



Report



**Management Consultant
Value**



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■ 1. Management summary

This report sets out the findings and conclusions of a study into the value provided by management consultants conducted by the Centre for Management Consulting Excellence (CMCE) with support from Bayes Business School.

The study obtained information from management consultants on 49 consulting engagements for which respondents provided a range of information about each engagement together with an indication of whether expected value was delivered.

The report identifies actions that appear to impact achieving full expected value and includes a set of guidelines that consulting clients should find helpful in ensuring that their management consultants provide value.

■ 2. Background

The study was conducted to complement the CMCE's *Consultant Value Add: Maximising Value from your Management Consultant* report published in 2021, by analysing the impact on added value of a range of factors, including commercial arrangements, ways of working, measures of value and review processes.

An overview of the taxonomy used in analysing consulting engagements is included in Appendix 1.

The consulting experience of respondents ranged from less than 5 years to more than 20 years with the median being between 10 and 15 years' experience. An analysis of the consulting experience of respondents is included in Appendix 2.

It should not be a surprise that there is no magic solution to ensuring that a management consultant provides value. We also recognise that the extent to which expected value was delivered was likely to be influenced by the experience and expertise of the consultants who provided information.

However, we have developed a set of guidelines which are based on our analysis of the actions that appear to help, and actions that do not appear to help, in achieving full expected value. Using these in conjunction with related guidelines such as those included in *ISO 20700: 2017 Guidelines for Management Consultancy Services* should be helpful in increasing the likelihood of a management consulting engagement delivering value.

■ 3. Factors impacting the provision of value

In this section we identify a number of factors which could impact the value provided by a management consultant.

From our research we have found that:

- There are three factors that appeared to have little impact on ensuring that expectations of consultant value add were met fully. These factors should still be considered but may not have an impact, in themselves, on achieving value.
- There are three factors that may have greater impact.

Three factors that appear to have little impact on meeting value expectations

1. Agreement of type of value and measurement method

We asked whether, at the start of an engagement, there had been agreement between the client and the management consultant on:

- The **type of value** to be delivered
- A **measurement method** for assessing whether value was delivered

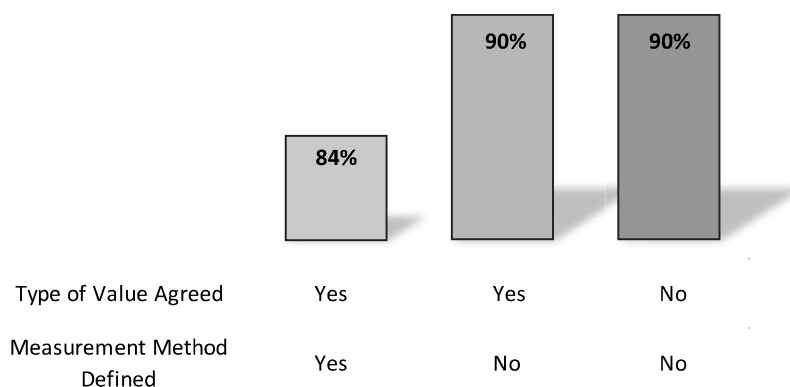
Taking these actions appears to have little impact on achieving value.

We categorised engagements as follows:

- **Type of value** and a **measurement method** was agreed
- **Type of value** was agreed but a **measurement method** was not agreed
- Neither **type of value** nor a **measurement method** were agreed

Figure 1 summarises the percentage of engagements in each category in which Value Expectations were met fully.

Figure 1. Impact of agreement on type of value and measurement method

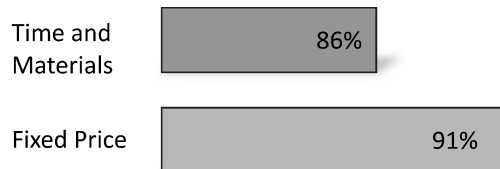


2. Commercial arrangements

Time and Materials and Fixed Price were the two principal payment methods adopted for the engagements on which respondents reported.

Figure 2 indicates the percentage of engagements in which Value Expectations were met fully for these two types of Payment Method.

