

# DCU BUSINESS SCHOOL

## *Need of a Consultant in today's Organisation*

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## **Introduction**

In the modern age of business development and organisational change, management consultant has become a pervasive and crucial factor in the restructuring processes of the firm but evaluating their influence on the growth of process is problematic. Many companies and managers have been taking the advice from the consultants in the critical matters of the companies like strategy, accounting and taxation but then also there is not much research on the same (Wright & Kitay, 2002), until the interest of academicians emerged in 1990's (Gluckler & Armbruster, 2003). Instead, they are viewed as the transactional cost of outsourcing advice and implementation (Srinivasan, 2014), but on the contrast, intangible nature of consultancy firm says that management consultants manage the impressions and brand image of the clients (Alvesson, 1993). The management consulting has received fewer academic attention due to highly fragmentation of consultancy firm, no regulatory body for consultants, wide variety in the positioning & differentiation of consultancy firm and lack of extensive studies on the consultancy industry (Srinivasan, 2014). In this paper, the focus is to understand the need of a consultant in today's organisation by improving the knowledge of management consultancy as an industry, understanding the purpose of a consultant and reason why a company hire a consultant in the organisation.

## **Management Consulting as an Industry**

If we want to gain a clear understanding of a management consulting firm, let us initially understand the evolution of a management consulting and the transition which consulting firms underwent. During the early years of consulting industry, consulting entrepreneurs explained what is existing significant flaws and the need of improvement logics, used experts from their significant fields to give solutions, gave a broader picture of the benefits of the solutions and established the uniqueness of their organizational offering (David, et al., 2012). They also established relations with prominent people outside their field to authenticate their problem-solving model (Srinivasan, 2014). In these years of evolution, management consultancy firms evolved from consultancy in accounts, taxation, manufacturing and engineering to giving advice on strategic business issues like human resource, strategy, operations and information technology (Adams & Zanzi, 2005). The actions of the consultancy companies over the years have contributed to the development of the industry as a whole, and now the industry has been densely populated with a lot of firms with their distinct position and target market. The evolution can be understood in detail by understanding the significant qualitative changes in the management consultancy firm which is as follows (Kubr, 2002),

- **Broad and Diversified Service Offering** – In this time, the consultants were trying to attract new economic sector and meet the needs of the clients by developing various strategies, offering new special services, specialising particular areas and providing a broad range of services.

- Edge of Technical Progress – Due to the advancement in the technological aspects, management consultants in this time associated themselves with the administration developments and offered sophisticated services that can interest their clients. Consultants enhanced their competitive advantage by facilitating customers by the information technologies such as automation services, communication systems, quality control, equipment design and software development in the aspect of management and accounting.
- Increasing Competition in Consulting – Management Consultants became more vibrant and aggressive in search of new clients and also convincing potential customers that they can offer better and efficient services than their competitors which in turn brought developments in the marketing and advertising of the consulting services.
- Big Eight entering Management Consultancy – In early 1960's, there was a boom as big eight firms were joining the management consultancy and promoting it rigorously wherein 15 to 20 percent of their primary income was from the management consultancy. The big eight were Peat, Marwick and Mitchell, Arthur Andersen, Ernst & Ernst, Price Waterhouse, Haskins & Sells, Lybrand, Ross Bros. & Montgomery, Touche Ross, and Arthur Young which were further reduced to big five due to mergers (Wootton & Wolk, 1992).
- Globalisation – Every consulting firm wanted to globalise and increase their operations by searching new market for growth and take opportunities to grow in new countries since late 1980's in central and eastern Europe.
- Advancement in Consulting – Consulting firms made efforts in increasing the long-term benefits from consulting assignments by expanding and achieving the intervention methods which is applied at all levels of consulting process. Emphasis was given to problem-solving of clients, practical approaches to organisational change, development of problem-solving skills of clients, quality management and client's learning from every assignment.
- Usage of Consultant by Clients Efficiently – By understanding and developing their own criteria and methods for selecting consultants, collaborating with them, learning their way and assessing results, organisations have become experts in using consultants.
- Internal Consulting – Instead of using consultants from outside the organisation or outsourcing, companies started using consulting services provided by the private units within the company under various names and internal consulting became a regular actor on the management consulting stage.
- Current Consulting Scenario – Management consulting in the present situation has become an important aspect of professional service firm regarding size, structure, range of services offered, standards applied, results produced and the overall influence in the market.

The broad understanding of the evolution of management consulting gives us the clear picture of what the management consultancy was and what the management consultancy is today has a substantial difference. According to Management Consultancies Association (MCA), Management Consulting is the rendering of advice, implementation of business solutions and the creation of value for the organisation by application of knowledge, tools and techniques to improve business performance (O'Mahoney, 2010). But, Consulting is not just a piece advice

given to the clients instead it includes a broad range of objectives which is expected by the clients (Turner, 1982). The traditional purposes of the clients include providing information to the client about his problem, solving his problem, redefining the problem by making a diagnosis, making a recommendation based on diagnosis and assisting in the implementation process of the solution. The modern and the additional objectives include building an agreement and obligation regarding the corrective action, helping clients to solve the similar problems by training them for the future and improving organisational effectiveness (Turner, 1982). In this section, we saw how management consultancy firms developed as an entire industry by progressing from accounting firms to now being portrayed as actors that shape agendas and discourse, creator and disseminator of management fashions and capital missionaries for the development of the country (O'Mahoney, 2010).

