

# Fundamental Questions

for **Consulting Excellence**

**A framework for research**

**and progress to date**

## Foreword



*Just what is a management consultant? According to the well-worn cliché, it's someone who borrows your watch to tell you the time – and then charges you a premium for the service. Yet despite this apparent cynicism, there has been no shortage of people wanting to buy the services that management consultancies provide. According to figures from the Management Consultancies Association, the market in the UK alone is worth some £20 billion.*

*Yet this growth has come at a cost. Not only does management consultancy remain a mystery to many but there is a growing body of work out to burst the consulting bubble – with books such as *The Big Con* by Mariana Mazzucato and Rosie Collington accusing it of weakening businesses, governments and even whole economies.*

*Add to this the disruptive impact of the latest AI-powered tools making much advice available for free, you don't need to be a consultant to think that maybe consulting has a problem?*

*In 2021 I was asked to join the strategy development panel of the Centre for Management Consulting Excellence to help steer it through its next phase of growth. I felt that some of the questions the panel was asking were perennial ones around topics such as client relationships and ethics that the industry hadn't really tackled. I suggested that these difficult questions were analogous to the 23 problems that David Hilbert convened leading mathematicians to address back in the early 1900s. Could we pose these questions and assemble some bright minds to address them?*

*I'm glad to say that CMCE has taken this idea and run with it, editing down the many questions the panel and other experts came up with into five broad categories and then using these to inform their events and research reports. The result has been the *Fundamental Questions for Consulting Excellence* that form the basis for this update report.*

*Nine of Hilbert's problems remain unsolved and I don't anticipate these fundamental questions to be answered any time soon. In continuing to address them, and in laying out a framework for further investigation, CMCE has performed a valuable service to management consultants everywhere.*

*I commend this report you and urge you to debate, engage with, and generally help to progress them.*

A handwritten signature in black ink that reads "Michael Mainelli".

*Alderman Professor Michael Mainelli  
The Rt Hon. The Lord Mayor*

# Contents

Foreword	2
<b>1. Introduction</b>	4
<b>2. The boundary question: what is the scope of management consulting?</b>	6
<b>3. Ethics and professional standards</b>	7
3.1 The accreditation of management consultants	7
3.2 General ethical principles for management consulting	9
<b>4. Excellence in consulting</b>	11
4.1 Frameworks for thinking about excellence in consulting	11
4.2 Consulting value	13
4.3 Measuring consultant performance	16
4.4 The role of client staff	17
<b>5. Delivering management consulting services</b>	19
5.1 The impact of AI on consulting	19
5.2 The shift to online working and other effects of the pandemic	19
5.3 Developments in technology	20
5.4 Good practice	20
<b>6. Managing client relationships</b>	21
<b>7. Further development</b>	21
Notes	22
Appendix 1: Fundamental questions long list	24
About the authors	27

# 1. Introduction

The Centre for Management Consulting Excellence (CMCE) is a voluntary organisation set up by the Worshipful Company of Management Consultants, a City of London Livery Company, to share academic research and practitioner experience to the benefit of the consulting community.

CMCE is committed to providing information and guidance to help management consultants achieve excellence. Our work is completely independent. We welcome opportunities to highlight examples of good practice that results in management consultants providing excellent service, but we are equally prepared to highlight examples where management consultants fall short of delivering the excellent service that their clients deserve.

In 2021, CMCE set up a strategy development panel (CSDP) to provide advice and guidance for the next phase of its development. The group's recommendations included identifying the fundamental issues in management consulting and using these to inform the research agenda in management consultancy for the future, thereby helping to improve the standing and value of the management consulting profession. We have called them the Hilbert questions, by analogy with a set of problems identified by the mathematician David Hilbert that defined a course for mathematical research in the 20th century.

The Director of CMCE sought inputs from CSDP, the CMCE leadership team and other external contributors from the consultancy world to generate a long list of fundamental issues, grouped under five main headings:

- 1.** The boundary question: what is the scope of management consulting?
- 2.** Ethics and professional standards;
- 3.** Excellence in consulting;
- 4.** Delivering management consulting services;
- 5.** Managing client relationships.

Some of the important questions identified under each of the headings are listed in Figure 1 and a longer list is provided in Appendix 1.

**Figure 1: List of fundamental questions for management consultancy**

- 1. The boundary question: what is the scope of management consulting?**
  - What is management consulting?
  - What is included within its scope?
  - If you do implementation are you still a consultant?
  - Does settling this question help procurement?
  
- 2. Ethics and professional standards:**
  - Should chartered status equal a licence to practice?
  - How can you tell if someone is really an expert in the area they/their firm claims?
  - What performance motivators within a firm ensure that the client's interests are put first?
  - What is the role/value of B-corp companies in consulting?
  