Figure 2. Impact of Payment Method on Value Expectations



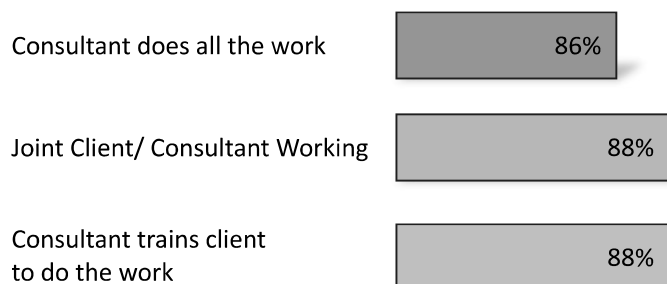
Although they do not appear to influence the provision of consultant value, it is important to ensure that the commercial arrangements that are adopted are appropriate. We intend to explore this subject further in a separate study.

3. Ways of working

Figure 3 identifies indicates the percentage of engagements in which Value Expectations were met fully for the three principal ways of working adopted on the engagements for which respondents provided information.

There was no significant difference between the impact of each approach.

Figure 3. Impact of Ways of Working on Value Expectations



Three factors that appear to have impact on meeting value expectations

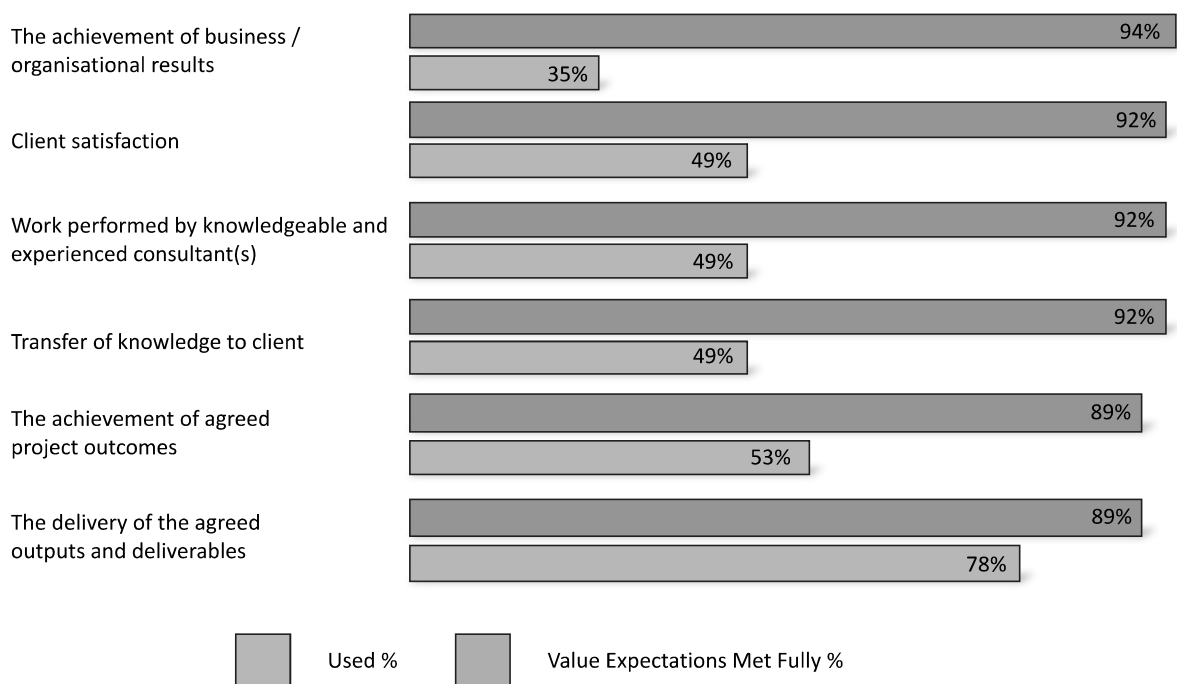
1. Use of measures of value that are difficult to define and assess

Respondents identified a number of different measures that had been used to assess value.

