

Management Consulting: Theory and Practice (MN 30474)
School of Management
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‘Professional management consultant’ – a tautology or an oxymoron?

Why is the professional institution for management consulting in the UK (the Institute of Consulting) so weak? Should this professional institution be strengthened?

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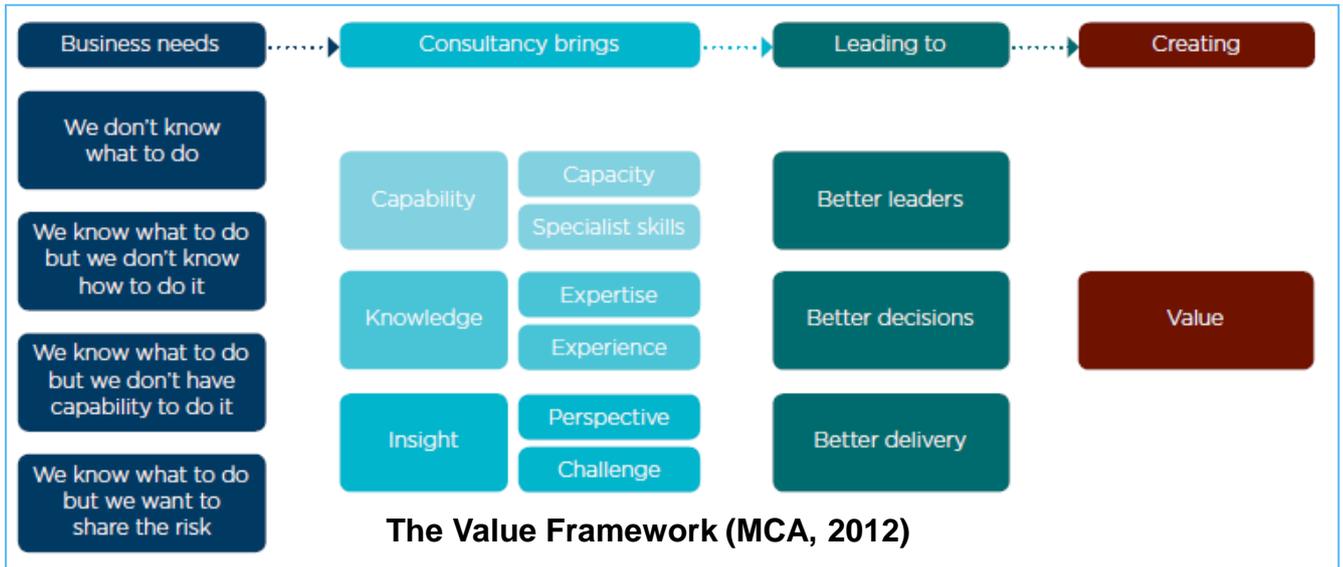
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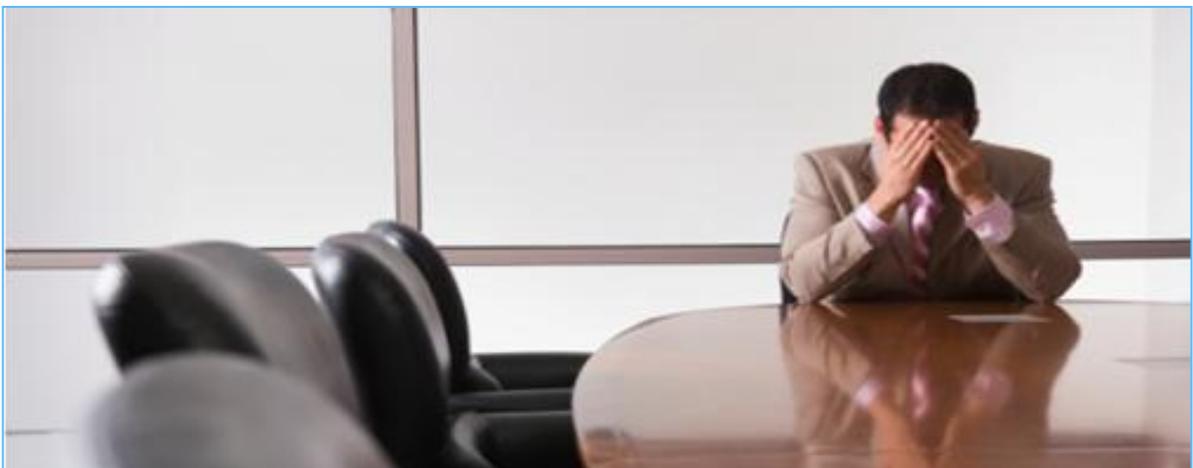
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I. Introduction