- 3. Excellence in consulting:**
  - How do you evaluate consultant performance effectively?
  - How do consultants improve their image when most of their work is hidden from view?
  - What is the role of systems/methods/standards versus freedom to innovate and respond to a changing client agenda?
  - Eliminating jargon
  - Mergers & Aquisitions – making them work (for clients and for consultancies)
  
- 4. Delivering management consulting services:**
  - How should we lower the cost of sale i.e. the investment in finding clients?
  - How should workload be optimised in a people-based business?
  - What are the emerging business models and how do you make them work?
  - What's the next disruption in the industry? (Or has consulting been immune from disruptive innovation so far?)
  
- 5. Managing client relationships:**
  - Knowledge transfer
  - Problem definition
  - Procurement/buying consultancy
  - Retaining distance and objectivity versus building relationship intimacy and cultural understanding
  - Responding to changing client needs

## ■ 2. The boundary question: what is the scope of management consulting?

What is management consulting can be regarded as a matter of definition, and hence somewhat arbitrary.

As it is a matter of definition, this question does not particularly lend itself to research. At the suggestion of CMCE, the British Academy of Management (BAM) Management Consulting Network (MCN) held a discussion on the topic 'What distinguishes management consulting from other activities?'. Some of the themes that emerged were:

- Working with senior managers differentiates management consulting from other kinds of consulting (e.g. financial, marketing, IT, organisational development);
- Bringing distance and an external view to an organisation distinguishes management consulting from internal consulting;
- Knowledge arbitrage - knowledge is now readily available, so that the consultant's job is supporting the application of knowledge;
- Includes problem-solving and teaching people how to solve problems.

Discussion within CMCE has yielded some further themes:

- Does management consulting include implementation? Historically, consulting typically meant providing advice only, but today's consulting clients for projects relating to some form of organisational or business change usually require the consultant to help with implementation;
- It is useful to separate consultancy as a form of contract as opposed to the activity of consulting. It follows that an interim manager, although engaged via a consulting contract, would be in an executive role rather than a consulting one;
- Increasingly, not all services provided by a management consultancy firm are management consulting although they are often charged as such. These services include information systems implementation, business process outsourcing and resource augmentation. Understanding this should help procurement (one of the sub-questions on our list) as it should help in comparing costs charged by management consultancies for these non-management consulting services with the costs charged by other providers.

We propose a working boundary definition of management consulting as:

*providing expert advice to senior management with the aim of improving the performance of an organisation and helping to implement recommendations arising from advice.*

# 3. Ethics and professional standards

'Ethics and professional standards' covers a range of topics, and CMCE activities have addressed two main issues:

- The accreditation of management consultants;
- General ethical principles for management consulting.

## 3.1 *The accreditation of management consultants*

CMCE and Coventry University Business School jointly carried out a research project on the accreditation of management consultants, to understand how accreditation was handled in different countries and whether other professions and disciplines might offer relevant lessons.

The research consisted of interviews with a number of practicing management consultants and a review of the accreditation process for a number of professions including Law, Medicine, Architecture and Education, and the chartered award process for Accountants, Human Resource Managers, Marketers, Information Technologists and Project Managers.

In Law (solicitors and barristers), Medicine (for example General Practitioners), Architecture and Education (teachers in state schools) there is a recognised accrediting body and external regulation dictates that it is mandatory to be accredited to practice. To practice as a lawyer or doctor, an individual must meet qualification criteria and agree to adhere to defined ethical principles. If these are not adhered to, the "licence to practice" may be withdrawn.

Accreditation of UK management consultants is provided by the Chartered Management Institute (CMI). The UK Institute of Consulting (IoC), an organisation within the CMI, is one of around 50 global members of the International Council of Management Consulting Institutes (ICMCI). ICMCI members, including the IoC, offer the Certified Management Consultant award, which requires a minimum of three years' management consulting experience.

In 2021 the CMI, in conjunction with the Management Consultancies Association (MCA), launched the Chartered Management Consultant (ChMC) qualification in the UK. There are several routes to obtaining ChMC status, requiring between five and seven years of consulting experience. However, Austria is the only country in the world in which accreditation of management consultants is mandated. As there is no need to obtain a "licence to practice" as a management consultant elsewhere, it is not surprising that only 1% of the management consultancy profession around the world is estimated currently to be accredited in some officially recognised form. Although these accredited consultants are likely to agree to adhere to a set of ethical principles, a failure to adhere to these principles is unlikely to prevent the accredited management consultant from continuing to practice as a management consultant.

CMCE hosted an event with the MCA and CMI in February 2024 at which a number of Chartered Management Consultants provided their perspectives on the award. This highlighted a range of benefits that management consultants and management consultancy firms can gain from accreditation, as shown in Figure 2.

