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## WELCOME TO THIS ISSUE OF THE MANAGEMENT CONSULTING JOURNAL.

Welcome to the latest issue of the Management Consulting Journal, published on International Consultants Day 2024.

In this issue we feature six papers, with the first three papers being submissions from Masters students as part of an essay competition at their University. Students in the MSc Management Consulting (MC) at Vrije Universiteit Amsterdam participated in an essay competition in the course Business Ethics in MC, organized together with the Journal. Almost 70 students participated.

Their task was to interview a consultant on a moment in their career where their professional ethics was challenged. To do so, students had to apply a jokes-based interview method to reduce social desirability bias (see Bouwmeester 2023). The aim was to get the full story, and to report it well. In the essay students had to reflect on the decisions of their interviewee based on an applicable code of conduct for consultants, and several ethical theories. Six essays were submitted to the Journal by the module leader Onno Bouwmeester, and three have been selected for publication by the Journal's editorial board. These are the essays of Camilla Hansen, Frederieke Scheenstra and Nina Lap. Thank you Onno Bouwmeester for promoting this initiative. Please note, all the information on interviewees and the involved companies in these essays has been anonymized.

The Journal hopes this feature makes a valuable addition to the published research and insight on management consulting practice. We encourage Professors leading MC Masters-level modules in other Universities to see the opportunity for similar submissions in the future. Please contact me to discuss.

Professor Simon Haslam | Founding Editor

Bouwmeester, O. (2023). Lowering Social Desirability Bias: Doing Jokes-Based Interviews. *Management Consulting Journal*, 6(2), 78-90.



## BUSINESS ETHICS: HOW THE CODE OF CONDUCT'S SUPERFICIALITY CAN BE COMBATED BY SUPPLEMENTING DECISION-MAKING WITH INTERNAL ADVISORS

Camilla Ørsted Rytter Hansen

**ABSTRACT**

This paper examines how internal advisors can enhance ethical decision-making beyond the scope of a corporate code of conduct, using a case from a major Dutch financial institution. The case study explores a decision involving a loan request for selling laughing gas, where the internal advisors' assessment went beyond legal compliance to consider ethical implications, potential consequences, and stakeholder interests. The analysis highlights the use of ethical theories such as consequentialism, deontology, and stakeholder analysis, demonstrating how internal advisors can provide a human and interactive dimension to ethical decision-making. Ultimately, the paper underscores the importance of integrating internal advisory roles with corporate codes of conduct to foster comprehensive and ethically sound decisions.

**INTRODUCTION**

A corporate code of conduct can best be described as an instrument used by employees to govern their behavior and for the organization itself to establish a responsible culture that fosters ethical decision-making (Erwin, 2011, p. 535). They are also frequent on national and international levels in fields such as consulting, e.g. the Dutch OOA code (2022). This could well be because of the moral concerns about consultants, often criticized for being rationalizers and neo-imperialists (Sturdy, 2009), but also due to the rising importance of ethical reputation (Poulsen, 1997). No matter the level, the aspirations of such initiatives are to help employees act in a more ethical way, by clarifying some basic rules of the game.

However, codes of conduct are often criticized for being too superficial and mechanical to adhere to the real world (Allen & Davis, 1993, p. 456), while tending to make individuals responsible rather than the organization itself (O'Mahoney, 2011, p. 105). The superficiality could well be

because they are voluntary, not to be confused with concrete laws to adhere to, meaning their importance depends solely on organizations choosing to integrate and use them. To even out the responsibility, a vast amount of larger organizations, specifically in consulting and financial services, have established the usage of their own internal advisors with the goal of obtaining a human and interactive dimension to the art of making ethical decisions, that a code of conduct cannot provide on its own (Green, 2017, p. 417).

This essay will explore the question of "how can internal advisors supplement the code of conduct in making ethical decisions?" by exploring a case example from one of the biggest financial institutions in the Netherlands.

**THE CASE**

The case presents an exemplary usage of how the internal advisors facilitated an ethical decision that not only adhered to their code of conduct but also included and encouraged other considerations, counting a bad gut feeling.

In 2017, a Customer Due Diligence Analyst was approached by a client, a bar owner, who wanted to loan money so he could sell laughing gas to his younger clientele. Laughing gas had just been legalized in 2016 for recreational use in the Netherlands, and the bar owner saw a business potential that could give his bar a competitive advantage. With this loan, he believed he could keep his clients for the whole night, as he could offer them more than just alcohol. Although it legally was allowed to sell the drug, the Customer Due Diligence Analyst had a bad gut feeling and shared their worry with the internal advisors.

The internal advisors gathered together to figure out what was of most importance in this situation – the law or the gut feeling? The bar owner making a profit on something legal yet controversial, or the potential contribution to the bad statistics? With an evaluation of the consequences of laughing gas, a thorough

balance of what is right and wrong, and an assessment of the involved stakeholders, finalized with a sheet of arguments for and against the financing, they supplemented their code of conduct and eventually decided that the rationalized gut feeling triumphed and declined the bar owner's request.

What strengthens the ethical decision-making in this case, is the fact that the Dutch government in 2023 realized they had made a mistake, and as a consequence chose to de-legalize the recreational use of laughing gas because of the addictions it fostered. Had the financial institution merely adhered to the law, the minor decision could have ended up being major, putting their reputation at stake.

Let us further explore the methods performed by the internal advisors related hereto.

**THE CODE OF CONDUCT**

The financial institution's code of conduct serves as a compass with four guiding principles of being client-driven, cooperative, professional, and taking responsibility (Compass, 2023). When looking through the content of the compass, it's clear that the compass' values complement the inherent values proposed by the internal advisors in the decision-making. Under client-driven, the main focus states that "in our relationship with customers and stakeholders, we strive for openness" accompanied by "I carefully weigh the interests of customers, the bank and society" (p. 4). In cooperative, solving problems needs to be "in line with laws and regulations" (p. 5). Being professional fosters that "risks and dilemmas are discussed openly" while they "weigh up risks and opportunities carefully" (p. 6). Finally, responsibility is taken by "reflecting on indications and findings and acting on them" (p. 7). As the guiding principles have been settled, we now explore the case in ethical theories.

**CONSEQUENTIALISM**

Consequentialism is an ethical theory that judges what is right or wrong solely by its

consequences. It builds upon the doctrines of utilitarianism, utilizing what is right by the good it brings (Sinnott-Armstrong, 2023). Although the law advocated for laughing gas, the internal advisors adhered to the factual consequences of the drug when evaluating whether the bar owner could get a loan for his competitive advantage; "Addiction and accidents, that were the main problems. Well, it was not seen as a real problem then, it was only considered to be minor" (P.c. interviewee). Here, laughing gas' vital role in traffic accidents and it being highly addictive balanced out the rightfulness of the law. It is also worth noting that although it was only considered a minor problem back then, the internal advisors still deemed the consequences to be more damaging than good, and made a decision to not contribute to future statistics related hereto. This is the essence of consequentialism – "what is best or right, is whatever makes the world best in the future, because we cannot change the past" (Sinnott-Armstrong, 2023).

**DEONTOLOGY**

Deontology, on the other hand, is also an ethical theory but it judges what is right or wrong based on virtues such as principles and values (Thomson, 1985). As people come from different backgrounds, it can be more complex to deem what is right or wrong from a deontological view (Larry & Moore, 2021).

A way to combat this notion by the internal advisors was by conducting an "argumentation column" (Dutch Banking Association, 2020, p. 3), balancing out the right with the wrong. Although to many people's inner compass of values it might be inherently wrong to luxuriate on drugs, the law at the moment stated it was rightful which the internal advisors acknowledged; "For instance, well, this bar owner should be free to do everything he likes. Or he can make a profit from it" (P.c. interviewee). Oppositely, the gut feeling, consequences of laughing gas, and targeting of younger people proved as wrong, outbalancing the right present.

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Being able to see the dilemma from multiple perspectives leads us to the final ethical theory that can be combined with the internal advisors' decision-making in this case.

### STAKEHOLDER ANALYSIS

What the internal advisors also did was look at the dilemma through the stakeholders as the primary unit of analysis, automatically giving the dilemma a dual perspective deriving from the client always being right. Additionally, this theory suggests that a code of conduct cannot be enough on its own (Krehmeyer & Freeman, 2012), which takes into consideration the internal advisors conducting the argumentation column.

There are several stakeholders in this case: the financial institution, the client (the bar owner), the prospective clients of the client (younger people), the internal advisors, the society as a whole, the government as a legislator, and the role of the media, all of which were considered in the decision-making. What is interesting to note is that even though society and media are "hidden" stakeholders in this case, the majority of the information gathered originated from these two. This shows how beneficial it can be to broaden the view when making decisions,

weighing the interests out equally, as described in the compass.

### CONCLUSION

Concluding the question "how can internal advisors supplement the code of conduct in making ethical decisions?", this case highlighted the importance of adhering to the financial institution's internal code of conduct, but also showed how it can be supplemented by various components prosing to discuss whether the law could be trusted blindly. By acknowledging which consequences are related to laughing gas, the deontology of what is right and wrong, and the different stakeholders' presence, the internal advisors conducted a comprehensive argumentation column built upon the four guiding principles of their compass, resulting in rejecting the bar owner's request.

What is equally the moral of the essay is the courage to speak up if something doesn't feel right, even though it objectively should. Had the Customer Due Diligence Analyst not shared their worries, who knows how many addictions and fatalities the bar owner and the financial institution could have on their conscience?

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## FOUNDATIONS AND CHALLENGES: ETHICS IN CONSULTING

Frederieke Scheenstra

**ABSTRACT**

This paper critically examines the principle of professional independence in the consulting industry, focusing on ethical challenges through the lenses of consequentialism and stakeholder theory. Utilizing a case study involving a Dutch media company's acquisition bid, the analysis reveals the tension between maintaining professional independence and succumbing to client pressures, resulting in an inflated and ultimately unsuccessful bid. The discussion highlights the importance of consultants adhering to ethical standards, considering all stakeholders' interests, and maintaining objectivity to ensure long-term beneficial outcomes. By integrating stakeholder theory and consequentialism, the paper underscores the necessity of ethical rigor and professional integrity in consulting practices.