Figure 4 identifies each of the measures used, the frequency with which they were used, and the percentage of engagements using each measure in which value expectations were met fully.

Measures that are likely to be more difficult to assess were used less frequently but were more likely to be used on engagements where value expectations were met.

Figure 4. Usage and Effectiveness of Measures of Value



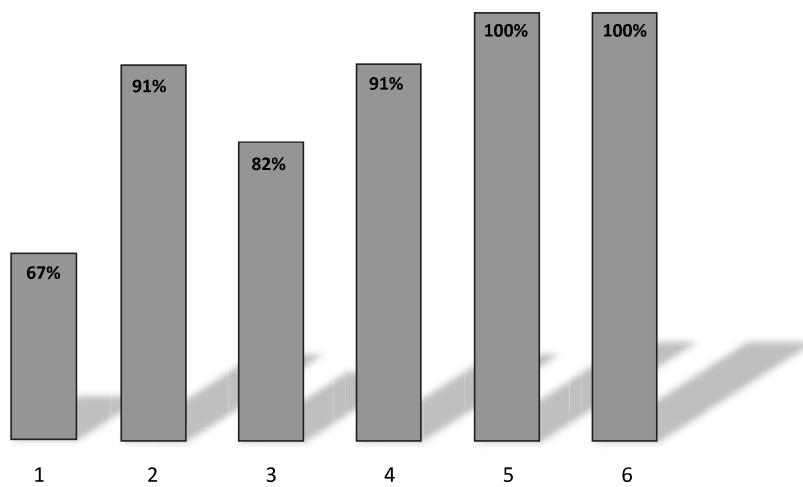
2. Adoption of multiple measures of expected value

Respondents identified between one and six different measures that were used to assess value.

Figure 5 identifies the percentage of engagements in which expected value was achieved for different numbers of measure (1 to 6).

This indicates that the greater the number of measures that were used the more likely that value expectations were met.

Figure 5. Impact of Multiple Measures of Value

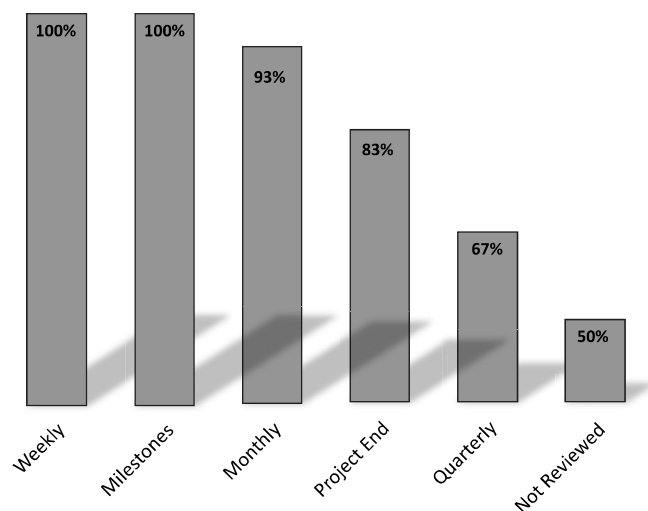


3. Conduct of regular reviews

Figure 6 identifies the impact of frequency of reviews on meeting value expectations.

This indicates that the more frequently reviews were undertaken the more likely that value expectations were met.

Figure 6. Impact of review frequency



■ 4. Suggested guidelines

There is no magic solution for ensuring that a management consultant delivers value.

However, based on the analysis included in Section 3, we have developed a suggested set of guidelines of Actions to take and Actions to avoid that may increase the likelihood of a management consultant delivering value. Consideration should be given to adopting these guidelines in conjunction with other relevant guidelines such as those included in *ISO 20700: 2017 Guidelines for Management Consultancy Services*.

Actions to take

- Define measures of value upfront
- Adopt multiple measures of value
- Review achievement of value regularly

Actions to avoid

- Assuming that the choice of commercial arrangements will directly impact value
- Limiting the measures of value to ones that are easily measured
- Assuming that the choice of ways of working will directly influence the achievement of value

■ 5. Next steps

This phase of the study was based on information provided by providers of management consulting services.