**Figure 2: Benefits of Chartered Management Consultant award for clients, individuals and firms**

Clients	Individuals	Firms
<ul style="list-style-type: none"> <li>■ An independent professional mark of approval</li> <li>■ The only award that measures impact for the clients' benefit</li> <li>■ A commitment to ethical behaviour and high standards</li> <li>■ Demonstrates consultants have a minimum of 5 years' experience in management consulting</li> </ul>	<ul style="list-style-type: none"> <li>■ Recognition of experience, skills and achievements</li> <li>■ Opportunity for self-reflection</li> <li>■ Increases self-awareness and self-confidence</li> <li>■ Demonstrates a commitment to lifelong development</li> <li>■ Join a network of professionals in management consulting</li> </ul>	<ul style="list-style-type: none"> <li>■ Objective, independent assurance of excellence to clients</li> <li>■ Attract and retain talent</li> <li>■ Alignment to best practice</li> <li>■ A clear framework for training and development programmes</li> <li>■ Quality assurance of accredited programmes</li> </ul>



## 3.2 **General ethical principles for management consulting**

CMCE has organised events, contributed to discussions and published blogs on ethical principles for management consulting.

At a CMCE Showcase, David Shaw shared his insights into the ethics of management consulting based on his studies of the Ancient Greek philosophers [1]. They led him to a positive approach, advocating ethical behaviour as a component of a happy life, rather than an approach based on prohibitions which is more typical of ethical codes in management consulting. He proposes seven virtues that management consultants should aim to possess:

- Exercising prudence in their work for their clients, based on the training and experience necessary to complete the work effectively;
- Fulfilling in full the promises embodied in their contracts with their clients;
- Acting in the overall interests of their clients;
- Never giving priority to their own financial or other interests over those of their clients;
- Taking considered risks in their consultancy interventions in the interests of their clients;
- Engaging actively with their clients and their interests;
- Explaining clearly to their clients the extent and limitations of their ability to help them.

David argued that the Aristotelian approach of avoiding that which is deficient or excessive is a useful guide to practice. Aristotle believed that people develop moral virtues through habituation, following the example of their leaders, and not through instruction; the responsibility for ensuring high standards of ethical practice rests with the leaders of management consulting firms. If we want to embed a strong ethical culture within management consultancy, firms should provide a compelling vision, doing more to aim people in the right direction rather than defining prohibitions.

At the suggestion of CMCE, the BAM Management Consultancy Network took as the subject of one of its Coffee Chat colloquia 'How can ethical practice be sustained within the commercial environment in which consulting services are sold and delivered?'. Some interesting issues were raised in the discussion:

- Large consultancies have pushed back against mandatory guidelines on the basis that their reputations guarantee certain values.
- Firms seek trusted advisors and may select a consulting firm for cultural fit, even if the consultancy activity doesn't fit the consultants' skillset.
- Can ethical practice be separated from broader moral considerations? McKinsey's role in the opioid crisis in the US is a case in point. Should consultants work for clients whose interests aren't ethical?

- Consultants can experience moral dilemmas in service of their clients; an employee's moral perspective may differ from that of their employer in serving clients. What is the impact of firm-level ethical standards on individual consultants?
- Consultants should understand their own ethical boundaries; what is the individual's capacity to walk away?
- How do ethical standards sustain a consultancy business? There can be pressure to compromise ethics to secure income and sustain business.
- How do consultants compete with others with different ethical standards? By having integrity; ensuring ethical principles are embedded, illustrated and evident; being trusted; giving advice that is heard by the client; finding a way to advise so the integrity of the advice can be heard.

Janell Dudley, in a [blog](#) published on the CMCE website, raised some additional issues [2]. In particular, she discusses the ethical issues caused by the gap between the needs of clients and the resources of consulting firms, quoting from an article by Antoine Bariol and Giliane Ferotin-Rey [3]. They highlight the alleged practice of consulting firms staffing new projects with consultant employees who are not currently engaged on other work and who may not have the skills required for the project, in the interests of increasing the firm's profitability.

Although management consultants should be motivated to act ethically there is little external regulation to ensure that this happens. Management consultants are more likely to act ethically if accreditation becomes a "licence to practice" which is dependent on clients insisting that management consultants are accredited and there is a process in place to enforce accredited management consultants' adherence to an agreed set of professional standards.

# 4. Excellence in consulting

In this section we review CMCE work in four areas:

- Developing frameworks for thinking about excellence in consulting;
- Consulting value;
- Measuring consultant performance;
- The role of client staff.

## 4.1 Frameworks for thinking about excellence in consulting

In June 2022, CMCE conducted a [roundtable discussion](#) to discuss the topics which influence excellence in consulting [4]. We prefaced this with a series of survey questions posted on our LinkedIn page in preparation for the roundtable.

The discussion focused on four topics:

- How the value delivered by consultants could be determined;
- The evaluation of consultants' performance;
- Methods, standards and accreditation;
- The role of client staff in ensuring the successful outcome of a consulting project.