**INTRODUCTION**

In the evolving discourse of ethics within the consulting industry, two prevailing frameworks - consequentialism and stakeholder theory - have guided scholarly debates and practice. Consequentialism, a term first introduced by Bentham (1789), Mill (1861), and Sidgwick (1907), is a form of utilitarianism, which holds an action as ethical if it produces more beneficial outcomes than negative ones. Stakeholder theory, on the other hand, was first introduced by Freeman (1984) and refers to the responsibility of a firm to create value for all stakeholders, not just shareholders.

Despite their long-standing presence in the fields of ethics and their clear frameworks, the application of these theories in the context of consulting continues to present challenges (Poultfelt, 1997; Shaw, 2019). This gap is acknowledged and addressed by professional bodies who seek to guide consultants in navigating these grey areas.

One such an organization is the Order of Organizational Consultants (OOA in Dutch) who

have developed practical guidelines. The 'Rules of Conduct for Management Consultants' aims to embed ethical considerations into the nature of consulting work. One of the key areas that is discussed here is professional independence, which requires consultants to maintain distance from the assignment, the principal, and the organization in such a way that they remain capable of using their skill and knowledge without restriction and to the best of their ability (article 2.5).

To people unfamiliar with consulting, this may seem obvious. However, from previous research it has become evident that businesses sometimes seek external validation for strategies they have already decided to pursue. Consultants, with their reputed analytical prowess and industry insights, provide credibility to a company's decision, which can be crucial in convincing stakeholders (Sturdy, 2009).

This essay will critically examine the principle of professional independence as outlined in the OOA Code of Conduct, exploring its applicability through a real-life case study, and evaluating how adherence to this key value can empower consultants to navigate ethical dilemmas, with the aim to foster ethical consulting practices.

Thus, in the quest to explore this ethical challenge in consulting, I initially interviewed a seasoned consultant, aiming to uncover specific cases and insights into ethical dilemmas. However, extracting detailed examples proved challenging, as discussions remained largely superficial. Therefore, I shifted focus, opting to interview a client experienced in working with consultants instead. This new direction offered a unique perspective on the ethical considerations and challenges within the consulting industry, enriching my understanding of the ethical dynamics from the client's viewpoint.

**THE BID DILEMMA**

Daan Jansen was working at a leading Dutch media company when an exciting opportunity emerged: the potential purchase of a television

company. This would create 'cross-mediality', which entails merging various media platforms, enticing customers to interact more broadly across the company's offerings.

Recognizing the complexity of this endeavour, the company enlisted a reputable consulting firm to assist with the acquisition. Their task was not slight; they had to set a purchase price, factoring in expected profits and the somewhat hazy benefits of cross-mediality. This required a forecast reliant on numerous assumptions rather than concrete data, yet confidence was high that the consultants could produce a precise valuation. Consequently, a bid was placed, believed to be sound and justified.

After submitting the bid, an interesting twist occurred. The bid - though carefully calculated - was not enough. There was a sense of 'deal-lust', a term Daan used to describe the enthusiasm for making the deal happen at any cost. This eagerness to secure the television company led to a revisiting of the bid. The consultants were asked to re-examine the figures and explore if there was any flexibility in the estimate of the valuation, which could justify a bid increase.

The consultants agreed and looked over the calculations again, leading to an increase of the initial bid by a staggering 20%. This increased bid, a bold move reinforced by a mix of data and desire, was accepted. However, the reality post-acquisition painted a different picture; the inflated crossmedia benefits that were so central to the bid, failed to come to realization, leading to a purchase that did not deliver the expected transformative success, resulting in an unsuccessful acquisition and six years later, the television network was sold off.

This case clearly highlights the ethical challenge of professional independence and objectivity in consulting. The core of the dilemma is whether consultants can maintain their professional independence amidst the pressure to conform, highlighting a fundamental concern for the consulting industry's commitment to integrity and ethical business practices.

**BEYOND THE BID:  
ETHICAL IMPLICATIONS**

The ethical dilemmas presented in the case and the business deal highlight the importance of applying stakeholder theory principles, emphasizing the well-being and involvement of all stakeholders in business decisions. Engster (2011) supports this view by advocating for a stakeholder perspective grounded in care ethics, which suggests that decisions should prioritize the needs and well-being of those directly affected, such as employees and clients, and involve them actively in the decision-making process. In the scenario with Jansen, the consultants appear to have overlooked this imperative, giving assurances about the project's success without fully addressing Jansen's practical concerns regarding the feasibility of the crossmedia benefits, despite his direct responsibility for realizing some of these benefits.

This oversight demonstrates a failure to fully consider all stakeholders, including Daan Jansen himself, who voiced his reservations about the project. The consultants reassured him by saying, "We understand, but Daan, you are only involved in this context, but from our research it's evident that what we expect is definitely achievable." This response indicates a lack of sufficient consideration for his insights and concerns, undermining the ethical imperative to nurture stakeholder relationships and address their most pressing needs comprehensively. By aligning more closely with the principles of stakeholder theory and care ethics, the decision-making process could have been enhanced to not only aim for specific outcomes but also strengthen the relationships and responsibilities the company holds toward its stakeholders, ensuring a more ethical and holistic approach to business decisions.

From a consequentialist standpoint, the morality of actions is based on their outcomes, suggesting that the ends can justify the means if they lead to the greatest good for the greatest number (Sinnott-Armstrong, 2023). The initial phase of



## FOUNDATIONS AND CHALLENGES: ETHICS IN CONSULTING (CONTINUED)

the bid formulation appears to align with this ethical principle. The consultants' preparation of a realistic bid, rooted in careful analysis and measured assessment of cross-media synergies, aimed for an outcome beneficial to the company's long-term interests. Yet, the shift in strategy to significantly increase the bid, driven by 'deal lust' and a desire to secure the acquisition at any cost, marked a departure from consequentialist ethics. This shift from a realistic appraisal to an optimistic re-evaluation underscores a deviation from maximizing the overall good, showing the complexity of applying consequentialist ethics in practical decision-making scenarios.

In this case, the consulting firm's behaviour raises critical questions regarding adherence to the OOA's stipulation of professional independence. Had the consultants firmly adhered to this foundational rule, they would have been more likely to resist the "deal lust" that clouded their judgement and to question the optimistic projections that ultimately led to a misinformed bid. Their role was not to affirm preconceived strategies but to offer impartial advice based on thorough analysis. True adherence to professional independence would have steered the consultants to prioritize the long-term welfare of the client and all stakeholders over the immediate gratification of winning the bid. By compromising on this ethical cornerstone, the consultants inadvertently set the stage for an outcome that was both financially and reputationally costly, demonstrating the profound implications that a lapse in ethical conduct can have in the consulting world.

Through these lenses, the behaviour from the consultants may be labelled as 'unethical'. Daan however, disagrees. "Of course, it is always a collaboration between the client and the consultants. This led to 'groupthink' where all of us, including the consultants thought: 'Yes but this is indeed a great idea! We should indeed do this'.

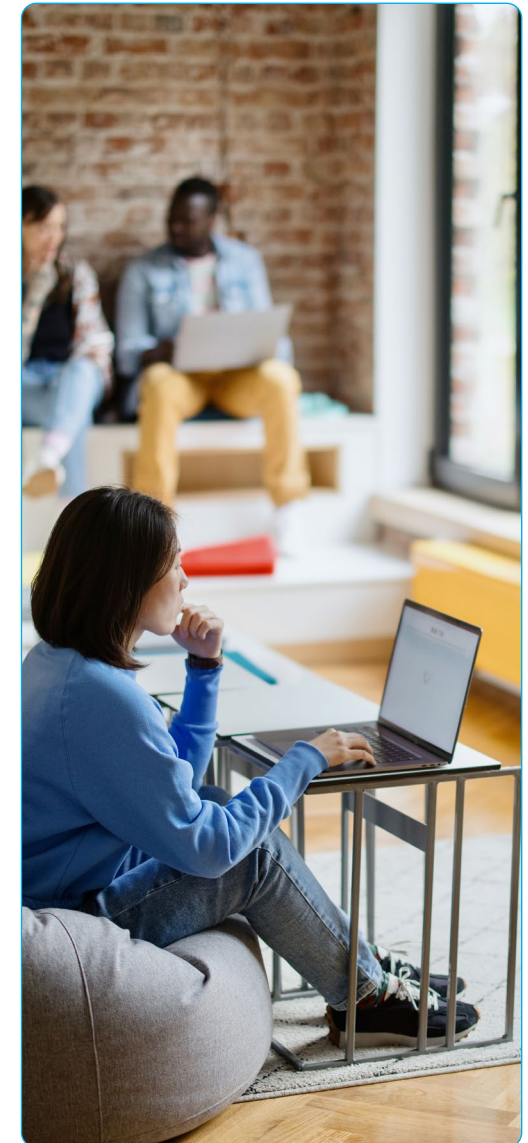
Consequently, Daan refrains from attributing blame to the consultants, instead emphasizing

the clients' responsibility in this process: 'Are you actually asking for real advice or are you asking for your opinion or desire written down on the letterhead of a big consultancy?' he noted. Both consultants and clients must prioritize ethics in their professional engagements to ensure the integrity and success of their collaboration (Poultfelt, 1997; Fuqua, Newman, Simpson, & Choi, 2012). This mutual commitment fosters a foundation of trust and leads to sustainable outcomes that benefit all the stakeholders, which aligns with the stakeholder perspective.

In conclusion, the case study highlights critical ethical concerns within the consulting industry, particularly in relation to stakeholder theory and consequentialism. By applying the principles of stakeholder theory, consulting practices can prioritize the needs and involvement of all stakeholders, enhancing the ethical foundation of business decisions. However, this case also illustrates the challenges of strictly adhering to consequentialist ethics, especially when outcomes diverge from the anticipated benefits, thus questioning the justification of means by their ends. The case study serves as both a warning against the neglect of ethical guidelines and a reflection on the role consultants play in influencing corporate decisions. It is through commitment to professional independence that consultants can deliver unbiased and informed recommendations, thereby preserving the integrity of their profession and serving the broader interests of the community, including those not at the negotiation table.

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## CONSCIENCE AND COMPROMISE: THE STRUGGLE OF MORAL CODES IN BUSINESS

Nina Lap

**ABSTRACT**

This paper investigates the ethical dilemmas faced by consultants when balancing personal morals with professional obligations, using a real-life case study involving a consultant overhearing illegal price-fixing activities. The case highlights the consultant's internal conflict and the decision to remain silent due to fear of professional repercussions and power dynamics. The analysis discusses violations of the Dutch OOA code of conduct, particularly concerning integrity and professional independence, and explores the ethical frameworks of moral disengagement, consequentialism, and virtue ethics. The paper emphasizes the complexity of moral integrity in consulting and the potential consequences of both action and inaction in ethically challenging situations.