'Generating value: making a difference' MCA 2012



'Consultants are 'a virus': let one in and you infect the whole organisation.'
Andrew Hill, 2011 (Financial Times)



Management consulting has grown exponentially and impacted the lives of many people in the UK. The topic of 'professionalisation' and 'regulation' of the industry is surrounded by polar feelings, debates and controversy. This essay aims to identify some of the reasons behind the weakness of the professional institution for management consulting in the UK and evaluate whether it should be strengthened. At the onset, the key concepts will be defined and the professional body itself will be examined. In the following discussion, three factors will be explored in relation to the professionalisation of consulting: barriers, risks, and benefits. Each factor will be looked at from different stakeholder perspectives and put into the context of the evolution of the sector. Conclusive thoughts will be presented following logically from the introduced theory, data, and analysis. This approach attempts to diminish bias as much as possible and account for the complexity of the concepts. The discussion is focused on the UK and supported with relevant examples.

II. Definitions

Management consulting is often described both as an industry and a practice (Biggs, 2010). Its definition emphasises the creation of value for organisations by improving their performance through objective advice and implementation of solutions (MCA, 2012). Definitions of a 'profession' have evolved over time and various sociological models have been embraced by academics (Kipping & Clark, 2012). Although the question is still debated, an emergent consensus is that management consulting is a 'weak profession' (Muzio et al., 2011). In the UK, at present, two institutions safeguard the integrity of the sector: The Management Consultancies Association (MCA) (trade body representing firms) and the Institute of Consulting (IC) (professional body representing practicing individuals).

III. The Institute of Consulting

Before engaging into an in-depth discussion, it is useful to provide a snapshot of the IC. It carries its current name since 2011, and positions itself as the body for the consultancy profession. IC's stated mission is to raise the standard and the number of advisors with recognised qualifications. Simultaneously, it provides advice and support on purchasing consulting services (IC, 2012).

Estimates of the UK consulting market vary across sources – £7.7bn in revenues and almost 290,000 people employed (O'Mahoney et al., 2008); £13.6bn in revenues (Market Line) and 80,000 people employed (IC, 2012). It is likely, however, that these figures underestimate its true size as many consulting roles are disguised under the umbrella of the parent organisation. Drawing on personal experience, I have been compiling and delivering tailored advice and solutions to clients based on superior knowledge with the aim of creating commercial value for them, working for financial services firms. With approximately 7,000 registered consultants (O'Mahoney, 2010) and voluntary membership, the IC represents a small fraction of practitioners. It is largely responsible for the low membership as it poses significant barriers to entry (relatively high membership fees (IC, 2012)) in the absence of clearly communicated benefits. Although, networks are very important in the field of consulting as sources of reputation and new business (Alvesson & Thompson, 2005, Glicker & Armbruster, 2003) registered members can only enjoy real benefits if a critical mass is reached.

It is worth noting that an online search on Google for – professional institutions UK – yields several lists, none of which features the IC. In a society that increasingly connects with people and information on the Internet, being hard to find is an impediment to popularity. Along this line of reasoning, a comparison between IC's website (<http://www.iconsulting.org.uk/>) and that of consultancies (e.g. <http://www.bain.com/>, <http://www.bcg.com/>), makes it look somewhat pale and unconvincing. The low information density and poor use of multimedia fail to communicate clearly and explicitly IC's value proposition.

