

Consulting approaches to process improvement

Guidelines for consultant selection

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Author's Note: This is a part of an early draft of my doctoral dissertation that was shortened considerably for the final version. Nevertheless, it might be a useful collection of insight for organizations that face a need for redesigning their business processes and wish to learn more about the basic concept and how some major consulting firms approach it methodologically. The series consists of 7 parts – Introduction, descriptions of the methodologies of Andersen Consulting, Bain, BCG and McKinsey, a high level comparison, and some guidelines on selecting consultants.

Aspects to consider

Working with a consulting firm is not only a financial issue. The competence that consultants bring into a project, or the lack thereof, can contribute significantly to a project's success or failure. When considering the cooperation with a consulting firm, a company must consider several aspects, of which the completeness of concept and the ability to execute it are the most important ones. For many consulting clients, it is also difficult to find the appropriate selection criteria when consulting firms are brought into projects, since they lack experience in buying professional services. On the other hand, competence itself is not sufficient and personal chemistry play a role just as important as the formal competencies. The following aspects provide a compilation of factors that are relevant for the consultant selection process in the two categories concept and execution, based on the two major dimensions being used by Gartner Group for its magic quadrants for vendor assessments.

Completeness of concept

In order to be able to provide value-adding services to its clients, a consulting firm must use a comprehensive approach to solving clients' problems and improving their business. The approach, or concept, should contain guidelines and tools for developing and unfolding a process improvement initiative in the client's organization, but it must also be adaptable to the specific conditions and environment of each company.

- **Seamless execution tailored to industries.** While improvement efforts have several common characteristics, they also differ with regard to the industry sector in which they are taking place. The consulting firm's approach must consider these specific characteristics, e.g. the fact that companies in the area of pharmaceutical R&D have a significant share of highly educated employees, that require different communications, have a more critical perspective at the change initiative, and are more outspoken than people in other industry sectors.
- **Knowledge of how IT and organizational change can solve business problems.** The consultants need a sound understanding of the relation between IT and organizational change and these factors' capability to solve business problems and improve organizational performance. Whereas most of the larger firms can provide this expertise, smaller firms or consultancies with a focus on either IT or organizational issues might not have the required level of understanding.
- **Flexible approach to process improvement that can be tailored for specific customer needs.** In the same way as industry sectors have their specific characteristics, each company engaging in a change effort faces certain problems and has specific issues that need to be addressed. The consulting firm's approach must allow these aspects to be considered and should not follow a template-based "one size fits all" principle, that is applied indifferently in every client organization.
- **Articles in business press publications.** The consulting firm should have a reputation for publishing its way of thinking to a wider audience where it can be criticized and discussed. Articles in various publications, such as business press, conference proceedings or journals, are a sound way of proving that the way of thinking is valid.
- **Quotations or references in trade publications.** The consulting firm's achievements should be mentioned in publications that are available also to the client organization. Successful, or even failed, projects in large firms are often mentioned in industry specific publications and can be used for analyzing the track record of the consulting firm.
- **Publication of acclaimed management literature.** Many consulting firms encourage their employees to publish their thoughts in books or other fora. Several acclaimed management books, such as *In Search of Excellence* (Peters and Waterman, 1982), have been written by consultants and demonstrating thought leadership in this way allows companies to get their own image of the consulting firm's capability.

- **Invitation to conferences.** Many consulting firms actively participate in professional and academic communities as part of their networking activities and invitations to academic or industry conferences can also demonstrate how a consulting firm develops and communicates its concepts and techniques and stays close to the theoretical and practical developments.
- **Working relationships with leading academic institutions.** Academic institutions around the world account for a significant portion of research in the management and IT-field. Cooperating with academia allows consulting firms to adopt current research and to improve their own methodologies and techniques.
- **Experience from multiple projects.** The consulting firm should possess considerable experience from similar projects and should be prepared to offer examples for how business problems have been approached and solved in previous client engagements. The experience should include all aspects and phases of the effort to be undertaken by the client organization.

Ability to execute

While sound concepts, methodologies, techniques, and tools are necessary pre-requisites for successful change projects, they are not sufficient. A consulting firm also needs to be able to execute the task that it has been assigned and committed itself to deliver. The ability to execute is depending from various factors, but the most important one relates to the consultants' personalities and competence.

- **Senior management talent.** The senior management of a consulting firm is responsible for assignments of the firm and is supervising the activities of the younger associates. Consequently, the professional competence of the senior personnel is important to any project and client firms should be able to assess these capabilities.
- **Consultant's quality.** It is not uncommon, that consulting firms use client engagements as training for their consultants. In these cases, senior consultants are maintaining contacts with the client's management, while young and often inexperienced consultants are carrying out the actual assignment. While this is not wrong per se, it should be clear to the client. In order to avoid these situations, many firms have started to request professional curricula for the consultants being involved in a project.
- **Tools used.** The analysis and design tools being used by the consulting firm must be up-to-date and feasible for the project. In addition, the consultants must be able to master the tools they are applying. The client should therefore ask about the tool-kit of the consulting firm, where it has been developed, how it is applied and how the use

of the specific tools benefit the project. Typical examples here are tools for process design and modeling.

- **Innovation ability to assist clients to develop out-of-the-box thinking.** While it is essential to master the tools being used in the project, process improvement efforts also require the ability to find and develop new and innovative solutions. The question for a client firm is, in what way the consulting firm is able to assist in this process. In this instance, there is also a potential conflict with the application of standardized methods and tools, which might provide a structured approach at the expense of out-of-the-box thinking.
- **Integration of implementation stages.** Pilots and roll-outs of organizational and technological solutions must be coordinated and different stages of the implementation process must be integrated in order to minimize time and effort. The consulting firm should be able to demonstrate implementation competence.
- **Change management in complex environments.** The client organization should ensure that the consulting firm is capable of taking on engagements involving change management in complex environments. This aspect is especially important when it comes to organizations and processes with complex workflows, structures, high knowledge content, or multiple and strong cultures. Pharmaceutical R&D is a typical example for a complex and knowledge intensive work process that requires high competence for managing change successfully.
- **Successful integration of IT.** Most process improvement initiatives include organizational, as well as technological aspects. For many companies, the implementation and deployment of IT-systems has become a business criticality. The consulting firm must therefore have a proven track-record in integrating IT in their methodology and problem-solving process.
- **References.** A consulting firm should be able to provide client references for previously conducted projects. References are a good complement to publications and quotations and prospective clients should be able to validate statements from the consulting firm through contacts with other companies.
- **Investment in R&D and training.** The client firm should require to receive information about the internal knowledge development efforts and investments in research and the development of methods and techniques. Also, the time and resources spent on staff development can provide information about the consulting firm's interest and capability to bring knowledge into the client firm, rather than using client assignments for internal development purposes.

- **Client learning.** Knowledge transfer from the consulting firm is vital to ensure long-term sustainability of results. The consulting firm should be able to show how the knowledge transfer is supposed to take place.
- **Ability to integrate different methods and tools.** The consulting firm should not be limited to certain methods and tools, but possess a wide range of knowledge about different approaches. The focus on specific tools can reveal knowledge limitations in other areas and result in a sub-optimization of project results.
- **Focus on client's needs instead of consultancy's competence.** The primary focus of the consulting firm's work must be to serve the client's need, rather than promoting the own areas of competence. The client firm must investigate how well the consulting firm's competence fits the business problems being investigated during the change initiative.