**INTRODUCTION**

Striving for moral integrity is an ongoing effort, especially in today's dynamic and complex world. Particularly for consultants, balancing personal morals with client demands can be challenging. This essay explores these moral dilemmas using a real-life scenario, aiming to highlight the balance between personal values and professional obligations within the corporate world. Through the lens of multiple ethical frameworks and moral codes, we aim to shed light on the nature of these moral dilemmas.

**THE CASE**

We will explore this dilemma inspired by a real-life case provided by our interviewee (see Transcript, p. 9). The case the interviewee illustrated, is the following:

Amidst the bustling energy of a Monday morning, you step into the client's building. It's your weekly meeting with the CEO of a major gas company, a moment to sync strategies and discuss progress. Looking through the windows of his office, you spot him engaged in a phone call on speaker.

It seems to be a conference meeting, and you quickly debate whether to intrude or schedule another time. Before you can decide, he already welcomes you to enter.

Whilst taking a seat, the conversation continues seamlessly as if you're not there. Initially, you resist the urge to eavesdrop, maintaining professionalism. However, as the discussion unfolds, bits of conversation enter your awareness - mentions of pricing strategies, references to competitors, deals being made: it all hints at illegal activities. Discomfort settles in as you grasp the significance of the unfolding conversation.

The dilemma weighs heavy on your mind. Should you intervene, speak up against what appears to be illegal activities? Or do you remain silent, ignoring the ethical breach for the sake of convenience and adhere to the client's interest? Once the major Dutch gas and oil companies conclude their participation and exit the call, you look at your client, expecting some acknowledgment or discussion regarding the conversation. However, he breaks the silence with a firm statement: "Whatever you heard, never happened." He continues: "So, what did you want to talk to me about?"

After ignoring the attended phone call, the weight of your decision presses upon you. The CEO, a dominant figure with a significant reputation, casts a shadow of intimidation. Moreover, the male-dominated landscape of the industry adds an additional layer of complexity. As a woman navigating this terrain, the fear of not being taken seriously plays an enormous role, amplifying the hesitation to speak out. Ultimately, the simplest choice seems to be to stay silent, to suppress your conscience and collect your paycheck. In a society where power dynamics frequently overshadow principles, opting for the path of least resistance can be tempting.

Better to stay silent and accept the paycheck, right?

**THE OOA RULES OF CONDUCT**

The Dutch OOA code of conduct gives consultants in the Netherlands ethical guidelines for conducting their professional activities. The ethical dilemma where the consultant overheard illegal price-fixing conversations serves as an illustration of various violations of the Dutch OOA code, particularly in relation to key value III: Meticulousness. Reflecting on the related sections of Meticulousness, we can identify where the consultant's actions - or lack thereof - may have fallen short of the OOA's standards.

Firstly, article 5.1 starts with "The Ooa member acts with integrity". By choosing to remain silent about the illegal price-fixing, the consultant may have violated this principle of integrity. It continues with: "The Ooa member can at all times account for his actions and omissions (...)" (article 5.1). Failing to report the unethical practices could be seen as a lack of accountability.

Secondly, article 5.2 states that "The Ooa member will not accept an assignment and will terminate an assignment already in progress if it has become clear to him that the client is pursuing unlawful objectives or using unlawful methods". By not reporting the illegal price-fixing, the consultant did not act against an assignment that clearly conflicted with legal and ethical standards.

Furthermore, the consultant failed to take into account "the wishes, expectations, rights and interests of all involved" (article 5.3). The consultant did not fully consider these, especially those of the consumers and society at large. Moreover, another violation takes place from article 5.4 which states that a consultant "is aware of the (side) effects of his activities within an organization, and of possible undesirable social or other effects". The consultant's inaction neglected the potential societal and economic consequences as it did not only affect her, but also the society at large that needs gas (p.c. interviewee, p. 15).

Moreover, there has been a violation of key value IV: Professional Independence. As a result of over reliance on the client - driven by potential job loss and career damage - the consultant violates article 9.1: "The Ooa member stands - in the capacity of contractor - substantively, relationally and (im)materially independent of his assignment."

**ETHICAL VOICES BEYOND THE SILENCE****Moral Disengagement**

The mechanisms of moral disengagement might be used to explain why the consultant did not speak up about the illegal activities. These mechanisms may help an individual to disengage from the harmful activities they are involved with by, for instance, displacing and diffusing responsibility (White et al., 2009). According to White et al. (2009, p. 42), this can be used "so that perpetrators do not hold themselves accountable for the harm they cause." In the case, the consultant seems to displace her responsibility by stating that she had no choice and therefore is absolving herself of fault suggesting that it wasn't her duty to intervene. As a woman in a male-dominated sector, she explains that "If I would have said something about it, they would just say: 'Well you're wrong, that's not true at all'" (p.c. interviewee, p. 14).

**The Consequentialist View**

We can argue whether the action - or inaction - of the consult can be ethically justified by looking solely at its consequences (Sinnott-Armstrong, 2019). The consultant herself, mostly justified her actions by saying she did it for her own sake and her family's well being: "And I also needed my job, I needed to earn a living" (p.c. interviewee, p. 15). Perhaps one can argue that this perfectly illustrates Poulfelt's view of consultants (1997, p. 67) who may be "too focused on revenues at the expense of the professional effort needed". Additionally, utilitarians would categorize this case as unethical, as it resulted in negative consequences for the greater good, namely,

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society at large (p.c. interviewee, p. 14; Sandel, 2013).

### BALANCING MORAL CONSIDERATIONS

Despite the case being supported by various moral codes and ethical theories, individuals can always interpret or utilize ethics in different ways (Msoroka & Amundsen, 2017). This makes that consultant's (in)action can be seen as morally right. For instance, when the consultant had spoken up and would have reported the issue, one could argue it would be against the client's desire for confidentiality - "What you just heard should be forgotten very quickly" (p.c. interviewee, p. 14) - an important issue in consulting and many other professions as noted by Moore (1970).

Additionally, it could be argued that the consultant's actions were aligned with her personal ethical beliefs, which were highly influenced by the organization's toxic culture (Racelis, 2010). The lack of openness to feedback within the organizational culture is highlighted by the description of the client as someone who "was always very convincing, so people were also afraid of him" (p.c. interviewee, p. 16).

Furthermore, the overheard phone call was not within the scope of the consultant's assignment. Those who adhere to virtue ethics, which state that "Management consultants should fulfil their obligations in full and must act for the good of their clients" (Shaw, 2020, p. 34), could argue that the consultant fulfilled her obligations and thus acted rightfully.

### ACTIONS VS WORDS

We can conclude that there will always be a moral code that is potentially violated, even when adhering to a code of conduct. This can be illustrated by the Dutch Ooa code of conduct: despite offering guidelines on ethical actions, it may still fail to adequately address ethical considerations related to inaction. Furthermore, while most codes emphasize that "the client's

interest comes first" (Acme, 1990; Comer, 1989; Poulfelt, 1997, p. 68), this notion is challenged by various management studies (e.g. Crossick, 1995; Payne & Lumsden, 1987).

The consultant doubts the effectiveness of words: "From time to time I sometimes think the more often they use that word integrity, the more there is wrong" (p.c. interviewee, p. 13). In fact, it is her inactions that have led to these specific outcomes. Perhaps, even inactions can speak louder than words after all.

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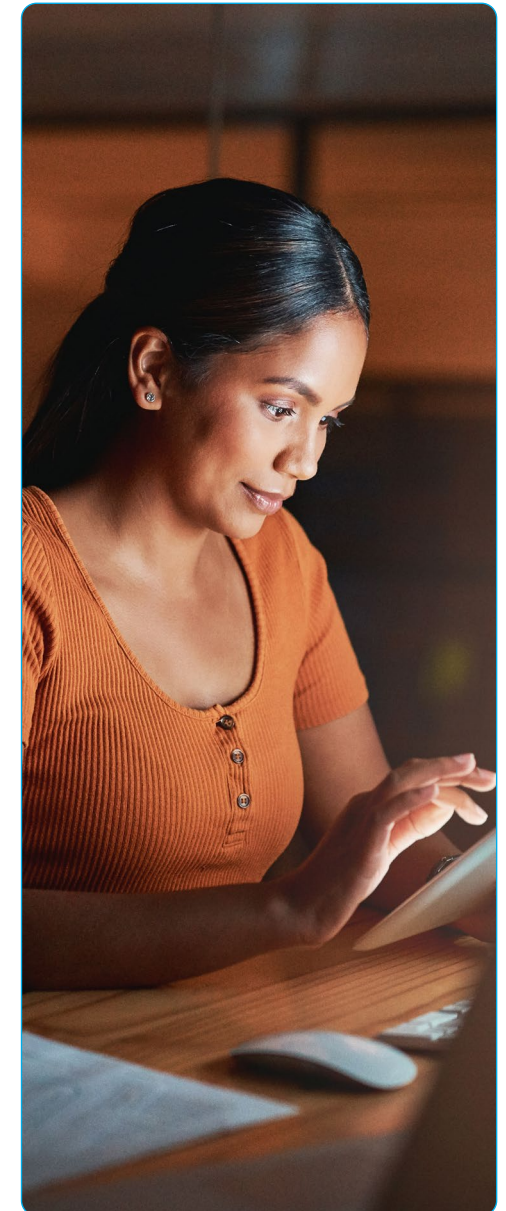
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FAILED PROFESSIONALIZATION AND MANAGEMENT CONSULTANCY'S IMAGE PROBLEM - A UK PERSPECTIVE

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ABSTRACT

This article reflects on the disproportionate academic and media attacks that management consultancy seems to attract and links this to the failure of developing strong professional institutions on the example of comparable professions such as law and accountancy. In particular, whilst a professional project was initially at play within this sector, it eventually lost support from key stakeholders, in particular the large firms who employed a majority of management consultants. As such professional associations in the management consultancy field engaged in a series of accommodation strategies to win back some corporate support. The result was a weaker form of corporate professionalism.

