	55
3.4 Behavioural roles of the consultant	56
3.5 Further refinement of the role concept	60
3.6 Methods of influencing the client system	64
3.7 Counselling as a tool of consulting	67
Chapter 4 Consulting and change	71
4.1 Understanding the nature of change	71
4.2 How organizations approach change	78

Management consulting

4.3	Gaining support for change	85
4.4	Managing conflict	88
4.5	Structural arrangements and interventions for assisting change	90
Chapter 5	Consulting and culture	103
5.1	Understanding and respecting culture	103
5.2	Levels of culture	105
5.3	Facing culture in consulting assignments	111
Chapter 6	Professionalism and ethics in consulting	117
6.1	Defining a profession	117
6.2	The professional approach	120
6.3	Professional associations and codes of conduct	126
6.4	Certification and licensing	130
6.5	Legal liability and professional responsibility of management consultants	132
<hr/>		
Part II	The consulting process	
Chapter 7	Entry	141
7.1	Initial contacts	142
7.2	Preliminary problem diagnosis	147
7.3	Terms of reference	155
7.4	Assignment strategy and plan	156
7.5	Proposal to the client	159
7.6	The consulting contract	163
Chapter 8	Diagnosis	167
8.1	Conceptual framework of diagnosis	167
8.2	Diagnosing purposes and problems	170
8.3	Defining necessary facts	176
8.4	Sources and ways of obtaining facts	180
8.5	Fact analysis	190
8.6	Feedback to the client	200
Chapter 9	Action planning	205
9.1	Searching for ideas on possible solutions	206
9.2	Developing and evaluating alternatives	214
9.3	Presenting action proposals to the client	217
Chapter 10	Implementation	221
10.1	The consultant's role in implementation	222
10.2	Planning and monitoring implementation	223
10.3	Training and developing client staff	226
10.4	Some tactical guidelines for introducing changes in work methods	227
10.5	Maintenance and control of the new practice	233

Chapter 11 Termination	237
11.1 Time for withdrawal	238
11.2 Evaluation	240
11.3 Follow-up	246
11.4 Final reporting	247
Part III Consulting in various areas of management	
<hr/>	
Chapter 12 Consulting in general and strategic management	253
12.1 Nature and scope of consulting in corporate strategy and general management	253
12.2 Corporate strategy	257
12.3 Processes, systems and structures	266
12.4 Corporate culture and management style	268
12.5 Innovation	271
Chapter 13 Consulting in financial management	273
13.1 Financial appraisal	275
13.2 Working capital and liquidity management	277
13.3 Capital structure and the financial markets	278
13.4 Mergers and acquisitions	280
13.5 Finance and operations: Capital investment analysis	283
13.6 Accounting systems and budgetary control	284
13.7 Financial management under inflation	287
13.8 Cross-border operations and the use of external financial markets	289
Chapter 14 Consulting in marketing and distribution management	295
14.1 The marketing strategy level	296
14.2 Marketing operations	301
14.3 Consulting in commercial enterprises	304
14.4 International marketing	305
14.5 Physical distribution	306
14.6 Public relations	307
Chapter 15 Consulting in production management	309
15.1 Basic choices in the production area	309
15.2 The product	316
15.3 Methods and organization of production	319
15.4 The human aspects of production	328
Chapter 16 Consulting in human resource management	333
16.1 The changing nature of the personnel function	333
16.2 Policies, practices and the human resource audit	336
16.3 Human resource planning	339
16.4 Recruitment and selection	340
16.5 Motivation and remuneration	342

Management consulting

16.6	Human resource development	345
16.7	Labour-management relations	351
16.8	New areas and issues	358
Chapter 17	Consulting in information technology	363
17.1	The changed role of IT	363
17.2	The impact on management thinking	366
17.3	The requirements for consulting	367
17.4	The range of services provided	367
17.5	The providers of consultancy	372
17.6	Selecting an IT consultancy	374
17.7	Making effective use of consultants in the IT area	375
Chapter 18	Consulting in small-business management	377
18.1	Characteristics of small enterprises	378
18.2	The role and profile of the consultant	381
18.3	Consulting assignments in the life-cycle of an enterprise	383
18.4	Areas of special concern	388
18.5	Consulting in policy development	391
18.6	Innovations in small business consulting	395
Chapter 19	Consulting for the informal sector	399
19.1	What is different about micro-enterprises?	400
19.2	Management problems of informal sector entrepreneurs	403
19.3	The special skills of micro-enterprise consultants	404
19.4	Outreach to micro-enterprises in the informal sector	406
Chapter 20	Consulting for the public sector	413
20.1	Current trends and challenges	414
20.2	Programme responses	418
20.3	The public sector environment	420
20.4	Success factors for consulting to the public sector	427
20.5	Special areas of consulting	431
20.6	Future perspectives	434
Chapter 21	Consulting in privatization	435
21.1	The principal clients	435
21.2	Profiles of privatization advisers	437
21.3	Selection of consultants and contracts	438
21.4	The consultant's tasks in a typical privatization process	440
21.5	Issues and risks	448
21.6	Post-privatization consulting	452
Chapter 22	Consulting for productivity and performance improvement	455
22.1	A short history of productivity consulting	455
22.2	Measuring and analysing productivity and performance	458
22.3	Designing and implementing productivity and performance improvement programmes	468