CMCE has retained this framework to structure its work on excellence in consulting. We discussed accreditation in Section 2. The remaining topics are reviewed below.

Two blogs posted on the CMCE website set the context for our subsequent research on excellence in consulting. [The first](#) focussed on standards in consulting [5].

It noted that there are plenty of standards for consulting – for example, those for Certified Management Consultant, promoted by the International Council of Management Consulting Institutes (ICMCI). These and other standards usually focus on professionalism – the ethical and business standards by which all consultants must abide – and competence in conducting their work.

Sometimes the standards are precepts applying to a whole consulting firm, as for example the Consulting Excellence framework promoted by the UK-based Management Consultancies Association (MCA). There are also qualifications in consulting – for example, those offered in professional consulting by the Institute of Consulting. An ISO standard for consulting services (ISO 20700: 2017 Guidelines for management consultancy service) has been published; this follows on from an earlier European standard EN16114 for management consultancy services.

The first blog concluded that these standards are mainly about the quality of consultants and consulting firms; what clients are perhaps more interested in is the quality of the results they achieve.

[The second](#) blog [6] raised a series of issues to consider in the quest for excellence:

- **Excellence depends on what kind of consulting you do.** Management consultancy covers a range of different activities, including strategy, design and implementation of systems and processes, change management and even branding design. It may be difficult to define excellence in a way that is appropriate for all these areas.
  
- **Consulting projects can demonstrate excellence at different levels.** Consultants can look to related disciplines for approaches to defining excellence. A [framework for defining project success](#) [7] developed by project management specialists suggests that a consultancy assignment could demonstrate excellence at five different levels:
  - Process excellence: the various processes making up the assignment are expertly carried out, e.g. carrying out an employee satisfaction survey, analysing the survey data;
  - Project management excellence: the assignment is delivered on time, on budget and as specified in the proposal;
  - Deliverable excellence: the outcome of the assignment meets client expectations, and target groups are satisfied with it; this could be the delivery of strategy recommendations or the design and implementation of a new business process;
  - Business excellence: the assignment brings demonstrable and sustainable business benefits; a proposed strategy, when adopted, does indeed lead to increased market share and profits, the new business process yields cost savings and improved customer service;
  - Strategic excellence: the assignment brings strategic benefits; a strategy brings lasting competitive advantage, a digital transformation project opens up a whole new field of business.
  
- Consultant and client both contribute to consulting excellence. Consulting projects are created jointly with the client. At the very least the client commissions the project and agrees the project definition. If the project includes the implementation of recommendations, the client organisation is intimately involved. Consultant and client co-operate to achieve excellence.

## 4.2 Consulting value

### 4.2.1 Consultant Value Add: Maximising Value from your Management Consultant (2021)

The [first CMCE research project on consulting value](#) [8], carried out between 2019 and 2021, focused on how to maximise the value provided by management consultants. We obtained data from 161 respondents through an online survey and follow up interviews. Respondents included buyers and users of consulting services, consulting firm representatives responsible for selling and delivering consulting services, and independent consultants. Survey questions were tailored to the role indicated by each respondent.

The key conclusion emerging from the research was that **consultants do not always deliver the value that they are capable of delivering**, and the report set out a number of suggested actions for clients and consultants to address this.

The clients responding to the survey did not always engage consultants to provide the services that they considered could provide most value. There was strong agreement between the clients and consultants who completed the survey that the best way for consultants to add value was to transfer skills and experience and to support business adoption of their solutions and recommendations. However, these were not the services that clients who responded were most likely to engage consultants to provide, nor those that consultants who responded were most likely to propose to provide.

This does not indicate that transferring skills and experience or supporting business adoption are always the best ways for a consultant to add value, but it does highlight that clients should be clear about how the consultant will add value. Clients should reflect this in the scope of services to be provided, and monitor that the consultant is on track in delivering the anticipated value throughout the consulting engagement. **Consultants should also challenge whether the services that they are asked to provide will deliver the value that they are capable of delivering.**

Our research also found that, although clients still have a strong preference to engage larger, established consulting firms to provide consulting services, independent consultants had an as good, if not better, understanding as the respondents from consulting firms of what clients consider value adding.

Although there are situations where larger, established consulting firms are a more suitable choice to deliver services, clients should be more open to consider using independent consultants, either engaged directly or through the increasing number of organisations that provide teams of independent consultants. Equally, independent consultants should find ways of working in teams to provide clients with an acceptable alternative to a consulting firm.

The survey revealed that consulting firm staff whose roles combined responsibility for both delivery and sales of consulting services were more aligned to the clients' views of what added value, compared to those whose roles were exclusively in sales.

Consulting firms should take account of this in creating sales teams, ensuring that these teams include individuals with responsibility for delivering the consulting services that the firms are proposing to deliver to clients.

