SOME REFLECTIONS UPON MANAGEMENT CONSULTING AS PROFESSIONAL SERVICES

Tomescu Ada Mirela
*Universitatea din Oradea, Facultatea de Științe Economice, atomescu@uoradea.ro*

Botezat Elena
*Universitatea din Oradea, Facultatea de Științe Economice, ebotezat@uoradea.ro*

Management consulting helping organizations improve their performance, primarily through the thorough analysis of existing business problems and development of plans for improvement. There is probably no activity about which the opinions are so divided as management consulting. The purpose of this paper is to make some reflections upon what role play the consulting management services as professional service to the firms and how offering these services affects the offering and delivery of other services of the firms. The study is based on an office documentation research within consulting firms and resources. The approach tries to be critical and reflective, examines different consulting roles by developing a typology. The purpose is to aware of these professional services young business people. The FAQ of this service are: “How to choose the best consultant?” and “Why did fail consultant?”.

Key words: management consulting, performance, plans of improvement, type of consultancy

1. Generalities

We consider that the benefit of Romania accession to European Union, within the increasing competition framework, can only be accomplished through a superior performance. This is achievable by quality instruments of management that is adapted to the new requirements of the economic environment.

It is getting more and more obvious that for the Romanian reality, management is “the main way towards the economic growth” (Peter Drucker, 1990) and that “management knowledge import may be more productive than technology import” (Richard Farmer, 1992).

The improvement of management practices, so necessary for present Romania, can be accomplished with the help of management consultancy, worldwide recognized as a professional job supporting managers to detect, analyze and solve problems their companies have to cope with in an unrecorded turbulent situation of the environment they activate in. Management consultancy may be approached in two ways: a. as a method (to improve the management practices) and b. as a profession (“job performed by independent, and thus objective specialists that support the enterprise and institution management to reach their objectives and to develop activities in a rational and balanced way” – The Association of Consultancy Management of Enterprises in the USA - ACME). The present paper is meant to be a plea for management consultancy as professional job and as method of offering real support in business, seen as a possible solution to the problems of the Romanian society. In order to fulfill this goal, it has to offer adequate recommendations and solutions, adapted to the specificity and development stage and culture of the respective organization if accepted by its beneficiaries.

Being at the beginning, management consultancy in Romania is still rejected by less experimented economic operators. There are plenty of reasons, the most important ones having to do with the previous experience embodied in “precious advice and indications” offered by “dilettantes”. In our view, management consultancy depends on changing this mentality through professional services provided by consultants that think and behave as entrepreneurs as we live in a world where the customer’s needs are rapidly changing and new opportunities for consultancy appear. A consultant, could be a person or firm, sells its time and competence, in fact it sells a promise, that is a help that satisfies the client’s requirements. As any other service firm, the result of management consultancy a tangible product, in fact the recommendation of the client or better said the change that occurred within the client’s company if we think of the wished finality. Such a finite product is difficult to define, to measure and to assess and that’s why the consultant has to define its service as a distinct product and to offer the client a real, detailed description of this product which can be either a pattern, a methodology that can be applied to certain real problem, or a management system.
As the customers’ needs are rather similar, a certain standardization degree of management consultancy services is feasible and desired. The delicate problem is that of designing the product that is to be offered, of standardization-personalization mix, while creating and maintaining a relationship with the client, based on trust, element that greatly influences both the effectiveness of the process and the results.

2. Types of consultancy

Management consultancy is a process, an activity both of the consultant and of the beneficiary likewise, meant to solve a certain problem and to introduce the desired changes within the beneficiary’s company. Its objective is obtaining performance, the key to success in business.

Obtaining performance is the result of a sum of factors that are endlessly changing that is why the management of a business needs an approach based on elaboration and implementation of adequate strategies. The theory of management does not offer generally valid solutions; it rather refers to a whole range of practical models and results of the experience of different organisations. It is the consultant’s duty to choose the most adequate ones and to implement them together with the beneficiary. When consultancy management refers to the basic objectives, to the organisational policy and strategy, to planning, structuring and to its general control we can say that we talk about consultancy for the general management. When it is about a special or functional problem, we say it is about consultancy for different domains of management: financial; survey; marketing and distribution; production management; human resources; IT; organizational development; quality management; project management etc. There are some situations when a problem that originally looks like a functional issue, e.g. inadequate promotional methods, in the end turns to be a more profound and extended general management problem.

In fact, a management consultant who performs his activity in the general management area is, actually a specialist whose part is to combine different specialities and turn them into a balanced, coherent, multifunctional and interdisciplinary method. When necessary, he has to have the ability to use his competence and specialist recommendations so as to help his client to do the same. It is the outcome of an evolved attitude, and the paradox is that very often, even those managers especially interested in introducing changes, do not realise what is really means, how to handle it or do not understand that they should start by changing themselves. In these circumstances, the management consultant is required to discover the actual causes of the lack of meeting the social-economic environment, of the reduced openness towards innovation, dealing with factors like being stuck in routine, incapacity to understand the market mechanisms, fear of being considered incompetent, fear of losing control etc.

3. Why should we use consultancy?

Generally, an organisation requires management consultancy when its management feels the need for help to solve the problems it faces. In developed countries to appoint outside consultants to do short-term projects is common in business. More and more frequently, as in-house resources become scarcer and impartiality is required, organizations and municipalities are turning to consultants to get the job done. It is very important to establish if it is really needed this kind of professional service (it is known how cost effective/expensive it is).