Part IV Managing a consulting firm

X	Chapter 23 Fundamentals of consulting firm management	485
	23.1 The management challenge of the professions	486
	23.2 Managing a professional service	487
	23.3 Managing a professional business	491
	23.4 The management matrix	497
X	Chapter 24 The consulting firm's strategy	501
	24.1 A strategic approach	501
	24.2 Services and products	505
	24.3 The client base	511
	24.4 Growth and expansion	512
	24.5 Going international	515
	24.6 Profile and image of the firm	516
	24.7 Strategic management in practice	518
X	Chapter 25 Marketing of consulting services	527
	25.1 The marketing approach in consulting	528
	25.2 A client's perspective	531
	25.3 Techniques for marketing the consulting firm	533
	25.4 Techniques for marketing consulting assignments	544
	25.5 Marketing to existing clients	547
	25.6 Managing the marketing process	550
	Chapter 26 Costs and fees	557
	26.1 Income-generating activities	557
	26.2 Costing chargeable services	559
	26.3 Marketing-policy considerations	561
	26.4 Principal fee-setting methods	562
	26.5 Fair play in fee-setting and billing	567
	26.6 Towards value billing	569
	26.7 Costing and pricing an assignment	570
	26.8 Billing clients and collecting fees	574
	Chapter 27 Assignment management	577
	27.1 Structuring and scheduling an assignment	577
	27.2 Preparing for an assignment	582
	27.3 Managing assignment execution	585
	27.4 Controlling costs and budgets	590
	27.5 Assignment records and reports	591
	27.6 Closing an assignment	595
	Chapter 28 Quality management and assurance	597
	28.1 What is quality management?	598
	28.2 Key elements of a quality assurance programme	602

Management consulting

28.3	Quality certification	608
28.4	Sustaining quality	612

Chapter 29 Operational and financial control 615

29.1	Operating work plan and budget	615
29.2	Performance monitoring	619
29.3	Bookkeeping and accounting	625

X Chapter 30 Structuring consulting firms 629

30.1	Legal forms of business	629
30.2	Structuring the operating core	633
30.3	Organizing for marketing	637
30.4	Organizing other client services	639
30.5	Organizing for international operations	639
30.6	Administrative support services	641
30.7	Library and documentation	642
30.8	Office facilities	644
30.9	General management organization and coordination	645

X Chapter 31 Information technology in consulting firms 647

31.1	Current trends	647
31.2	Support to business administration	650
31.3	Support to professional service productivity and quality	652
31.4	Information for marketing of services	656
31.5	Realizing benefits	657
31.6	Information technology in small consulting firms	660

Part V Developing management consultants and the consulting profession

Chapter 32 Careers and compensation in consulting 665

32.1	Personal characteristics of consultants	665
32.2	Recruitment and selection	668
32.3	Career development	672
32.4	Compensation policies and practices	677

Chapter 33 Training and development of consultants 683

33.1	What should consultants learn?	684
33.2	Training of new consultants	689
33.3	Training methods	698
33.4	Further training and development of consultants	701
33.5	Options available to sole practitioners	706

> Chapter 34 Preparing for the future 709

34.1	The changing demand	709
34.2	The changing geographical perspective	711
34.3	Increasing professionalism in management consulting	715

Appendices

Appendix 1	The client's Ten Commandments	721
Appendix 2	Associations of management consultants in selected countries	729
Appendix 3	Professional codes (examples)	735
Appendix 4	Outline of a management survey	745
Appendix 5	Terms of a consulting contract	759
Appendix 6	Case history of consulting to a growing small business	765
Appendix 7	Case history of process consulting	777
Appendix 8	Case history of senior management team development	791
Appendix 9	Person-to-person communication in consulting	797
Appendix 10	Consultant report writing	803
Appendix 11	Selected bibliography for management consultants	809
Index	841

Figures

1.1	Generic consulting purposes	10
1.2	Phases of the consulting process	22
2.1	Professional service infrastructure	44
3.1	Description of the consultant's role on a directive and non-directive continuum	62
4.1	Time span and level of difficulty involved for various levels of change	75
7.1	The consultant's approach to a management survey	149
8.1	Force-field analysis	196
8.2	Various bases for comparison	197
10.1	Comparison of the effects on eventual performance when using individualized versus conformed initial approaches	229
10.2	Comparison of spaced practice with a continuous or massed practice approach in terms of performance	230
10.3	Generalized illustration of the high points in attention level of a captive audience	233
16.1	The human resource audit (data for the last 12 months)	338
17.1	The changed structure of computer systems	364
20.1	The public sector decision-making process	422
22.1	Responses to the challenge of large-scale change	457
22.2	Fundamental framework of productivity measurement in management	460
22.3	Structure of production value and value-added variants	461
22.4	The framework of productivity analysis	463
22.5	The performance improvement planning process	470
22.6	Potential areas for a productivity improvement programme	471
22.7	Three approaches to improving productivity	472
22.8	The "Royal Road" of productivity improvement	474