## 4.2.2 Excellence in Consulting (2022)

The June 2022 roundtable on [Excellence in Consulting](#) [4] brought together a distinguished panel:

Professor Julie Hodges, Professor of Organisational Change at Durham Business School; Chris McKee, who has held senior positions at Direct Line and Ingenie car insurance companies; Kevan Jones, a former partner in Oliver Wyman management consultancy; Nick Warn, a member of the UK Institute of Consulting and a board director of the International Council for Management Consulting Institute (ICMCI).

The panellists agreed that it is difficult to determine the value derived by the client from a consulting assignment because the value may:

- Be impacted by factors in addition to the consultant's contribution;
- Be different for different people in the client organisation;
- Change during the project.

A number of guidelines for determining consultant value were suggested.

- Julie Hodges proposed that the assessment of value should take into account the role of the consultant, which may include providing:
  - Expertise: consultant provides knowledge that the client does not have;
  - Externality: consultant provides external perspective;
  - Extension: consultant provides additional resource;
  - Endorsement: consultant reviews and legitimises a client decision.
- There needs to be continuing dialogue between client and consultant about the value being provided by the consultant.
- Consultant value can be tangible and intangible.
- Consultant value should be defined by the client not the consultant.

The roundtable concluded that two subjects would benefit from further research by CMCE:

- Management Consultant Value, to build on the findings and recommendations of CMCE's earlier report on 'Consultant Value Add' by understanding more about the value associated with different types of consulting engagement. This led to CMCE undertaking the 2023 Management Consultant Value study (see 4.2.3).
- Management Consultant Accreditation, to understand the arrangements for accreditation in other professions and countries, and the benefits that they provide for clients and consultants. (This topic is covered in 3.1 above.)

### 4.2.3 Management Consultant Value (2023)

In 2023 CMCE carried out a [study into the value provided by management consultants](#) [9], with support from Bayes Business School. The study obtained information from management consultants on 49 consulting engagements. Respondents provided a range of information about each engagement together with an indication of whether expected value was delivered. The information obtained included the type of engagement being conducted by the management consultant. However, the number of engagements for which information was provided made it difficult to draw any useful conclusions about the value associated with particular types of consulting engagement.

From our research we found that:

- There are three factors that appear to have had an impact on ensuring that expectations of consultant value add were met fully.
- Three other factors appeared to have had 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.

These three factors appear to have an impact on meeting value expectations:

- Sophisticated measures which would have been relatively difficult to assess, such as the achievement of business or organisational results, client satisfaction, transfer of knowledge to the client, and the knowledge and experience of the consultants performing the work, were more likely to be used on engagements where value expectations were met than measures that were easy to assess, in particular the delivery of the agreed outputs and deliverables, and the achievement of agreed project outcomes.
- The greater the number of different measures used to assess value, the more likely it was that value expectations were met.
- The more frequently project reviews were undertaken, the more likely it was that value expectations were met.

The three factors that appear to have little impact on meeting value expectations were:

- Agreement between the client and the management consultant on the type of value to be delivered and the measurement method for assessing whether value was delivered;
- Commercial arrangements, i.e. whether the work was charged on a Time and Materials or Fixed Price basis;
- The way of working adopted: whether the consultant did all the work, the client and consultant worked together, or the consultant trained the client to do the work.

This result is surprising because these are the factors that many people believe would affect the achievement of value.

On the basis of this research, the project team made recommendations on actions to take and actions to avoid:

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.

### **4.3 Measuring consultant performance**

CMCE arranged a roundtable discussion on 17th May 2023 to discuss [Measuring Management Consultancy Performance](#). The points raised in the discussion were summarised in a report 'Measuring Management Consultancy Performance' [10].

The roundtable identified some useful guidelines for defining suitable measures for assessing consultancy performance:

- Take account of the type of service, for example advisory or delivery, and whether the consultancy is delivering a service or augmenting resource.
- Include qualitative and quantitative measures.
- Align the measures of how well the consultancy is supporting the achievement of the objectives, expected outcomes and expected business impact of the consulting project. These should recognise that the business impact may not be achieved fully until sometime after the completion of the consulting project and the client needs to be in a position to deliver the impacts without the consultancy team. It is important to set the client up for success.
- Recognise that the consultancy team may have relationships at a number of levels within the client organisation and performance at each of these levels should be assessed. Measures should make it clear what the problem is and make it easy to remedy, e.g. poor performance may be attributable to a key individual. It is easier to replace an individual than a whole team.



Other performance measures that should be considered include:

- Adding value.
- Providing value for money.
- Supporting the management of business risk.
- Adopting an acceptable method of working (for example, doing the project with the client and not to the client).

In addition to the consultancy's direct impact through the consulting project, consideration should be given to indirect impacts on the client's business, for example, upskilling client staff, climate change impact and social impact.