These characteristics, over which the IC has direct control, aid in explaining its weakness.

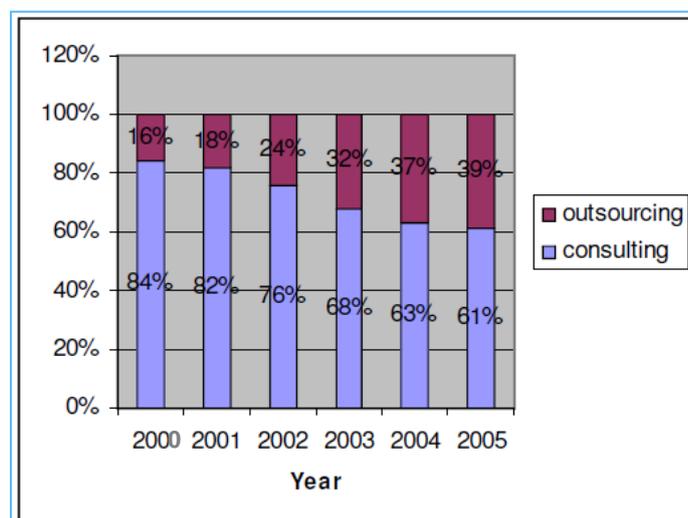
IV. Barriers

The interaction between consultants, clients and institutions has profoundly impacted the nature of the industry leading to rapid development (Kipping & Kirkpatrick, 2005). Evolving from one 'wave' to the next, consultancies have struggled to preserve their market position (Kipping, 2002). Commercial pressures coupled with imperative to discover, formalise and sell new solutions mean that the creation of shared 'libraries of best practice' (O'Mahoney, 2010: 272)) may be counterproductive to competitiveness (Suddaby & Greenwood, 2001). While many firms publish their own journals (Figure 1.), these are typically promotional materials, not genuine efforts to spread know-how.

Consultancy	Journal
Accenture	Outlook
AT Kearney	Executive Agenda
Booz Allen Hamilton	Strategy and Business
Boston Consulting Group	Perspectives
Deloitte	Deloitte Research
McKinsey & Company	McKinsey Quarterly

Figure 1. Adapted from Biggs (2010).

Additionally, firms had often redefined their business focus (Accenture for example – Figure 2.) and rediscovered their brand image (McKinsey – emphasis on professionalism, IBM – repositioned from industrial company to business consultancy (McKenna, 2006)) to remain competitive. This has been driven largely by changes in three key consultancy features across different waves: types of work, skill requirements and source of reputation (Kipping, 2002). Alvesson and Johansson (2002) identify 4 types of work, but the sector exhibits even greater variety in terms of structure (Figure 3.) and services (Figure 4.). This fragmentation and openness of the business combined with permeable functional boundaries (Figure 5.), represent significant obstacle to professionalisation (Kitay & Wright 2007).



**Figure 2. Abaya et al. (2006)
Accenture's Revenue Split.**

IV. Barriers

Size and number of VAT Registered Consulting Firms (2000 – 2004)

Turnover	No. Firms (2000)	No. Firms (2004)	% Increase
>£5m	360	485	35%
£0.25 - £5m	6100	8955	47%
<£0.25m	43,945	59,805	36%
All Firms	50,405	69,245	37%

Figure 3. O'Mahoney et al. (2008).

Consultancy Services and Income (2006)

Service	Income £m
IT Consulting	1,406
Program / Project Management	1,060
Operations	613
Outsourcing advice	489
Financial	415
Strategy	411
Business Process Re-engineering	359
Human Resources	358
Change Management	167

Figure 4. O'Mahoney et al. (2008).