Management consultancy is one of the most successful occupations of our times (Mckenna, 2006). It has enjoyed sustained economic growth and now occupies a central position at the heart of the global economy. However, it has also been the object of repeated and sustained criticisms, by academics and journalists alike. Most recently Mazzucato and Collington (2023) dismiss the benefits of management consultants as over-exaggerated, whilst claiming that many of their services are actually damaging for businesses, government, and societies. Their book title, *The Big Con* condenses a long line of research which suggests how management consultants trick clients to pay for unnecessary, flawed and at times even damaging advice whilst also escaping any responsibility or liability for such advice. A similar line of criticism has been made by a growing body of academic and practitioner research (Craig, 2006; O'Mahoney and Markham, 2013; Kirkpatrick et al, 2023a; Fleming, 2023; Seabroke and Sending, 2022), as well as TV programmes such as the BBC *Magic Consultants* or Channel 4's *Master of the Universe*. But, perhaps the most stinging indictment of the

industry is reflected in an old joke: Who is a management consultant? Someone who charges the client to borrow their watch and tell them what time it is (and then keeps the watch).

Of course, a lot of this criticism of management consultants might be unfair. It may unduly focus on a few high-profile scandals, whilst ignoring the majority of successful projects where consultants successfully deliver and add value for their clients. Nor should we forget that similar criticisms have been levelled against other, more established, professions such as accountants and lawyers (Muzio et al, 2016; Gabbioneta, et al, 2013; 2019). However what matters is that concerns about management consultancy have mounted in recent years and have captured the public imagination. Consultancy, it would seem, has an image problem.

Could it be that these doubts about management consultancy are connected to its failure to fully professionalize? Whilst consultancy firms have their own individual requirements and codes of practice, there are no mandatory industry wide regulations or minimum qualifications. Professional associations, such as the UK's Institute of Consulting (IC), have been formed, but membership is non mandatory and accordingly very sparse. Despite the IC gaining a Royal Charter in 2017, neither the title management consultant nor any of its activities are legally protected or restricted. Indeed, anyone can claim the title management consultant and practice as such.

In this context characterised by a lack of legitimacy, the question of why management consultancy did not professionalize becomes particularly relevant. Why has so little progress been made to regulate the supply side of management consultancy (Zaman et al., 2024)? In what follows we address this question of failed professionalism by providing an overview of a research project we recently published in the journal: *Journal of Professions and Organisation* (for the full study please refer to Kirkpatrick et al, 2023b; see also Collinson and Butler, 2020 for

a related account). In this study, we conducted a historical case study of the professionalization of the UK management consulting field between 1956 to 2007, focusing on the shifting strategies of the UK professional associations: the Institute of Management Consultants (IMC), which was the forerunner to the Institute of Consulting, and the Management Consulting Association (MCA).

Our findings outline how over time in this sector there was a shift from an 'occupational' to a 'corporate' model of professionalism (please see table 1 for a summary of these two models). Initially, both associations pursued an occupational model based on individual

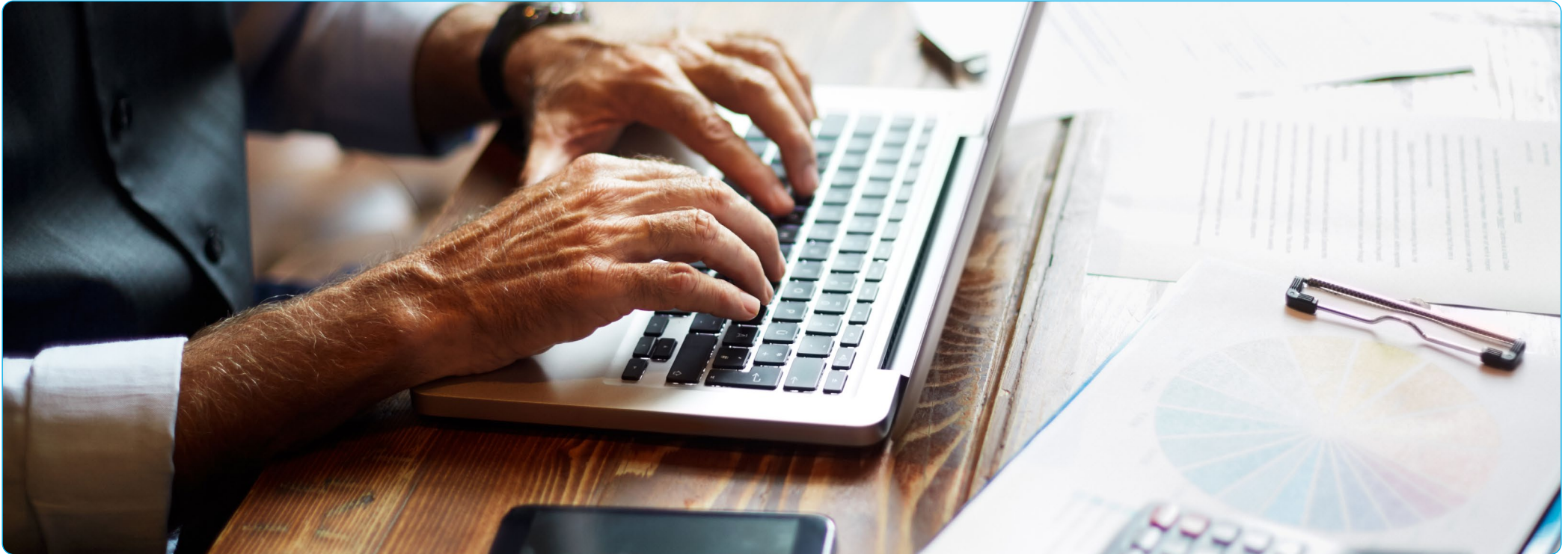
membership, closure, and third-party regulation, ideally by obtaining formal endorsement from the state in the form of a Royal Charter. In line with this, and following the example of established professions such as law and accountancy, from the 1960s, both associations had enforced strict entry criteria and ethical standards for consulting firms. The MCA, for instance, required member firms to be established in the UK for at least five years, with a specified percentage of professionally qualified staff, and adhering to a code of conduct that restricted certain business practices, including advertising.

Table 1: Occupational versus Corporate Professionalism

	Occupational Professionalism	Corporate Professionalism
Approach to professionalization	Occupational closure around a formal body of knowledge and formal qualifications, ideally leading to restricted areas of practice and legally sanctioned monopolies.	Proactive engagement with corporate clients and employers. Focus on ability to add value to users
Sources of legitimacy	Ability to serve the public good	Commercial value added and technical expertise
Knowledge base	Abstract and formalized body of knowledge	Co-production of situated knowledge with industry. Focus on competences.
Entry routes	Formal examinations	Competence based qualification
Model	Established professions like law	New forms of managerial specialisms and knowledge based occupations, such as the CIPD
Key constituents	The State	Large corporations (both as users and employers)
Endorsement	Royal Charter Legally sanctioned monopolies	Not licensed/regulated Support by large organizations Inclusion in procurement and recruitment policies of large organizations
Membership	Single Tier membership Individual membership	Multi-level membership structure Individual and organizational membership
Jurisdiction	National	International

Adapted from Hodgson et al 2015

## FAILED PROFESSIONALIZATION AND MANAGEMENT CONSULTANCY'S IMAGE PROBLEM - A UK PERSPECTIVE (CONTINUED)



However, while the management consultancy sector did at first embark on a traditional professionalization project, this project floundered over time. In particular, the IMC and MCA failed to attract the necessary levels of support from other key stakeholders such as government and the large, often multinational consultancy firms which dominated this field of practice. Large consulting firms, who had been initially supportive of professional associations to legitimize the consulting profession and uphold standards, gradually became indifferent to the goal of professionalization. These firms viewed occupation level regulations as unduly restrictive of their increasingly commercial practices and ever changing business models. Instead, firms focused on demonstrating professionalism through their own brand reputation, elite recruitment practices and client relationships. Government also lost interest as it

embraced an increasingly neo-liberal and de-regulatory agenda, which focused on dismantling existing professional monopolies and restrictive arrangement rather than creating new ones (Hanlon, 1999; Muzio and Ackroyd, 2005).

In response to this changing landscape of diminishing interest from large employing organizations, both the MCA and IMC adopted a series of accommodation strategies. These strategies involved relaxing entry standards, revising ethical codes, and embracing a more inclusive approach to membership. The MCA, for example, broadened membership requirements, abandoned restrictions on advertising, and altered its ethical code to accommodate the evolving business models of IT and accounting firms. Similarly, the IMC, facing a decline in membership, undertook a "big mind-set change," rebranding itself to

represent a wider range of stakeholders and introducing initiatives like the Certified Practice scheme, as a form of corporate membership. Table 2 provides an overview of these accommodation strategies over time.

FAILED PROFESSIONALIZATION AND MANAGEMENT CONSULTANCY'S IMAGE PROBLEM - A UK PERSPECTIVE (CONTINUED)

Table 2: Professionalization project of UK management consulting: from an occupational to corporate model

Period	Key events professional associations	Key events consultancy firms	Features of Occupational Professionalism	Features of Corporate Professionalism
1950's and before	British Institute of Management (BIM) establishes a Register of consultants			
	Foundation of the Management Consultancies Association (MCA)			
1960's	Foundation of the Institute of Management Consultants (IMC)	Accounting firms rejected by MCA, support the creation of the IMC	MCA code of practice restricting commercial behaviours	
		First wave of audit and accounting firms admitted to MCA	MCA introduces stringent individual qualification requirements	
		Arthur Anderson (initially) refused entry to the MCA		
1970's	MCA relaxes staff qualification rules to admit more accounting firms and some strategy firms (A.T Kearney)	Mckinsey refuses to engage with the Professional Associations, despite overtures from the MCA	IMC introduces ethical code and disciplinary procedures	
		UK's largest firm, PA, temporarily withdraws from MCA in dispute over restrictions on advertising	IMC develops standard body of knowledge and introduces mandatory qualifying examination	
1980's	MCA changes name from 'Management Consultants Association' to 'Management Consultancies Association'	Arthur Anderson initiates first advertising campaign; followed by other accounting firms		IMC scraps qualifying exam and begins to develop competence qualification scheme
				IMC creates Registered Practices scheme as a form of corporate membership
1990's		Privy council turns down IMC application for Royal Charter		MCA removes its advertising ban
		IBM joins MCA first (1997) and then the IMC (1999)		IMC launches its flagship competency based qualification: the CMC award
				MCA changes ethical code from independent to objective advice
	IMC changes name from 'Institute of Management Consultants' to 'Institute of Management Consultancy'			IMC creates Certified Practices Scheme as more developed corporate membership scheme, allowing members to award IMC qualifications
2000's	IMC merges with the Institute of Business Advisers to form the Institute of Business Consultants (IBC)			IMC allows corporations to bench mark their own competency frameworks to the Institutes and allowing them to award the CMC internally
	IMC becomes part of the Chartered Management Institute (CMI)			



## FAILED PROFESSIONALIZATION AND MANAGEMENT CONSULTANCY'S IMAGE PROBLEM - A UK PERSPECTIVE (CONTINUED)

Specifically, Table 2 shows how a traditional professional project stalled in the 1980s and eventually gave way to a corporate one (Muzio et al., 2011; Hodgson et al., 2015). As summarised in Table 1, the 'corporate' model was characterised by new traits such as organizational membership, competence-based qualifications (such as the CMC award - see Tibble 2004 for a full account of this), and acceptance of commercial practices. While the IMC (later IC) continued to seek formal endorsement from government (a Royal Charter was eventually granted in 2017), the main emphasis was on demonstrating the value of the profession to the large organizations which dominated this field both as users of management consultancy services and employers of management consultants. It was hoped that by demonstrating value, professional membership would, in time, become an essential or desirable criteria in corporate procurement and recruitment policies. As such, professional associations increasingly sought to align themselves with the perceived interests, practices and approaches of the large firms which dominated the sector. This goal was accelerated by a regulatory race of the bottom between the IMC and MCA, as both associations tried to keep up with each other in making further accommodations to perceived corporate interests.