The respondents indicated that full expected value was delivered on 86% of the engagements for which information was provided.

We suspect that a smaller percentage of the clients of these engagements would consider that the expected value was delivered fully.

In the next phase of the study, our intention is to pose a similar set of questions to buyers and users of consulting services, and to obtain their views on the usefulness of the guidelines that we have developed.

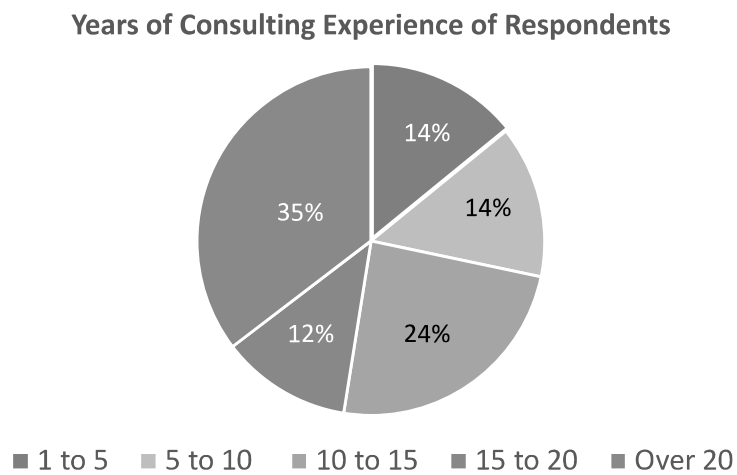
We also plan to conduct a separate study into the impact of different commercial, contractual and working arrangements in meeting the objectives of consulting engagements.

■ Appendix 1: Taxonomy of Consulting Engagements

The What	The How	The How	The Where	The Where	How rewarded	How big	How recognised
Service Type	Service Mode	Delivery Mode	Domain	Industry	Contract Terms	Contract size/duration	Value sought / delivered
The consultant will ...	by providing a ...	and working for the client organisation by ...	in an aspect of an organisations such as ...	working in an industry ...	The consultant is contracted on ...	for projects that is ...	and is expected to deliver or demonstrate
Evaluate or Validate (Conduct a review)	Delivery Service (Just do it for me / Outsource delivery)	Performing a majority of the work	All business functions (e.g. Business or Corporate strategy)	Energy	Time and Materials	Small	Agreed outputs and deliverables
Develop a strategy or solution (provide recommendation(s))	Resource Augmentation Service (Provide extra capacity/resources)	Advising or training client staff to perform the work	Technology	Financial services	Risk & Reward	Medium	Agreed outcomes
Support the design/implementation (Organisation)	Pure Advisory Service (Just tell me / Provide external expertise)	Working jointly with client staff	Operations/ Supply Chain	Health and Social Care	Fixed Price	Large	Agreed results
Support the design/implementation (Process)	Education Service (Provide knowledge & skills)	Managing client staff	People and Organisation	Manufacturing	Retainer		Work performed by knowledgeable and experienced consulting staff
Support the design/implementation (Technology)	Facilitation Service (Show me how / Work together)		Finance and Risk	Professional Services	Pro Bono		Transfer of knowledge
			Sales and Marketing	Public Sector			Client satisfaction
				Retail/ Wholesale			

■ Appendix 2: Consulting experience of survey respondents

Figure 7. Analysis of consulting experience of survey respondents



■ About the Authors



Paul Kelly is an associate of CMCE, and a member of the Worshipful Company of Management Consultants. Paul is part of the management team of a manufacturing and operations consultancy focussed on supply chain planning and optimisation. He provides support to clients helping them to solve difficult organisational problems, rethink operations, and get ambitious x-functional change programmes moving.

He has over 15 years' experience as a management consultant and many more in Technology, Operations and Supply Chain management in the telecommunications industry. Paul is a Chartered Management Consultant.



Jim Foster 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 now 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.

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For further information contact info@cmce.org.uk