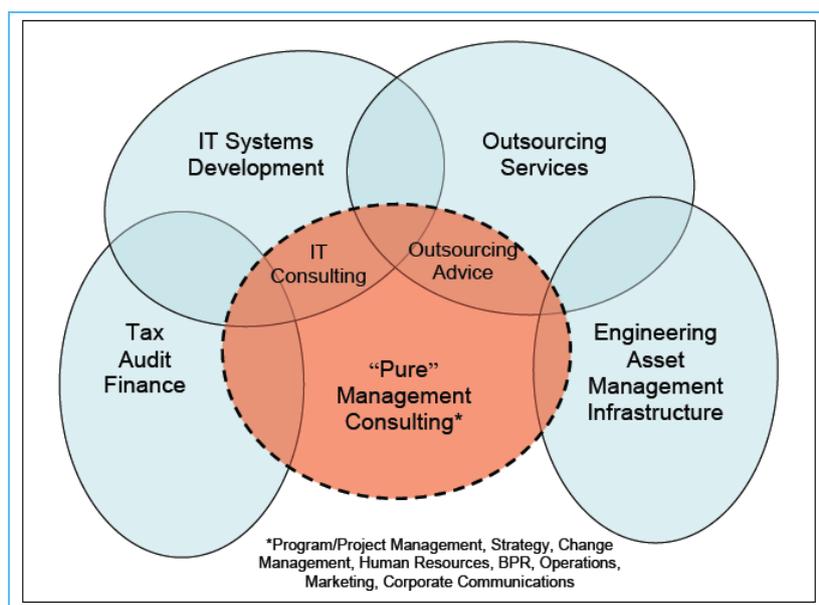


Figure 5. Boundaries of Management Consulting (Czarniawaska, 2007).

IV. Barriers

Additionally, the weak knowledge field (Alvesson, 1994) and erratic nature of client relationships (Fincham, 1999) can be seen as barriers from the perspective of individual consultants (Kyro, 1995). Kubr (2002) supports this argument highlighting the smaller knowledge gap, similarity in backgrounds and interchangeable roles of consultants and clients. Furthermore, management consultants alongside other knowledge workers have rejected traditional professionalism as out-dated, focusing on the acquisition of skills demanded by the market (Fincham, 2006). This is in contrast with more liberal professions (e.g. lawyers, doctors) where mandatory qualifications provide occupational closure (Reed, 1996).

Where knowledge skills are essential, however, consultants are usually already professionalised in their respective fields (Figure 6.). Additionally, the necessity to standardise and organise knowledge, can take away some of the main attractions of consulting – ‘intellectual stimulation’ and the fact that ‘you are not tied to a particular job, function or industry’ (Arnold, 2008).

Specialism	Typical Accreditation Bodies
IT	ITIL
Finance	ACA, ACCA, ACAEW, CIMA, BBA,
HRM	CIPD
Coaching	APECS, AC
Project Management	PRINCE, APM, PMI
Business Processes	SIX SIGMA

Figure 6.
O’Mahoney et al. (2008)

These arguments suggest that knowledge in the field is transient and does not require years to build like in medicine or law. Practitioners may be guided by short-termism and disregard the consequences of losing job simply because what matters are ‘360-degree consulting skills’ and ‘new opportunities keep coming’ (Twentyman, 2011).

From the perspective of UK institutions, concerns about the quality of consulting have been evident from the late 1940s onwards but these have largely been addressed through self-regulation and soft consumer protection (Kipping & Saint-Martin, 2005). Consultancies have taken charge of creating professional bodies with the establishment of the MCA in 1956 and the Institute of Management Consultants (IMC) in 1962. Furthermore, from the 1960s onwards government has been reliant on consulting services with significant growth in spending during the 1980s (Figure 7.) This means the relationship has become more delicate and the power distribution less obvious (Sturdy, 1997). Additionally, two rebranding exercises (1990 – IMC changed its name to the Institute of Management Consultancy, opening the way for corporates (Kipping, 2011); 2011 – renamed again to the Institute of Consulting as it recognises the representation of a broader scope of consultants (IC, 2012)) can help explain the lack of focus and weakness of the body.