This active accommodation to corporate concerns, may have in turn weakened the independence of professional associations and any presumption that they could act in a broader regulatory role. There are parallels here to what Leicht and Fennel (2001: 106) term "client capture," whereby "the consumers of professional work gain the ability to control the activities, timing, and costs of professional work." In our case, however, it is employing organizations that effectively capture professions, pushing them to adjust their objectives and practices.

We believe that the historical trend towards corporate professionalism has considerable bearing on why management consultancy has an image problem today. For instance, as professional associations try to accommodate large organisations in their field, they are less likely to be able to act as effective regulators and impose "non-negotiable,

minimum standards" (Webber, 2002) on their members. Rather in this context, associations tend to delegate responsibility for professional standards to member firm, which are less likely to be credible or effective (O'Mahoney, 2011). The result is a fragmentation of standards and 'a slide to the lowest common denominator' (O'Mahoney et al., 2008: 37), as firms prioritize their commercial interests at the expense of robust ethical codes. For clients, this delegation implies greater risks associated with wrongdoing and incompetence, as organizational codes or individual membership of professions offer only a weak "institutional clue" for judging quality and professional integrity and for addressing misconduct (Glücker and Armbrüster, 2003).

As such, compared to established professions, management consultancy has a weaker (supply-side) regulatory framework that can help to prevent, police, and discipline unethical practices. Furthermore, in the absence of an established and powerful professional association, management consultancy does not have a strong, seemingly independent voice which can represent and speak up for the profession as a whole. Nor is there a credible way of responding to criticisms and addressing actual or perceived cases of misconduct.

Whilst these observations are necessarily tentative, our contention is that the failure of a traditional professionalization project in the management consultancy industry may have contributed to management consultancy's image problem. Accordingly, developing stronger professional institutions may be part of any solution.

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## ARE YOU HIRING AND MANAGING THE RIGHT PI-SHAPED PEOPLE?

Murray Kronick

## ABSTRACT

If we truly believe that “people are our greatest asset” as the old saying goes, we generally don’t treat them as assets. Traditional assets such as furniture, buildings and intellectual property are treated in a prescribed manner on financial statements as well as the ongoing care and maintenance of that asset. The author challenges the notion of considering people as expenses only and introduces five different models (or asset classes) of a management consulting firm’s greatest resource - its people. Some of these models have been around for decades, some are emerging, and all are changing with the incessant demand for adaptation of our management consulting industry worldwide.

## INTRODUCTION

If you’re in a professional services firm such as a management consultancy, how do you hire and manage the people who are most skilled, adaptable, empathic, and the best team players? This paper explores five models of professional competencies that you can use to maximize or optimize your human capital. As a bonus, the fit of the individual within the consulting firm will show itself through increased morale and longer retention periods resulting in lower turnover or “churn” of staff.

Everyone has heard the expression “people are our greatest asset”. In fact, strictly speaking, that is not a correct usage of the term ‘asset’. A formal definition of an asset according to the International Financial Reporting Standards (IFRS), which is the most widely used global financial reporting system, defines the term in the following manner: “an asset is a present economic resource controlled by the entity as a result of past events” (IFRS 2018). What that means is that assets are restricted to both tangible and intangible holdings that would include items such as cash, accounts receivable, land, buildings, vehicles, equipment, furniture,

copyrights, trademarks, patents, computer software applications etc. What is notable about this list is that people are actually not considered assets - instead they are represented as expenses on the Income Statement and do not even appear on the Balance Sheet at all, where the other asset classes are listed.

With any tangible assets such as a building or a vehicle we not only consider the acquisition cost, but we also expect to have ongoing maintenance costs associated with that asset to keep the condition of that asset at its peak working order. For example, one would expect to do regular oil changes or other repairs and maintenance on a vehicle that was a listed asset for an entity. Similarly, a roof may require maintenance every few years in order to ensure its structural integrity and that it doesn’t leak or collapse under extreme weather conditions at the worst possible time. Asset managers understand this discipline very well, to keep their assets in working order, or to replace them at end-of-life. People managers simply don’t have that same discipline around hiring and then managing the careers of the “greatest asset” of a consulting firm - its human resources.

The challenge to the accounting world is to apply the same concept of tangible or even intangible assets to people. Therefore, when an employee is hired, their worth should be added to the balance sheet under a separate class of assets. When they leave the firm, their value would be removed from this new asset class, the asset having been “disposed of” in traditional accounting parlance. The interesting twist is that traditional assets depreciate in value over time - the argument could equally be made that the firm’s human assets appreciate in value as they gain knowledge and experience. Then, ongoing maintenance to that human asset, perhaps in the form of professional development such as training courses, degrees, certifications, coaching and mentoring would be applied as regularly and unhesitatingly as the semi-annual oil change for a vehicle and would be planned along with all the

other standard elements in the annual budget. It could be argued that this “maintenance” not only maintains the value of the human asset, but actually increases it - very different from traditional assets.

This paper is about the notion that we want to hire, manage, and keep investing in our primary asset as a professional services firm which is indeed our people. Any professional services firm such as a management consultancy has the following main asset types: first, its people which typically make up somewhere in the neighbourhood of 80% of fixed costs through its payroll, then tangible assets such as buildings, furniture, technology and so on and finally, intangible assets such as intellectual property, patents, reputation, and goodwill.

Let us further examine this largest asset class in a consulting firm - its people. When you go to hire an employee into a consulting firm what is the ideal makeup of that individual? Is it a specialist? Is it a generalist? Is it a hybrid of the two? We present five models that can and have been successfully used to hire, grow, manage, and retain the best professionals in a management consultancy or any other type of professional services firm.

## THE ‘I’ MODEL OF HUMAN RESOURCES - THE SPECIALIST

We will start with the I-shaped professional. The letter I is typically represented with a very simple vertical line (see Figure 1). I-shaped professionals have deep functional expertise, meaning they are subject matter experts in one particular area but often lack the general skills that are required in order to be an outstanding management consultant that collaborates well with others (Schaffer 2021). The length of the vertical stroke of the I indicates the depth of the skill and experience that the consultant has at a given point in time (Hansen n.d.). Over time one would expect that the length of the vertical stroke will grow longer as the consultant amasses more knowledge and experience.

However, an I-shaped person, even as they grow deeper into their expertise, by definition is missing key competencies such as collaboration with teammates, and other interpersonal skills or generalist skills which we will elaborate on shortly.

## THE OPPOSITE: THE DASH-SHAPED EMPLOYEE - THE GENERALIST

The second model is a dash-shaped employee (Figure 2), one with broad skills in many areas but an expert in none. This type of person has often been called “Jack of all trades and master of none”. They are extremely valuable as generalists, given their broad base of knowledge but will often have to be supplemented with an I-shaped professional who has specific expertise in the domain in question (Hiltbrand 2021). It is difficult to carve out a clearly differentiated niche as a consulting firm in the market if your staff complement consists solely of dash-shaped generalist staff. However, there is still a place for dash-shaped employees in a consulting firm. These are the people who may be your project managers or your proposal writers or your interviewers or your researchers - very valuable generalists who can contribute to just about any consulting assignment where those generalist skills are required.

## COMBINING THE I AND THE DASH INTO THE ‘T’ MODEL

This brings us to the T model of employees (Figure 3). Not to be confused with Henry Ford’s Model T automobile of 100 years ago, this T model applied to our human capital combines the best of both the I-shaped and dash-shaped employee. The T-shaped professional adds generalist capabilities to the I-shaped specialist in a highly complementary fashion. Some of those generalist capabilities could include collaboration, problem solving, business acumen, technical savvy, interpersonal skills, facilitation skills, cultural awareness and adeptness, conflict

## ARE YOU HIRING AND MANAGING THE RIGHT PI-SHAPED PEOPLE? (CONTINUED)

management, team building, leadership skills, analytical abilities, and presentation skills all wrapped up in a lifelong learning approach to continuous professional development (Bierema 2019).

As with the I-shaped employee, the vertical stroke of the T indicates the depth of knowledge and experience in the specialty domain. The horizontal line of the T represents those generalist competencies, many of which were listed above. Interestingly, the concept of the T shape is not at all new; it was proposed in an IEEE Engineering Management Review article as far back as 1978 (Johnston 1978). It was then adopted in the 1980s by McKinsey and Company in their recruitment process and development of their consultants. Since then, many consulting firms and other professional services firms have adopted the T model for hiring and developing their professional staff in a comprehensive manner. It is a well-proven model.

One of the reasons that the T-shaped employee has been in demand since that time is the ever-increasing complexity and diversity of the clients, the cultures, and the business problems that we encounter in our daily lives as consultants. In the extreme, we are often called upon by our clients to assist them in dealing with “wicked problems”, which are problems that have a multiplicity of root causes, and the solution is extremely complex and will affect multiple stakeholders, often in different ways. Wicked problems such as climate change, immigration policy, poverty alleviation, or international conflicts represent just a few examples. An I-shaped consultant simply won't see all of the nuances or the impacts of the proposed solution to these problems if they are “an inch wide and a mile deep” in their domain. To quote the originator of the concept of the T shape, “... (they) may become the leading world authority in a specialized field, but who needs an appreciation of a wide range of management topics, in order to remove the 'blind spots' before he becomes a director or head of a major field of activity” (Johnston 1978).