Recent research conducted by CMCE described in 4.2.3 above indicated that expected value was more likely to be achieved on projects that conducted weekly reviews than on projects with monthly or quarterly reviews. In addition to regular formal reviews, **it is important that there is open dialogue about performance between senior representatives of the client and the consultancy** as this provides the opportunity to raise and resolve performance issues as they arise.

A separate survey of members of the CMCE community, which consists primarily of consultants, investigated the impact of fees on value. 22% of the respondents to the survey considered that consultancy fees should always be linked to consultancy performance and 67% considered that they should sometimes be linked. 71% of respondents considered that 15% or more of consultancy fees should be linked to performance.

For larger consultancies, 20% of fees is considered to be the usual upper limit of the level of fees that are linked to an assessment of performance. Smaller consultancies may need to make a larger percentage of fees dependent on an assessment of performance to prove themselves and to start to build a relationship with a client. Some consultancies are prepared to make 100% of their fees dependent on achieving defined outcomes.

## **4.4 The role of client staff**

### **4.4.1 The role of users**

Consultants and clients both contribute to consulting excellence. Consulting projects are created jointly with the client. At the very least the client commissions the project and agrees the project definition. If the project includes implementation, the client organisation is intimately involved. Consultants and clients co-operate to achieve excellence.

The 2022 [roundtable discussion on Excellence in Consulting](#) [4] reinforced the important role of client staff in ensuring the successful outcome of a consulting project. Key points discussed included:

- Embedding change is dependent on the capability of the client organisation;
- The consulting work should include transferring the skills required to do this;

- This can probably be met by having joint consultant / client teams;
- Clients and consultants need to differentiate between the transfer of knowledge, skills and behaviours, as these may all require different approaches.

#### 4.4.2 *The role of buyers*

The findings of CMCE's report 'Consultant Value Add: Maximising the Value from your Management Consultant' were discussed at a CMCE Showcase event '[How to be an Excellent Client](#)' [11] in March 2021. The panel included procurement experts Network Rail's Director of Sourcing Sarah-Jayne Aldridge and Paul Vincent, Global Head of Services Procurement at Hays.

Sarah-Jayne Aldridge pointed out that Procurement were not the subject matter experts on the consulting outcomes – she recognised that consulting projects were highly changeable – but they were the experts on the process that gets the best out of suppliers. The first thing procurement could help with was defining the needs really well. It was perhaps surprising that internal clients lacked the ability to clearly articulate what they want to achieve but procurement can help people express this more clearly and using case studies of successful procurement definitely helps.

Measuring the return on investment was also critical and it was important to ask suppliers to think about this, particularly delivery milestones and the repercussions of these not being met. It was well worth buyers spending time on this up front and making these challenging. The important thing was to get feedback on supplier performance not from the key sponsor (who was always likely to look on the upside) but from the business owners who are living and breathing the change that the consultants are implementing.

Paul Vincent then built on these themes, especially on the need to answer the “So what?” value question at the outset. Paul articulated an interesting five-level model for buying consultancy:

- Level 1 - where the client does not know where they are – and needs help to find out.
- Level 2 - where the client knows where they are but does not know what to do – and needs help framing a strategy or plan.
- Level 3 - where the client knows what to do but not how to do it – and needs help in executing a strategy or plan.
- Level 4 - where the client knows how to do it but does not have the capability to do so – and needs expert bodies.
- Level 5 - where the client wants somebody else to assess the risks of doing it (and thereby provide somebody to blame when it all goes wrong).

This is very similar to the model proposed by Julie Hodges (see section 4.2.2) in the discussion on Excellence in Consulting. We do not endorse any specific classification of value but do believe that **all consultants would benefit from using a typology that makes it clear how value will be delivered** to the client.

# ■ 5. Delivering management consulting services

In 2018 CMCE carried out a research project, '[Consulting skills for the future](#)' [12], to determine what the main technological and consequent social changes would be by the year 2030, and the implications for the skills needed by management consultants. Since then CMCE has not carried out any further research projects relating to this topic area, although there is clearly overlap with Excellence in Consulting. We have, however, hosted a number of Showcase events and published articles in our Newsletter on various aspects of delivering management consulting services.

Our Showcase events have largely concerned two themes, factors that are changing the practice of consultancy and aspects of good practice that change little over time. We have focused on two of the former in particular, the impact of Artificial Intelligence (AI) on consulting and the shift to online working as a result of the pandemic.

## **5.1 The impact of AI on consulting**

We are currently running a series of Showcases under the heading 'AI for management consultants', featuring presentations from companies developing AI products relevant to consultants. To date we have had presentations from [Discy](#) [13] and [PRAIORITIZE](#) [14]. An earlier Showcase was '[Building the AI Highway: Opportunities and challenges in data and analytics](#)' [15]. A joint event with the British Academy of Management (BAM) Management Consulting Network (MCN) on 'AI in Management Consultancy' is planned for later this year. We are also working with Bayes Business School on a study of the impact of AI on each element of the consulting delivery process from recruiting staff and winning business through to invoicing clients and analysing profitability.