	1975	1980	1985	1990	1991	1992	1993	1994	1995	1996
Overall Total	14.80	18.0	41.5	605.5	590.6	544.1	574.3	635.8	691.1	769.3
Private Sector	14.56	15.5	31.4	418.1	422.6	399.5	414.8	451.0	572.0	667.2
Public Sector	0.24	2.5	10.1	187.4	168.0	144.6	159.5	184.8	119.1	102.1
% of Total	1.6	13.9	24.3	30.9	28.4	26.6	27.8	29.0	18.7	13.3
of which:										
Central Government	0.16	1.2	5.2	77.4	73.9	64.2	71.7	85.0	66.2	58.2
% of Total Public	66.6	48.0	51.5	41.3	44.0	44.4	45.0	46.0	55.6	57.0
Nationalised Industries	0.0	0.41	1.7	44.7	13.8	7.8	6.9	21.0	7.2	6.4
Other Public Bodies	0.0	0.82	0.0	32.7	21.9	15.6	14.6	22.5	13.0	15.6
Local Government	0.08	0.12	3.2	18.0	37.3	18.0	15.4	24.0	14.5	9.9
Health Service	0.0	0.0	0.0	14.6	21.1	39.0	50.9	32.3	18.2	12.0

Figure 7.
Kipping and Saint-Martin (2005)

Inherent characteristics of the knowledge, structure and relationships within consultancy together with marginalised role of professional institutions provide additional reasons for the weakness of the IC.

V. Risks

The risks associated with management consulting advice are often related to the absence of professional regulation – in particular the lack of agreed standards for judgement and the inability to hold consultant to account when things go wrong (McKenna, 2007, Kipping et al., 2006). Furthermore, ethics face stringent tests in situations of great technical superiority and/or impaired client judgment during times of distress (Kubr, 2002).

The following examples provide grounds for some of these concerns: extreme cost-overruns in NHS project (O'Mahoney, 2010); large IT system failures (Cohen, 2005); the role of McKinsey in the Enron debacle (McKenna 2006).

Conflicts of interest: Towers Perrin's consultant hired to provide independent review of Countrywide's CEO salary acted as personal advisor (Kirchgaessner, 2008); PwC sold consulting services to audit clients (Masters & Hughes, 2008); McKinsey's former head Rajat Gupta sentenced to two years in prison and \$5mn fine on insider trading conviction (Scannell, 2012).

General issues worth noting: financing terrorism (Evans, 2007); using sex to secure promotion (Biggs, 2010); disregarding teaching duties to consult for money (Mann, 2011).

However, more dangerous are the covert risks, especially during organisational 'optimisations'. To apply Stalin's quote to consulting, it seems that: 'When one loses job it is a tragedy; When millions lose jobs it is a statistic'. Responsibility is often disseminated among members of consulting teams and the feedback from their actions is delayed. This can result in hyperbolic discounting of the future damages they cause. Furthermore, recruiting consultants would take advantage of this hovering outside offices where redundancies are known to take place, even though they realise this is 'slightly predatory' (Moulds & Kollwe, 2012).

These examples demonstrate that risks are significant and often arise from poor ethics. Unfortunately, there is hardly any evidence that stronger profession or codes of conduct lead to better ethics, especially when liability lies with firms, rather than individuals (O'Mahoney, 2010). Therefore, stronger IC is not likely to mitigate risks.

VI. Benefits

Literature suggests that stronger professional regulation will be beneficial to clients (Kubr, 2002) and codes of conduct can encourage consistent quality of service (Kipping et al., 2006). However, these views suffer from two major limitations: the nature of knowledge and solutions implementation is fragmented (Reed, 1996); the credibility of consultants' code is questionable when compared with others (Figure 8). Furthermore, clients themselves may lack appetite for increased professionalisation since: costs can increase (Muzio et al., 2011); consultants are often hired for their political sensitivity and ability to relax claims to professionalism (Alvesson & Johansson, 2002).