Other reasons why the T-shaped employee has become much more valuable to consulting firms is the ability to facilitate freer flow of knowledge and horizontal collaboration between and throughout teams (Hansen and von Oetinger 2001). A typical consulting team will be formed with people who have multiple specialty skill sets. In order to maximize collaboration and knowledge sharing, the horizontal component of the T shape is essential in order to maximize the overall quality of the thinking, recommendations and work products delivered on those assignments. Without T-shaped employees, knowledge will typically be hoarded in the brains or minds of the I-shaped employees. This joint problem-solving advantage of the T-shaped employee teams can be a significant differentiator for the consulting firm that has the right mix of human assets.

### EVOLUTION TO THE PI MODEL

In the subsequent years, it has been recognized that consulting firms and their clients need leaders who can cope with ambiguity, be creative, think strategically and offer coaching and inspiration (Michels 2019). In addition, cultural sensitivity, political astuteness, awareness of workforce requirements, a recognition of the preferences of the new generations entering the workforce as well as environmental, social, and governance (ESG) considerations are best associated with T-shaped employees and their cognizance of the greater issues that any solution must consider in the current and future working environments.

Therefore, organizations depend more and more on such multifaceted workers, suggesting people with multiple specialties that resemble the Greek letter Pi (Figure 4). When we examine the Greek letter Pi, we can see that there are two vertical lines. In many representations of Pi the two vertical lines are of different lengths. That suits the Pi model very well in that the longer of the two lines represents the individual consultant's primary specialty and the second shorter line represents the secondary specialty.

This secondary specialty can be a backup to be employed either when the primary specialty is not in demand at a particular time or as an alternative offering to the primary specialty.

These two specialties taken together can either be complementary skills or congruent skills (Hiltbrand 2021). Complementary skills can work together to provide a more comprehensive solution to the client's business problem, whereas Congruent skills have an overlap that may not be as obvious but still come together to fulfil the needs of the consulting assignment. A classic example of congruent skills could be content specialty in a given industry, where the second shorter vertical line in the letter Pi could represent a process specialty, such as strategic planning. The combination of these two represent different domains, but when applied to a client's business needs can be an extremely effective “one-two punch” that come together perfectly.

With the Pi model, the horizontal line is just as important as the two vertical lines. In many representations of the Greek letter Pi, the horizontal line is not a perfectly straight across line. Instead, it is a wavy line (Figure 4) as it is drawn from left to right. The horizontal line represents all of the common consulting skill sets and competences that you would expect a seasoned management consultant to have under their belt. This would include such varying competencies such as interviewing skills, research skills, writing skills, presentation skills, analytical skills, project management, change management, knowledge of the consulting business model, and many others. The significance of the wavy line recognizes that the proficiency of the individual consultant will vary across all of those common skill sets. For example Consultant A may excel at research and writing but may need to improve their presentation skills. Consultant B may be excellent at doing data analysis, but not as proficient with their interviewing ability in engaging stakeholders at multiple levels of a client organization.

The troughs in the waviness of the line indicates where an individual consultant needs to improve their generalist skill sets. Professional development plans for that consultant should focus on bolstering those low points in the wavy horizontal line. The ideal situation is to get the horizontal line as flat as possible, however it is recognized that is likely not an attainable goal or even necessarily desirable for every consultant, depending upon their role in the firm and on the assignments that they participate in.

It is this author's observation and experience as a long-time consulting Practice Leader that the Pi model is likely the best fit for the majority of a consulting firm's staff. This allows for maximum flexibility to participate in many different types of consulting assignments on an individual consultant basis. However at the practice level, there is also room for the I, dash, and T models as a complement to the Pi-shaped consultants, with specialists and generalists available to fulfil the various roles that a myriad of consulting assignments will present to the firm.

### BUILDING ON THE PI MODEL - THE COMB MODEL

One last model to consider for our valuable consulting human resources is known as the Comb model (Figure 5) and also referred to as the M-shaped model (Hiltbrand 2021). This model is similar to the Pi model but instead of one primary and one secondary specialty there are three or more specialty areas each with significant expertise and experience. The disadvantage of this model is the significant effort and investment of time and money in maintaining all three or more areas of expertise. It is extremely challenging for any one person to be a subject matter expert in three domains simultaneously.

Where the Comb or M model is most likely to work is when the consultant has one vertical line of expertise that is specific to an industry or other domain and the other two or more specialties are more process oriented and transcends industries or domains.



## ARE YOU HIRING AND MANAGING THE RIGHT PI-SHAPED PEOPLE? (CONTINUED)

## HOW TO MAINTAIN THE HUMAN ASSETS USING THE MODELS

The first step in maintaining a consulting firm's most valuable assets is to establish a company-wide framework with the mix of the various asset classes or models of the various consultants employed by the firm. Not every consultant needs to conform to the standard model that the firm prescribes. In other words, determine the optimal mix of I, dash, T, Pi, and Comb models for the firm or even the local consulting practice.

When hiring an individual consultant and when doing their annual or semi-annual performance review, ensure that the firm and the consultant understand and agree to the model that best suits them for their own career growth as well as for the needs of the firm. Once that model is established and agreed to, then a tailored learning plan geared towards the model for the consultant is required. Ideally, a multi-year learning plan should be laid out and committed to by both parties. This could include formal training such as internal or external courses or certifications, or less formal learning such as peer reviews, mentoring or coaching.

The best practice for consulting firms is to consider the T, Pi, and Comb models as a two-dimensional matrix, where formal training as well as on-the-job experience and mentoring is provided for both vertical (specialized) skills as well as horizontal (generalist) competencies (Michels 2019). Underpinning this learning plan should be a clear set of incentives including financial rewards as well as a clear path to promotion along with support for team and cross-team interactions (Hansen and von Oetinger, 2001).

## SUMMARY

This paper advocates for two key points - the treatment of a consulting firm's human resources as assets in the fullest sense of the word, and then provides five models that can be used to manage and maximize the value of those assets

from acquisition (hiring) through maintenance (ongoing professional development) and disposal (departure).

These five models are not mutually exclusive – in fact, in any significant-sized consulting practice, the optimum mix of these models will likely have consultants represent some or all of the five models. That is where the art of building one's own consulting practice comes into play – and one of the many ways in which a consulting practice can differentiate itself through its people – the greatest asset.

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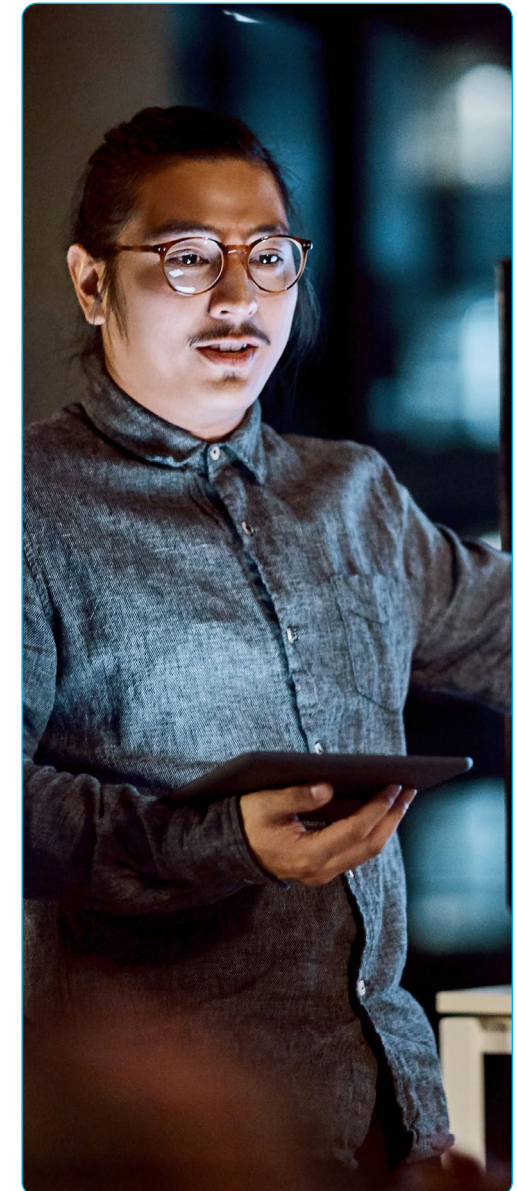
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## COMMUNITIES AND PARTNERSHIPS OF INDEPENDENT MANAGEMENT CONSULTANTS - THE PATH TO PROFESSIONAL SUCCESS

Tatiana Lobanova

## ABSTRACT

The paper presents an analysis of the possibilities for developing a community of independent management consultants and forming partnerships in conditions of global uncertainty. The purpose of the study was to show the core of activity, level of competencies and uniqueness of knowledge of the management consultants' community; determine its growth points. Individual consultants from the National Institute of Certified Management Consultants of Russia (NICMC), Fifty eight consultants took part in the study as a sample. Using the author's questionnaire, it was possible to identify perspective areas of community development strategies and partnerships for consultants that allow them to achieve greater success in consulting.

## INTRODUCTION

The paper presents an analysis of the possibilities for developing a community of independent management consultants and forming partnerships in conditions of global uncertainty. The context for this research is the professional community of independent management consultants, and the subject is the dynamics of development and change of this community within the association - the National Institute of Certified Management Consultants of Russia (NICMC).

A community is a social unit (a group of living beings) in which they are united based on norms, religion, values, occupation, customs, ethnicity, political views, hobbies, or identity. This term refers to both social connections between people and natural formations (Park, 2008). Human communities can be formed by place, located in a given geographical area (for example, a country, village, city, or organization), or in virtual space through communication platforms (various online communities of interest: thematic web forums, blogs, groups). Communities are very diverse,

but in the vast majority of cases, community members feel mutual responsibility towards each other. In professional communities, individuals have common norms and values, as well as the same forms of identification and differentiation. In recent years, the role of communities in the social, economic, and political life of people has been actively considered at international conferences (GUILD, 2023) as horizontal teaming of equals.

We consider the community of independent consultants as a social group of professionals who provide management consulting services to both individuals and companies and are united by professional interests in the field of management. According to the ISO 20700 standard, "management consulting services are a set of interdisciplinary intellectual activities in the field of management that are aimed at creating value or driving change by providing advice and proposing solutions, taking into account actions or producing final results" (ISO, 2017). Other social groups with varying degrees of cohesion and goal orientation can form within communities, such as partnerships and collaborations.