Management consulting

22.9	Phases I and II of the “Royal Road”	475
22.10	Phase III of the “Royal Road”	476
22.11	The results-oriented human resource development cycle	477
23.1	The management matrix in a consulting firm	498
27.1	Notification of assignment	592
29.1	Expanded profit model for consulting firms	624
30.1	Typical organization of consulting companies	635
30.2	Professional core of a consulting unit	636
31.1	Functionality is dependent on power and structure	649
33.1	Consultant development matrix	690
33.2	Training report form	696
A1	Subject areas of a comprehensive management survey	746
A2	Critical elements in reception and transmission of person-to-person communication	800

Tables

26.1	Chargeable time	559
29.1	Operating budget of a consulting firm	617
29.2	Typical structure of expenses and income	618
A1	Precautions to facilitate the listening process	801

Boxes

1.1	On giving and receiving advice	5
1.2	What do we mean by problems?	11
1.3	Should consultants justify management decisions?	17
1.4	Define the purpose, not the problem	20
2.1	Factors differentiating research and consulting	48
3.1	What it feels like to be a buyer	52
3.2	Various categories of clients within a client system	57
3.3	Soft and hard participative process consulting	59
4.1	Which change comes first?	76
4.2	Reasons for resistance to change	77
4.3	What do we address in planning change?	79
4.4	Ten overlapping management styles, from no participation to complete participation	81
4.5	How to manage conflict	89
4.6	Benchmarking	98
4.7	Business process re-engineering	100
5.1	What do we mean by culture?	104
5.2	Cultural factors affecting management	106
5.3	Japanese culture and management consulting	108

5.4	Cultural values and norms in organizations	109
6.1	Is management consulting a profession?	119
6.2	The power of the professional adviser	120
6.3	Is there conflict of interest? Test your value system!	122
6.4	International model for consultant certification	131
6.5	Examples of licensing	133
7.1	What a buyer looks for	145
7.2	Information materials for preliminary surveys	153
7.3	Terms of reference — Check-list	155
7.4	Confidential information on the client organization	162
7.5	What to cover in contracting — Check-list	164
8.1	The focus purpose	171
8.2	Minor changes or radical improvements?	172
8.3	Issues in problem identification	175
8.4	Principles of effective interviewing	187
8.5	Cultural factors in data gathering	190
8.6	A minicase of fact analysis	191
8.7	Difficulties and pitfalls of causal analysis	195
9.1	Check-list of preliminary considerations	208
9.2	Variables for developing new forms of transport	211
9.3	Searching for an ideal solution — Three check-lists	214
14.1	Various images of the firm	299
15.1	Performance criteria of production	311
15.2	Major types of manufacturing choice	312
15.3	Current issues of Japanese production systems	314
15.4	Central themes in ineffective and effective development projects	318
15.5	Key characteristics of high-performance work systems	321
16.1	Human resource management in “high-tech” companies	335
16.2	Current issues in Japanese human resource management	360
16.3	Current issues in European human resource management	361
19.1	A minicase of consulting in the informal sector	401
19.2	Private consulting services for micro-enterprises	410
20.1	Challenges facing public sector decision-makers	415
20.2	Reinventing government	420
20.3	The consultant-client relationship in support of decision-making	424
20.4	Minicase: Rail safety regulations in Canada	425
20.5	“Shoulds” and “should nots” in consulting to government	430
21.1	Taxonomy of privatization strategies	442
21.2	Václav Klaus on the Czech privatization experience	450
22.1	Example of a “family of measures”	464

Management consulting

22.2	Problems to watch and principles to observe in productivity measurement and analysis	466
23.1	Leverage and profitability	494
23.2	Hunters and farmers	496
24.1	Could consultants live without fads?	509
24.2	Five prototypes of consulting firms	517
24.3	Strategic audit of a consulting firm: Check-list of questions	519
24.4	What do we want to know about competitors?	521
24.5	Environmental factors affecting strategy	522
25.1	Marketing of consulting: Seven fundamental principles	530
25.2	Criteria of consultant selection	533
25.3	Hard data on the cost of marketing efforts	548
25.4	Information on clients	554
26.1	Information provided in a bill	575
27.1	Check-list of points for briefing	583
27.2	Assignment reference report — A check-list	595
28.1	Primary stakeholders' needs	599
28.2	Responsibility for quality	601
28.3	Introducing a quality assurance programme	603
28.4	Assuring quality during assignments	604
28.5	Outline of a quality manual	610
28.6	Eight steps to QA certification	612
29.1	Methods of achieving efficiency and higher profits	616
29.2	Monthly controls — A check-list	621
29.3	ACME surveys of key management information	626
32.1	Qualities of a consultant	669
32.2	Career levels in a consulting firm	673
32.3	Minicase: Consultants' careers and compensation at INTRA	678
32.4	Criteria for partners' compensation	680
33.1	Areas of consultant knowledge and skills	686
33.2	Training in process consulting	699
34.1	Significant trends that will shape consulting	710
34.2	Removing barriers to trade in services	712
A1	Principles of clear writing	807