Ethical Code:	Length:
1. CIMA CODE OF ETHICS http://www.cimaglobal.com/Documents/Professional%20ethics%20docs/code%20oFINAL.pdf	42 pages
2. GRCCT Registered Practitioners' Code of Conduct http://www.grcct.org/pdf.docs/conduct_v2.pdf	14 pages
3. Code of Conduct for Lawyers in the European Union http://www.murraystable.com/assets/files/downloads/code2002_en.pdf	16 pages
4. Code of Conduct for Financial Analysts http://www.secp.gov.pk/DraftAmendments/CodeofConductforAnalysts(new).pdf	21 pages
5. General Medical Council Doctor – Duties http://www.gmc-uk.org/static/documents/content/GMP_0910.pdf	52 pages
6. Code of practice: taxi drivers http://www.taxicouncilsa.com.au/PDF%20Downloads/Code%20of%20Practice%20Taxi%20Driver.pdf	2 pages
7. Institute of Management Consultants USA Code of Ethics http://www.leadershipangles.com/Portals/80933/docs/imc-usa-code-of-ethics.pdf	1 page
8. Institute of Consulting Code of Professional Conduct and Practice http://www.iconsulting.org.uk/sites/default/files/upload_documents/Downloadable%20documents/IC%20code%20of%20conduct.pdf	1 page

Figure 8. Ethical codes comparison

The purchasing advice that the IC provides can be useful to clients. However, it is unlikely to meaningfully affect the balance in the 'battle' between specialised bidding departments on the consulting side (O'Mahoney, 2010) and increasingly professionalised procurement teams on the client side (Werr & Perner, 2007).

VI. Benefits

Professional qualifications can in theory protect consultants' income and status through market entry regulation (Kipping et al., 2006). However, professionalism is just one of the resources (Kipping, 2011) that practitioners use in the construction of their image (McKenna, 2006). The fact remains that employees of large consultancies believe their firms provide adequate validation. More interestingly, across smaller firms, where employees see some potential benefits from professional membership, being part of the IC is still a rare occurrence (O'Mahoney et al., 2008). With the explicit statement the body makes ('90% of our members clients had been previously let down by consultants'), it is no surprise that only 39% of registered practitioners believed growing IC membership will improve their image (IC, 2012).

From firm's perspective academics suggest professional status can enhance trust and reliability and reduce ambiguity (Alvesson & Johansson, 2002). This is questionable, however, because consultancies are very capable at detecting and punishing incompetence to preserve their reputation (O'Mahoney, 2010). Additionally, in consulting dominant is 'transactional uncertainty' (related to intangibility of the service, complexity of the collaboration and sensitivity of information) (Glucker & Armbruster, 2003) which professional regulation can hardly reduce.

It appears that the benefits of stronger IC are largely hypothetical and where existent, they can be obtained with alternative means. Furthermore, it is hard to identify demand for professionalisation from any of the stakeholders.

VII. Conclusion

Encapsulating the debate around the key concepts in its entirety is beyond the scope of this essay. Additionally, the author's personal experience naturally limits the objectivity of the manifested views. Nonetheless, the presented arguments address the questions in a direct and critical manner.

Low membership, mishandled online presence, lack of clear focus, and poorly communicated objectives are some aspects within the control of the IC which can explain its weakness. The great heterogeneity of the sector, the fragmented nature of knowledge, and delicate power balance between consultancies and regulatory bodies are some additional reasons why the IC is so weak. Risks associated with consultants' misconduct are well documented and often lead to disastrous consequences. However, there is little evidence that more professional regulation will mitigate them. Demand for stronger professionalism is hard to identify and the associated potential benefits are largely imaginary or obtainable with alternative means.

There is little evidence that strengthening the IC in its present form with its current objectives will bring meaningful positive change to any of the key stakeholders. Therefore, efforts in this direction are not essential.

In conclusion, 'professional management consultant' can be a tautology, an oxymoron or anything in-between these extremes. Whether to assume professionalism for granted or completely reject it will depend on why a consultant is called for in the first place.

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