Partnership is the relationship between participants or partners in joint activities. In the legislation of many countries, including Russian, this is the equivalent of a comradeship, and can also be a legal form of organization of an enterprise (for example, a non-profit partnership). In essence, a partner is a comrade; an ally; one of the equal participants in joint activities; an accomplice; a business companion; or a shareholder. The professional community may or may not have such partnerships, since this form is more cohesive and focused joint work activity (see Fig. 1).

There are different approaches and concepts in partnership synergy. Itzhak Adizes's complementary teams are known, when the success of such a team requires partners with different behavioral styles (Adizes, 2014). In the concept of Eric Flamholtz, there is a molecular model of leadership, where each member of the partnership (team) must engage

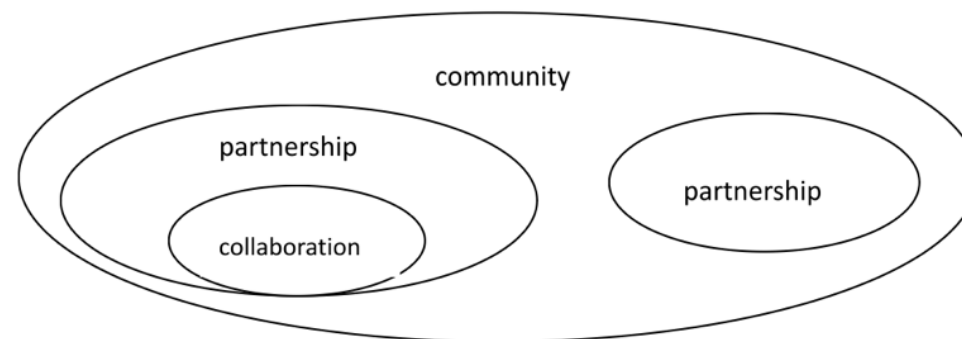


Figure 1: Communities, partnerships and collaborations

in complementary areas of activity within the framework of change (Flamholtz, Randle, 2011).

The growing complexity of network relationships in business, the variability of the environment and stakeholders require effective partnerships from modern consultants, and this, as we know, is possible only in conditions of high trust. At the same time, we understand that individual consultants are independent and competitive people. This raises the question: is it beneficial for them to cooperate in communities or enter into partnerships?

It should be noted that there are different traditions of partnership. Thus, in the Western understanding, a partnership is determined immediately by how mutually beneficial it is. But if there is no coincidence of interests, the partnership may be reconsidered. And when formalizing partnerships with written agreements, in the Western tradition there are always "points" directed against each other. In Eastern traditions, a 'partnership' is formed only after a long period, during some 'grinding-in'. There is also a strict cultural divide; tolerance is not encouraged.

Usually at the initial stage, partner communities and teams are very charged with entrepreneurship and the desire for development. But to extend the partnership, special efforts are required. A sustainable partnership over time is

seen as a value, as a rare exception to the rule. Are consultants ready for such efforts?

In relation to partnerships, such psychological constructs as compatibility, role complementarity, etc. are often used (Belbin, 2003.) But this is more applicable for working in teams, rather than in cases of partnership. The root of partnership between consultants is not in psychology, but in respect and trust in each other. The most solid and sustainable foundation of a partnership is the recognition of a long-term subjectivity in a partner. And this requires professional maturity from consultants (Petrova, Blinov, 2015). The tools for effective partnership of consultants are, of course, various options for partnership agreements, the role of which in consulting communities is played by ethical codes and other statutory documents.

Another basis of partnership is dialogue. In the Russian tradition, the concept of dialogue is presented, for example, in the poetics of Dostoevsky. It is important to note that consultants need to specifically study dialogue. Dialogue indicators are:

- trust, including respect and openness;
- responsibility, as an opportunity to respond to others;
- understanding the importance of what is happening;

## COMMUNITIES AND PARTNERSHIPS OF INDEPENDENT MANAGEMENT CONSULTANTS - THE PATH TO PROFESSIONAL SUCCESS (CONTINUED)

- agreement as synthesis, as consonance;
- patience as abstention from evaluation.

It is these indicators that provide the key to forming a sustainable partnership within the consultant community.

Finally, another form of close professional collaboration within communities should be addressed. This is a collaboration. The term comes from the French 'collaboration' (cooperation) and the Latin 'collaboro' (to work together). That is, collaboration is also called a set of participants in the process of joint activity in any area of two or more people or organizations to achieve common goals, in which knowledge is exchanged, learning and agreement is reached (consensus). Of course, collaborations can arise both within communities and between communities. We consider them only in the context of collaboration within the community. Collaboration is the process of working together with others to design or create something. Individuals or groups may bring their special abilities, perspectives, and ideas to a project or effort to achieve a common goal. Brainstorming sessions, group meetings, writing or editing articles together, sharing feedback, working on a problem, and participating in group activities are all examples of consultant collaboration.

### RESEARCH CONTEXT

All associations of consultants are divided into two groups. The first group includes professional and public organizations that unite individual consultants and representatives of consulting firms to exchange experience, methods, knowledge, and information. The second group includes associations pursuing commercial goals, that is, forming joint projects to work with specific clients. Our goal was to study associations of the first type - independent individual consultants. Recently, other types of more or less formal communities have emerged - networks of independent professionals, platforms, channels, more or less formal communities of practice, etc.

Existing research discusses what is at stake for independent consultants and how important

community building is to them. Thus, Cross and Swart, studying the activities of self-employed neo-professionals, found that outside organizational boundaries, independent consultants adhere to a strategy of professional fluidity. In contrast to notions of collegial, organizational, and corporate professionalization, professional fluidity is a co-constructed and agentic approach in which credibility and legitimacy are achieved primarily through relationships with clients and employees rather than institutions or employing organizations. It is a relational and market-based approach that requires multiple roles and chameleon-like tactics (Cross and Swart, 2021).

In this regard, it seems important to our research question about how the success of independent consultants' changes when they join a formalized community - the Association of Consultants. Does this participation add to the success of client projects? Could partnerships and collaborations of independent consultants emerge in this community, implementing more global consulting projects? And what recommendations for professional implementation and development of independent consultants such communities can offer.

The study was carried out using the example of such a community of independent consultants as the NICMC Association. The professional community - the Association of Certified Management Consultants was formed in 2003. Then, at the ICMCI congress in Istanbul, the first Russian consultants were certified according to the Amsterdam standard, and the National Institute of Certified Management Consultants (NICMC) (hereinafter referred to as the Association) was created. This was the third wave of Russian consultants who sought to satisfy the emerging and already recognized demand for professional consulting services. These were scientists with good economic, social, and psychological training, who stopped giving direct recommendations, but began to develop methods that could be used to develop recommendations, but with the participation of the client himself, and not instead of him. But

they all had different practical experience and management schools, which sometimes hindered the implementation of large projects and created unhealthy competition. The purpose of joining the community was not only mutual enrichment, exchange of methods and best practices, but also the development of common values and ethical standards of consulting. Therefore, it was decided to independently develop a Code that would correspond to the values, interests, and characteristics of this community of consultants. This was not easy, and at times there was a real struggle over certain provisions put forward by different members of the Association. Finally, the consultants agreed on the minimum that suited the majority. Such values as competence, openness, honesty, reliability and responsibility, objectivity and independence, confidentiality and professionalism were recorded and accepted. It was the Code of Ethics, as well as the international standard of competencies for professional management consultants, that made such a professional association as NICMC a real community.

Currently, the market of independent consultants in the country is formed from different professional categories. These include managers with extensive experience and length of work, and professional managers and entrepreneurs, industrial engineers-mentors, financiers, project managers, organizational and social psychologists, teachers, trainers, coaches, facilitators, trackers, as well as graduates of master's programs, MBA programs and programs advanced training. Often participants in this market have the status of self-employed or individual entrepreneurs, but there are also those who have small businesses with three to ten people. The professional fluidity of representatives of the market of independent consultants is confirmed by the fact that many of them work either as internal or external management consultants, exercising a wide range of role flexibility.

Today, any management consultant who submits an application, has a higher education and a desire to work in the field of consulting and who

is interviewed by one of the members of the Association Council can become a member of the community - the Association. At the same time, he undertakes to comply with the Charter of the Association, the Code of Ethics for Management Consultants and to pay a small membership fee. Also, in accordance with his interests, he is offered the choice of joining one of the Association's partnerships - Committee, section, project, etc.

The Association offers its members participation in educational programs and webinars on consulting, passing international certification, mentoring and assistance by consulting gurus, participation in pilot projects, case championships, participation in the international Constantinus Award for the best consulting project, etc. For young and inexperienced consultants there is a club of young management consultants and an internship program.

### RESEARCH METHODOLOGY AND PROCEDURE

The research methodology was the author's questionnaire of 30 questions, which covered the characteristics of the professional activities of consultants, a retrospective of their presence in the professional community, motivation for development, etc. The questionnaire contained questions regarding changes in business areas, the number of consulting projects and clients, and the specifics of client requests, for example, "How does your membership in the Association affect your professional activities?"; "How did the cost of your services change after joining the NICMC association?"; "List the types of client requests with which you started working and what requests do you have now". Some of the questions were open-ended, and some were closed-ended with multiple choice.

The survey of community consultants (NICMC Association of Russia) was conducted using Google forms. Participation in the survey was voluntary and independent. Information with a link to the questionnaire was sent to all participants of the professional association



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NICMC. Information processing was carried out by students of a master's program at one of the universities. Data analysis was carried out using Excel, where quantitative and qualitative results were calculated for each of the 30 questions of the Questionnaire.

### SAMPLE DATA

58 people took part in the survey (more than 60% of the Association of Consultants), 51% men, 49% women. The average age of participants was 47.5 years (range 35 to 70 years). The consultants' work experience ranged from 1 year to 44 years. Participants' average work experience as a management consultant was 13 years. Most respondents recorded the main role in their professional activities over the past 5 years as the role of a consultant (40%), 25% attributed themselves as managers, 20% as teachers, and 15% as trainers. The sample included consultants who had been members of the Association from several months to 20 years, with an average period of membership in the consultant community of 5.5 years. 35% of the sample were CMC Global certified consultants.

All interviewed consultants had experience of successful work in companies of different sizes (see Table 1).