The consultant is asked to provoke a change, nevertheless not any change, but one perceived as an improvement. This is far from being a simple thing, as many managers of organisations are still being dominated by the ideal organisation myth promoted by the classical school of management and they perceive the change as being something exterior, standing for a passing from one state to another that is the desired one. Yet, at present, as D. Genelot stated “we have to move from the vague concept of change towards that one of permanent evolution”, as the change is integrated to the functioning of organisation and to the seeking for excellence at all levels: product and service quality, productivity, adaptability to the clients’ ever changing needs etc. There is one fact: the changing pace is going to increase in the future and the successful management of the change is directly connected to the ability of the managers to understand the everyday reality, to thoroughly plan the changing process, to accept and to professionally conduct this process. Can they do all this on their own when they also have to manage two organisations at the same time: the present one with its current and urgent problems and the organisation of tomorrow which does not press but punishes any delay, causes the loss of opportunities, the unsuccessful accomplishment of greater performances and, eventually stagnation, which actually means being left behind? The answer is no and the practical grounds for making use of consultancy can thus being synthesised as follows:
• Organisation does not dispose of the knowledge or the competences to solve a certain problem having the same chances for success as a consultant who disposes of special knowledge and techniques;

• Organisation does not afford to release managers or consultants from the task they are responsible with so as to perform a sustained and detailed activity for a project or to take advantage of opportunities;

• Routine and habitude prevent even the best managers from properly approaching a problem and seeing it in its real light. They need a “resonance box”, a compass on their way to performance. Independent from the beneficiary’s organisation and not affected by its culture, consultants can answer this imperative;

• Any organisation management needs a report coming from outside in order to justify its decisions. We do not intend to justify here “the political game”, we rather want to underline the constructive and useful role, such as that of reducing the massive resistance to change;

• Through consultancy, organisations learn how to help themselves. They acquire new knowledge and get used with methods adequate for identifying problems and initialising changes.

Issued by the linkage among performance, success and consultancy activities a series of strategic frameworks have been promoted over the years, some of the well known ones are the following:

<table>
<thead>
<tr>
<th>Concept</th>
<th>Year</th>
<th>Consultant</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Portofolio Analysis</td>
<td>1976</td>
<td>Henderson</td>
<td>The Boston Consulting Company</td>
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<tr>
<td>Five Forces</td>
<td>1980</td>
<td>Porter</td>
<td>Monitor Company/Harvard</td>
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<tr>
<td>Value Chain Analysis</td>
<td>1985</td>
<td>Porter</td>
<td>Monitor Company/Harvard</td>
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<td>Core Copetences</td>
<td>1990</td>
<td>Hamel&amp;Prahalad</td>
<td>Harvard/Michigan/Strategos</td>
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<td>Customer Retention</td>
<td>1990</td>
<td>Rechheld</td>
<td>Bain&amp;Company</td>
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<td>Cycle Time Reduction</td>
<td>1990</td>
<td>Stalk</td>
<td>The Boston Consulting Company</td>
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<td>Mass Customization</td>
<td>1992</td>
<td>Pine</td>
<td>Strategic Horizonts</td>
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<td>Reengineering</td>
<td>1993</td>
<td>Hammer&amp;Champy</td>
<td>CSC</td>
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<tr>
<td>Shareholder Value Analysis/Economic Value Added (EVA)</td>
<td>1993</td>
<td>Stewart</td>
<td>Stern Stewart</td>
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<td>Value Migration</td>
<td>1996</td>
<td>Slywotsky</td>
<td>Mercer Management Consulting</td>
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<td>Value Net</td>
<td>1996</td>
<td>Brandenburger&amp;Nalebuff</td>
<td>Harvard &amp; Yale</td>
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<tr>
<td>Profit Zone</td>
<td>1998</td>
<td>Slywotsky&amp;Morrison</td>
<td>Mercer Management Consulting</td>
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4. Relationship – the premise for success in consultancy

The consultancy process implies two partners: the consultant and his beneficiary (client). Theoretically, the two of them with equal perseverance seek to attain the same objective. Practically, the situation is far more complex as the consultant is a person from outside the organisation who has to achieve a result valid for the organisation without being part of its administrative and human system. In our view the key problem is to create and maintain an effective and constructive relationship based on trust between these two partners. Only having this support can the consultant’s recommendations be understood and more important accepted by beneficiaries. How can such a relationship come into being in reality? Through a special effort expressed by:

• defining the problem together;
• stating the expected results;
• settling the way in which the consultancy mission will occur;
• involving the beneficiary in all the action phases of the consultancy so as to understand and perceive the finality of solutions as being their own;
• demonstrating the competence by understanding and interpreting the real phenomena of organisation at a technical, economic and human level.

In this domain we can remark that the standards for success are usually not clear, because of the width of the problems meet in consultancy, it often goes unnoticed by others and unremarked by insiders. A lot of businesses can increase their success (or turn more or less hard times) by hiring a consultant with full knowledge of constrains, problems and traps.

As recommendation: before thinking about hiring a consultant from the outside, explore resources, skills, and knowledge of your own staff. The organization own employees may be able to contribute with ideas and information that make a consultant unnecessary, and the organization may also be able to use a consultant only for "value-added" services.

5. Conclusion
The changes that occur within the Romanian society in the context of the European accession induce the development of management consultancy action, and we think that the demand for consultancy services provided by specialists is about to increase in the future as the managerial teams become ever more aware of opportunities and effectiveness of management consultancy actions.
Consequently, the management consultancy job is one full of perspective, and the success is given by the close collaboration with the beneficiary. Basically, the aim of consultancy is to stimulate and activate the beneficiary, to contribute to the formation of the organisation “that learns” and moves in the correct direction where successes and failures are just mere episodes.
The behaviour that assures the perpetuation of successes is based on a trust culture, supported by responsibility, initiative and collaboration. It is what professional management consultancy services promote and prove.

Resources
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