### **Purpose of a Consultant**

The purpose of an expert consultant from the perspective of a client, irrespective of the field are,

- Achieving organisational goal and objectives – The first thing of any consultant is to pursue a general and overriding purpose of supporting and helping his clients to achieve their organisational goals. The goal can be defined in different ways such as competitive advantage, customer satisfaction, sectoral leadership, total quality management or productivity, high-performance business excellence, improved results, organisational effectiveness, corporate growth, etc. depending upon the sector (Kubr, 2002).
- Solving Management and Business Problems – It is also an important task of a consultant to help the managers and other decision makers in identifying, diagnosing and resolving their problems as it frequently arises in the aspects of business and management. Some of the challenges which justify the use of consultants within the business firm are complaining clients, unexpected loss, lack of perspective, reluctant to change, high staff turnover, idle resources, the pressure of competition, internal conflicts (Kubr, 2002).
- Improving Business Performance – Management consultant help organisations to improve and enhance their performance and develop by taking care of issues by developing their services when necessary, reducing costs, making reserves and discovering new and better methods of doing things (Leaman, 2013).
- Identifying and grabbing new opportunities – Most of the management consultant feel that their purpose is to give advice (Turner, 1982) by offering organisations way to get out of the difficulties but this is done by most of the business corporation by themselves as nowadays have internal consultant as well (Adams & Zanzi, 2005). When the organisations call experts in the present-day scenario, they actually prefer to use a consultant for identifying and taking new opportunities wherein they look consulting firms as a source of valuable information and ideas (Kubr, 2002).
- Enhanced learning – In the modern day consulting services, the dimension of training their client is pervasive wherein clients go to consultants, not only to find the solution to their several



problems but also to acquire the technical knowledge of the expert consultant used in evaluating the organisation and identifying problems & opportunities (Kubr, 2002).

- Implementing change – Nowadays the consultants feel proud to be referred as a “change agents” as they act as catalysts in the organisation where the advisors help clients to understand change, live the change and make the change which is important in the current period owing to complexity and the pace of change (Kubr, 2002).

It is evident by understanding the purpose of the consultants that companies do require management consultants. It is not only the need of the consultancy firm to have the business growth but also the need for the today’s organisation to increase their performance and be efficient with the help of consultants. But this was from the perspective of the consultancy firms and now let's move on to understand the reasons why the companies hire a consultant which will give us a more clear picture of the client’s perspective.

### **Reasons of why a company hire a consultant**

It is a wonder and strange for me that why a company hires a consultant and pays thousands a day even though the incumbent management of the firm will know better about its own business and industry than the person who is hired as a consultant (Worstall, 2012). According to Robin Hanson, even though the desired result and conclusion is already known but we are interested in the justification of it, and also the political power of an outsider make the end determination firm and known (Worstall, 2012). According to (Simon & Kumar, 2001), there are eight main reasons why the company hire the consultants from outside the enterprise,

- Obtain expertise from outside – Clients ordinarily employ individuals who are experts in their field and have the skills which are lacking in their own in-house staff, so it truly pays to have a reputation that represents itself with no issue.
- Independent Advice – There are many things within the organisation where the employees in the group can be biased and also they might be too near to an issue to understand and recognise it and this the point when we require a consultant with its independent opinion.
- Gaining additional help – Other than understanding issues a different point of view than the internal staff, a consultant gives an enhanced target perspective that delivers results without being worried about what employees in the firm may think the outcomes and how they are accomplished.
- Insufficient manpower in-house – Companies in the present scenarios hire internal consultants, but there are many other tasks like understanding and improving corporate culture, employee morale and increasing efficiency in the organisations can be done well by consultants due to their expertise in the business area (Sandlin, 2014).
- Quick resolution of issues – Many times the organisation get stuck in the problems, but the consultants has the solutions due to its diverse range of works dealing with same types of problem in the other organisations (Worstall, 2012)

- Other time savings – If the strategy making as a part is handled by the consultants, the firm becomes free for participating and inculcating themselves in the advances and improvements of the employee's competency and can also concentrate in the field of marketing, advertising, technological advancements, finance, etc.
- No need to hire new staff – At times business executives find that they can spare many dollars by hiring advisors from outside instead of hiring a full-time employee. So despite the fact that an advisor's charges are higher than employee's salary, a consultant has a tendency to be a more affordable choice in the longer run.
- Political reason – In many scenarios, if it's related to cost cutting, employee or program cuts companies never want to be in a situation to handle by itself, So they hire consultants in the company to handle the situations wherein unbiased work of an expert is perfect to handle unpleasant tasks (Sandlin, 2014).

## **Conclusion**

In contrast to the significant research which focuses on the aspects of the management consulting firm, this piece of review talks about the need of the consultant in today's organisation. Whether it be from the perspective of the consultants or be it a view of the client, we saw that the company requires a specialist as it is an essential component of the business world and mainly requires for the information technology, strategic consulting, training and development, organisational change and marketing (Simon & Kumar, 2001). Even though different companies set several different criteria for the selection of a consultant but instead of selecting them by price and quality they should be chosen on the basis of public reputation, experience based trust generated in the market and goodwill, good network of reputation and competitive price (Gluckler & Armbruster, 2003). It should not be entirely based and dependent on pricing, but it should be criteria for selection. In the end, I want to conclude saying that even though consulting firms are growing at the faster pace by distinguishing themselves from the other consultancy companies but the fact is that the landscape of the consulting industry in the world is characterised by consultants and not firms.

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