## **5.2 The shift to online working and other effects of the pandemic**

Luca Collina, a CMCE Associate, researched how replacing face-to-face meetings with the use of online collaboration and communication tools, for example Zoom and Teams, affects the process of creating and maintaining trust between consultant and client and what the implications of this are for management consultants. He presented the findings in a Showcase '[Virtual consulting: how can you make it work for your consulting business?](#)' [16].

The study identified four elements involved in the building of trust:

- Signalling reputation and expertise;
- Demonstrating commitment and caring;
- Signalling integrity;
- Creating an emotional bond.

The findings of the research indicated that virtualisation has either a positive or a neutral impact on the first three elements listed above, but that creating an emotional bond depends to a greater degree on face-to-face interaction.

Two other CMCE activities focused on broader changes in the world of work after the pandemic:

- A Showcase on '[Eight drivers of change in the future of work](#)' [17];
- A series of online discussions on '[The post-pandemic world of work](#)' [18], under the CMCE Next Gen heading.

We also wrote a report on the ICMCI seminar '[Management Consultancy in 2032](#)' [19], which was published in our Newsletter and as a blog on our website.

### **5.3 Developments in technology**

CMCE events relating to the impact of developments in technology have included:

- [Making heads and tails of quantum computing](#) [20];
- [Learn to love the robot](#) [21] (about Robotic Process Automation).

### **5.4 Good practice**

CMCE Showcases describing particular consulting techniques and aspects of good practice have included:

- [Selling and delivering excellent consulting](#) [22] (about how solo consultants and small firms can form effective teams rapidly from their professional networks);
- [Change that works – the consultant as ethnographer](#) [23];
- [Systems thinking in consulting – why and how](#) [24];
- [Deconstructing uncertainty – we should have seen it coming](#) [25];
- [Digital marketing 101 for growing consultancies](#) [26];
- [Mindfulness, mental health and magnificent consulting](#) [27];
- [Living in the land of the black swan](#) [28] (about assessing high impact, low probability risks).

We also published numerous articles on consulting techniques and good practice in the CMCE Newsletter..Recent examples include:

- [The craft of management consulting](#) [29];
- [Providing value beyond hard skills](#) [30];
- [The Homeostatic organisation](#) [31];
- [The cowl does not make the monk ... or does it?](#) [32] (about dress codes for consultants);
- [What social and emotional skills do consultants need?](#) [33];
- [The changing nature of strategy – and strategy consulting](#) [34];
- [Do customers exist or are we humans who buy things?](#) [35];
- [Business Process Documentation: a key factor in a business's successful growth and development](#) [36].

## 6. Managing client relationships

Many of the topics reviewed under 'Excellence in consulting' relate to managing client relationships. As mentioned in section 4.4.2, CMCE ran a Showcase event '[How to be an excellent client](#)' [11] with a panel that included procurement experts: Network Rail's Director of Sourcing Sarah-Jayne Aldridge and Paul Vincent, Global Head of Services Procurement at Hays.

The CMCE Newsletter published two articles by Paul Vincent on selling consultancy services to large organisations, '[Do You Understand the Mind of YOUR Buyer](#)' [37] and '[Selling Consulting Services into Large Organisations](#)' [38]. The articles are now available in the Knowledge Bank on the CMCE website.

CMCE also ran a Showcase on '[Mastering the Complexity of Client-Consultant Relationships](#)' [39]. The speaker was Dr Szilvia Mosonyi from Queen Mary University of London, winner of a CMCE Research Award for [her work on client-consultant relationships](#) [40].

Dr Mosonyi introduced a framework that emerged from her study of all published management consulting research literature since the early 1990s. The Influencing - Resourcing - Controlling (IRC) framework can help global consulting firms and boutiques alike navigate the interpersonal links that bind consultants with their clients. The IRC framework identifies three themes that inform all client and consulting relationships: knowledge, identity, and power. Learning how to navigate these areas and understanding the processes that connect them will help consultants build more powerful and valuable relationships.

## 7. Further development

Because these questions are fundamental to the delivery of excellent management consultancy services, they cannot be adequately answered in a single report. In this report we have used our framework to articulate the work that CMCE has carried out since 2018 that addresses the different questions. We believe that, in order to thrive and to be of relevance, not only to clients, but also to society as a whole, management consultants must continue to discuss and debate these fundamental issues.

Our near-term plans will see CMCE continue to unpack these questions, bringing contributors from different disciplines both within and outside of the consulting industry and from academia. We would expect to focus on emerging ethical themes, particularly where consulting impacts areas such as sustainability, and we will also engage with the role that information technologies play, particularly AI, big data and process automation.

We invite you to join us in further exploration as we continue to highlight and foster excellence in the consulting industry.