Number of employees in companies	Number of consultants with experience in these companies
More than 1000 people	32%
From 500 to 1000 people	11%
From 100 to 500 people	27%
Up to 50 people	30%

78% of the studied group of consultants worked in the domestic market, 22% in the international market. International clients include such companies as Saudi Aramco, ADNOC, Total Energies, BP, Exxon Mobile. Among the domestic market are JSC Mostostroy-11, GAZPROM, TATNEFT, ROSTECH, Ingosstrakh, Glavstroy, and Eurocement.

Consultants worked primarily in the areas of service and trade (28%), industry (28%), slightly less often in the construction sector (16%), banks (15%), and the IT sector (13%).

### RESEARCH RESULTS

The main research question was: What changed in the professional activities of independent consultants after joining the community (NICMC Association)? 55% of survey participants gained new work experience during their stay in the Association and as a result of cooperation with colleagues. They have expanded their customer market. Among the new business segments were identified: agriculture, ecology, fitness, medicine, higher education institutions, multimedia technologies, bakery production.

The average number of consulting projects per year before joining the NICMC Association was 4.8 projects for consultants. At the same time, novice consultants recorded the completion of 3-4 projects per year, while consultants with experience recorded two times that (8-10 per year). According to the results of our study, 28% of consultants reported that after joining the consulting community, the number of projects per year increased by about a quarter, and for 6% this increase was more than half.

Survey participants whose number of completed projects increased while in the consulting community indicated the following reasons for such changes:

- Development of your competencies
- Understanding your positioning and management/organizational consulting services offered

- Understanding how to promote consulting
- Increased confidence in yourself as a consultant
- Collaboration with colleagues and meeting experienced consultants
- Emergence of a system, algorithms, structure, new vision
- Prioritization

Indeed, the NICMC Association offered consultants who joined the community a wide range of B2C (business-to-consumer) services and cutting-edge consulting methods that allowed participants to achieve such impressive results. For example, many independent consultants had difficulty selling their services, were unsure of their value to the client, and were unable to 'package' their products in a presentable manner. Therefore, seminars and round tables were held on the following topics: 'How to launch your own consulting product'; 'Three keys to creating a queue of clients for a consultant'; and 'Intricacies in management consulting'. The proposed approaches, algorithms, and 'life hacks' allowed consultants to build a systematic and sustainable process for attracting clients and achieve high conversion into projects by transforming a personal brand into effective marketing and speech communications, as well as through the use of an expanded product line. To master new methods and technologies of consulting, develop competencies and increase self-confidence, in the last year alone, courses such as 'Optimization of Business Processes', 'Strategic Sessions', and 'How TRIZ (Theories for Solving Inventive Problems) Solve the Problems of Strategic Consulting' have been conducted.

Opportunities to meet more experienced community consultants are realized in the process of round tables, case studies, and mastermind groups on the topics – 'How to overtake a Lexus on a scooter: on solving pressing problems of Russian business using a case example'; 'Inadequate requests, typical management mistakes and organizational pathologies in

Siberian small and medium-sized businesses'; 'Experience in developing a consulting business in region', etc.

The survey showed that for 27% of consultants the cost of services increased by 10-25%, for 8% the cost increased by 25-50%, and for 14% it increased by more than 50%. The change in the cost of services was affected by:

- Understanding the value of a consultant's work,
- Obtaining more in-depth complex projects
- Change of location
- Application of new technologies

Many consultants, upon joining the Association, would like to start working with new client requests, namely: information and change management, crisis management, improving management efficiency, business development, strategic and operational development, coaching and career development. But they noted that the lack of knowledge and experience, time resources and incorrect prioritization, as well as the unpreparedness of clients for new areas of consulting, prevented them from realizing their plans.

Before joining the NICMC consultant community, the top 3 queries that consultants worked with were: 'Strategies and planning', 'Business development', and 'Business processes'. After joining the community, the number of requests from consultants increased. To these areas of consulting, 'change management' and 'working with organizational culture' were also added.

Consultants identified the main reasons for increasing the number of clients and their requests: expansion of their area of competence, experience, training, greater understanding of business, life, and people. During their stay in the professional community, 30% of consultants increased the number of 'return' clients with whom they have been working for more than two years.

## COMMUNITIES AND PARTNERSHIPS OF INDEPENDENT MANAGEMENT CONSULTANTS - THE PATH TO PROFESSIONAL SUCCESS (CONTINUED)

The research showed that the reasons for the increase in the number of projects and the cost of services from independent consultants who joined the NICMC community were not only their training within the framework of the offered webinars and development programs. The main value was communication with other, more experienced community members. For example, one of the products offered by the Association was a mentoring or support program. Two groups were proactively identified - mentors and mentees, who, during a special procedure, found common points of contact (common interests in consulting, areas of work, areas of consulting) and worked under the mentoring program for 3-6 months. Moreover, each such pair of consultants (mentor and mentee) had specific goals and objectives for cooperation. It was the results of the work of these dyads that allowed the consultants to achieve quantitative and qualitative indicators for projects and the cost of services, as well as to come to an understanding of the value of the consultants' work.

During the survey, it was found that 70% of the consultants had unsuccessful cases in their business portfolio, but did not have the opportunity to discuss their 'mishit', 'boner', and mistakes. It was the exchange of experience and tools with community colleagues, discussion, and training within the framework of a special program that helped them transform the experience of unsuccessful cases into opportunities for successful results and learning from other people's mistakes.

Most respondents believe that membership in the counselling community contributes to their professional development in the process of comparing their experience with the counselling experience of other consultants in the course of analyzing their best practices. For example, discussions between experienced and novice consultants on the topic of creating or 'reassembling' their own products, as well as 'live conversation' in the interview format about 'instructive cases' in consulting, were

very popular in the NICMC Association. Thus, another finding of our study is the reduction of occupational risk for consultants involved in the community. Despite the fact that many consultants have attended professional courses, trainings, seminars, webinars, conferences, they would like to additionally acquire the following professional skills and competencies during their membership in the community:

- Financial management, working with software products, statistical programs
- Brand development within social networks
- Competencies in marketing and corporate governance
- Structural thinking skills
- Implementation of new projects with digital transformation and implementation of IT solutions
- Creation and sale of courses
- Website creation and promotion
- Coaching
- Project- and risk-management

38% of respondents found among the members of the Association consultants with whom they could implement joint projects in a partnership format. For example, during the webinar 'Effective and ineffective partnerships in business and consulting', the root problems of ineffective partnerships (deficits of respect and trust) were identified and tools for synergistic partnerships were proposed: partnership agreements, team decision technology, etc. All this made it possible to create within the NICMC community several partnerships for the implementation of specific projects. It should be noted that independent consultants joining partner teams have become more willing to share their knowledge and experience with other colleagues, as the level of trust has increased, and competition has decreased.

Many consultants in the NICMC community have become more motivated to read literature that expands their professional horizons. For this purpose, the NICMC association offers community members such a product as a knowledge base. The sections of this IT knowledge base system are regularly updated and expanded, and current changes are made to increase its effectiveness. Thus, the association prepares reports, accumulates, and structures information from which community members can glean some information about the practice of other consultants.

An interesting fact is also that more than half of the surveyed community members have written and published their books and original articles on consulting over the past 3-5 years (Ivanov, 2017; Krivosheina, 2018; Pervushin, 2018; Prigozhin, 2021; Lobanova, 2023). 75% of respondents have conducted their own seminars and courses on management consulting over the past 3 years, such as 'Personality of a manager. Competencies and limitations'; 'Human Resources Management'; 'Profession Manager. Management Resources'; 'Competitive Analysis in Conditions of Uncertainty'; and 'Preserving Emotional Stability and Resources in a Crisis'.

## CONCLUSION

So what do the survey results reveal about independent consulting? First, the desired needs of individual independent consultants were identified. Namely:

- The need to have a more reliable and compelling channel for obtaining consulting orders
- Positioning and promoting yourself based on a national or international brand
- Professional support and feedback from experienced consultants
- Exchange of practices, methods, and techniques in consulting

- Partnership with other consultants to obtain and implement new projects
- Dialogue with authorities and collaboration with "reliable" consultants for lobbying
- Ability to create strong partner project teams and participate in federal and international projects.

Second, a study based on a sample of 60% of members of the community of independent consultants, namely the NICMC association, showed the practical benefits and success of such an association as a growth area that can help independent consultants reach a new professional level. This growth zone includes: the acquisition of business connections and experience, new competencies, knowledge, new motivation to develop and improve their skills, succeed behind leaders, the opportunity to be certified as a management consultant and receive a new status, information support and access to a knowledge base, development of a personal brand, increased self-esteem, a significant line in a resume, and professional advantages in consulting. Consequently, the majority of respondents consider membership in the Association useful for professional and personal development.

Third, the study allows us to conclude that even if each independent consultant has a variety of work experience and consulting experience, joining a professional community gives him its competitive advantages:

- experience in new areas of business
- increase in the number of projects and requests from clients
- increase in wages and fees
- new partners with whom you can implement joint projects
- opportunities to be certified according to international standards.



## COMMUNITIES AND PARTNERSHIPS OF INDEPENDENT MANAGEMENT CONSULTANTS - THE PATH TO PROFESSIONAL SUCCESS (CONTINUED)

As part of the work of the Association NICMC managed to increase the professional potential of consultants, thanks to which many clients were able to see their strengths and gain opportunities for successful business development.

Fourth, the study made it possible to give the following recommendations for further optimization of the activities of professional communities of consultants:

1. It is useful to provide certification of community consultants to monitor their professional competence and effectiveness.
2. It is possible to introduce a mentoring system in the community of independent consultants, when more experienced ones will monitor the work of less experienced consultants, give feedback, transfer their experience, and also involve them in activities.
3. It is important to show community consultants the trajectory of professional development: international certification, additional professional retraining programs, advanced training, and expansion of the product line and portfolio of client orders.
4. A system of incentives and benefits may be introduced to stimulate scientific and research work (increasing the number of original articles, research, and publications).
5. Create a common open base of members of the consultant community who are interested in partnering for joint projects.

Thus, this study showed significant results in the formation of communities of consultants to increase the success of their professional activities. All this allows us to recommend independent management consultants to unite in such communities.

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CMI's thought leadership, research and online resources provide practical insight on critical issues for **200,000** membership community and anyone looking to improve their skills, nurture high performing teams and help pave the way for the next generation of managers and leaders.

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