# Notes

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# ■ Appendix 1: Fundamental questions long list

## General Issues and Questions

- Is there a burning platform? How do we make this issue list relevant?
- Why are we asking these questions?
- How are we answering them?
- Societal value questions?
- Any political boundaries/ issues, i.e. do consultants have obligations of neutrality or related ethical issues?

## The Boundary Question

- What is management consulting?
- What is included within its scope?
- If you do implementation are you still a consultant?
- How does management consulting differ from consulting? (And indeed other interim assignment work approaches?)
- Does settling this question help procurement?
- Can you be your own client?
- Can you predict disruption?
- When can management consultancy fold its tent and go home?

## Ethics and Professional Standards

- How can consultancy be made more ethical?
- How can consulting address major societal challenges?
- Should chartered status equal a licence to practice?
- How can you tell if someone is really an expert in the area they/ their firm claims?
- How do consultants know when they don't have the competence to advise?
- What performance motivators within a firm ensure that the client's interests are put first?
- What is the role/ value of B-corp companies in consulting?
- Is a permanent consulting role unethical?
- Should consultancies be concerned when they are the means of delivery of very unpalatable news from management to a business?
- Should there be any standard measures and timeframes for review of value-add via consultancy?
- It's useful to distinguish ethical standards, which should be adhered to by all MCs vs competence which should (ideally!) grow with experience
- Is there a moral obligation for consultants to publish their results?



## Excellence in Consulting

- How do you evaluate consultant performance effectively?
- How do you measure the value of consulting?
- How do consultants improve their image when most of their work is hidden from view?
- What is the role of systems / methods / standards versus freedom to innovate and respond to a changing client agenda?
- How can excellence be better disseminated?
- Is it possible to determine “what is in the best interest of the client”?
- Is there a sense of the optimum balance of how much “external” context consultants should bring vs internal content? (ie how to respond to the classic criticism that consultants borrow the client’s watch to tell them the time)
- Are there “hallmarks” or golden questions that clients can use to find the “fit” with the consultants who will make a difference for them? (And are there clear “red flags” to pay attention to?)

## Practice Evolution and Disruption

- What is the future of management consulting?
- What will technology do to management consulting?
- How should we lower the cost of sale i.e. the investment in finding clients?
- How should workload be optimised in a people-based business?
- What are the emerging business models and how do you make them work?
- What’s the next disruption in the industry? (Or has consulting been immune from disruptive innovation so far?)
- How can consultancies effectively capture knowledge (historically we’re very bad at this)?
- If we can specify best practice clearly, then is management consultancy automatable? Should we be trying to automate ourselves out of existence for the benefit of our clients?
- What are the innovative approaches in large scale complex change?
- How can we better understand and support culture change?
- We might profitably consider second order measures here. The metaphor is that first order controls the temperature in a room; second order questions whether temperature is the most important thing to control in the room
- What are the internal and external alternatives to consulting?

## Client Relationships

- What are the major client trends for consulting clients?
- How can knowledge transfer be effected?
- How can problem definition be refined?
- How good are clients at knowing what they want or need? (the Ford T vs a better buggy whip)
- What is the best way to procure/ buy consultancy?
  - Could you imagine online marketplaces for consultancy procurement – in the way that other services have moved to this?
  - What are the best payment approaches (e.g. in marketing a common approach now is that costs are paid but the agency margin is “at risk” based on business performance for the year based on metrics that the agency work can impact)?
- How do you balance retaining distance and objectivity versus building relationship intimacy and cultural understanding?
- How can consultants best respond to changing client needs?
- When does management consultancy need physical meetings with clients? When virtual? When none, i.e. automated away?
- What are the learnings for successful change management approaches to ensure that consultancy does actually embed into a business after the consultants have gone?
- Who is attracted into consultancy roles and why? Do we attract the best people for the roles and do we have the optimal recruitment approach?
- How do we ensure that incentives for consultants are best aligned with the desired outcomes?

## About the authors



**Dr Karol Szlichcinski** has 30 years' experience as a management consultant, with expertise in strategy, market analysis, business planning, change management and the exploitation of IT. In 2013 he was appointed professor at the University of Silesia School of Management, Katowice, Poland, and held senior academic posts at the university for five years. He is a Fellow of the Institute of Consulting and a Chartered Psychologist, and has published a book, *Financial Network Services*, and numerous reports and articles for business and academic readerships.



**Jim Foster** is the current Director of CMCE. He 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 charities.



**Nick Bush** is a trustee, advisory board member and management consultant specialising in customer-led change, strategy and business planning with particular experience in the financial services, change management and arts industries, and recent board level experience in the not-for-profit sector. He was formerly Director of CMCE. Nick is a trustee at two music education charities reflecting his life-long passion for music and his ongoing attempts to play the guitar to an acceptable standard.



**Paul Kelly** is an Associate Director 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 cross 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.

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