CHAPTER 1

THE PROFESSION OF MANAGEMENT CONSULTANCY

INTRODUCTION

The aim of this first chapter is to set the scene by looking in general terms at: the consultancy profession and the types of consultants; the topic of added value applicable to both consultants and their clients; the role of governance in the profession; and finally to consider the importance of business ethics applicable to consultants and consultancy organizations.

DEVELOPMENTS IN MANAGEMENT CONSULTING

Management consultancy derives its revenues from clients in all areas of both public and private sectors. Whilst regarded as a large and diverse profession in terms of practising consultants and business turnover revenue, it is a volatile profession where individuals are mobile and practices are able to form and change rapidly. Unlike other professions, consultancy has little, if any, barriers to entry, and with an absence of any statutory regulation anyone is free to enter the workplace as a consultant irrespective of their level of experience, education or level of competence required for this profession. Indeed, this view is further complicated with free use of the title; from personal trainers to recruiters calling themselves consultants. Perhaps because of this there are two opposing opinions on management consultants; one often quoted view is that:

> Consultants are people who borrow your watch to tell you what time it is … and then walk off with the watch.
>
> **From *Up the Organisation* by Robert Townsend**

The other view, happily, is about a symbiotic relationships and mutual reliance between "consultant" and "client".

The focus of this chapter is to better understand this professional service provision and the important and valuable role that management consultants can play in creating effective business cultures, in addition to sharing "best practice" and assisting in increased organizational performance. Indeed, if carefully selected, briefed and respected by their clients, management consultants can provide a valuable resource for organizations of all sizes, whether in the private, public or "not for profit" sectors.

Whilst there are a number of views on the role, scope and attributes of a management consultant ranging from "adviser to business" to "a specialist to bring about efficient management practices" the following list also captures for many individuals and businesses what management consultancy is about:

- The provision of information that may not be otherwise available to the client with the opportunity to gain an insight into current thinking in a particular industry or sector which can be benchmarked accordingly.
- The provision of specialist resources with skill sets to address a key problem or issue thoroughly which are either in short supply or non-existent within the client's organization. These may only be needed in the short-term and as such full-time recruitment to undertake this role would not be cost effective. In addition this may also offer opportunities to the client for the transfer of such skills to its own staff if commercially viable.
- The establishment of business contacts and linkages in order to assist in promoting the client's organization in new markets.

- The provision of expert opinions to enable line management to make decisions on what to do.
- Undertaking of diagnostic analysis with sophisticated tools not available to a client or their subordinates.
- Developing practical action plans based on "best-practice" and wider pan-industry experience.
- Improvement of systems and methods again with the ability to draw upon a wider knowledge base than resides within the client's organization.
- Training and development of management and staff to help them make more effective decisions relative to the business objective and long-term strategic direction.
- The provision of personal counselling, coaching, mentoring and training to support the development and retention of key knowledge workers.
- Implementation of difficult or unpopular decisions with responsibility for them; this may also include providing support to others through difficult situations.
- The ability to act as a messenger and carry information that is not moving up the organization by the normal communication route. This often includes easier access to senior managers and opportunities to provide independent or impartial advice.
- The ability to draw upon a wider range of established, tried and tested approaches as a basis of tailoring these for bespoke situations to suit client requirements.

- The ability to undertake work which requires objectivity and complete independence, for example, to gain acceptance to introducing a change that is unpalatable or difficult to achieve.
- The ability to take the pressure off the client by taking on the role of "scapegoat" for the introduction of new methods, systems and processes, etc.

For a more succinct view, the UK's professional body for consultancy (the Institute of Business Consulting) proposes the following definitions of the consultancy profession:

> Management consulting involves individuals, whether self-employed or employed, using their knowledge and experience, and their analytical and problem-solving skills, to add value into a wide variety of organisations within a framework of appropriate and relevant professional standards, disciplines and ethics.

In addition, the Institute of Business Consulting also offers the following definition of a management consultant:

> A management consultant is a person who is professionally engaged in advising on and providing a detached, external view of a company's management techniques and practices. A consultant can operate as a specialist or a generalist. The client's requirements dictate which skills and expertise are most appropriate and the situations in which to use a consultant.

Source: Institute of Business Consulting

From the opening comment about the profession being unregulated the Institute of Business Consulting itself is pursuing policies to set, maintain and raise the standards of both professionalism and competence for the profession. Leading on from the above definitions it is widely accepted that management consulting typically involves the identification and cross-fertilization of best practices, analytical techniques, change management, technology implementations, strategy development and coaching skills. However, such identification is merely a list of tools or competencies which the consultant may wish to draw upon in order to provide sound advice to business about efficient management practices. On this basis therefore one of the attributes of management consultancy can be considered to be the practice of assisting companies to improve their operational and hence financial performance through analysis of existing business problems together with the introduction of key performance metrics by which the organization can then be actively managed. The publication of the Geneva-based International Labour Organization (ILO) proposes that:

> Management consulting is an independent professional advisory service assisting managers and organizations in achieving organizational purposes and objectives by solving management and business problems, identifying and seizing new opportunities, enhancing learning and implementing changes.

The decision for an organization to use a firm of management consultants can arise due to a number of reasons; the first being that consultants can often provide an informed analysis by drawing upon their wider expertise and independent specialist skills than is available within the host organization. Second, it is often easier for an outsider to provide an objective appraisal by seeing the broader picture whilst realistically recognizing the organization's long-term requirements. This in itself may lead on to various outcomes such as change management, outsourcing, crisis management or detailed process consultation. The third reason arises where the use of a management consultant may be needed for the provision of additional temporary assistance to address an unexpected increase in the management workload, this can often arise in conjunction with the implementation of a major change programme or from a new development in management responsibility.

Having proposed these three reasons for the use of consultants it is clear that these can feature in the five broad generic consultancy purposes proposed by clients for their use of consultants irrespective of differences in the technical area of the intervention and in the specific intervention method used. According to the ILO these purposes are:

- Achieving organizational purposes and objectives.
- Solving management and business purposes.
- Identifying and seizing new opportunities.
- Enhancing learning.
- Implementing changes.

Consultancy advice, in the main, is provided from two areas – technical and behavioural – although of course there are many examples of where both skill sets are utilized on a single consultancy project. The technical dimension concerns the nature of management or business problems faced by the client organization and the way that this problem is analysed, recommendations offered and then resolved by the proposed implementation. Such technical management consulting usually draws upon knowledge of organizational structures, systems, processes, resource allocation and models of utilization to achieve efficient and effective business performance. The "human dimension" encompasses the interpersonal relationship in the client's organization, people's feelings about the problem, business environment, its current market position and the relationship between the consultant and the client as people. In this area the consultant's role is in providing advice to motivate, energize and empower people typically around organizational development, change management and human resource development. (Note: the topics of process management, change management and people-focused performance are discussed in detail together with supporting tools and models in *Essential Tools for Organizational Performance*.)

TYPES OF CONSULTANTS

Whilst the developments in management consulting above have started to identify the activities and different types of consultancy approaches, Edgar Schein suggested 40 years ago that consultancy provision could be divided into three principal categories which he termed: expert consulting, the doctor–patient model and process consulting. The selection of one of these categories is said to be as a result of the ownership of the problem and the authority vested in the most appropriate party to solve this. Figure 1.1 shows the two main strategies which are discussed below together with an alternative intermediate approach.

From Figure 1.1 "Expert" consulting is where the client seeks to purchase the provision of consultancy services by transferring ownership of the problem to the consultant. It is best used when the client has correctly diagnosed the problem and the consultant has the

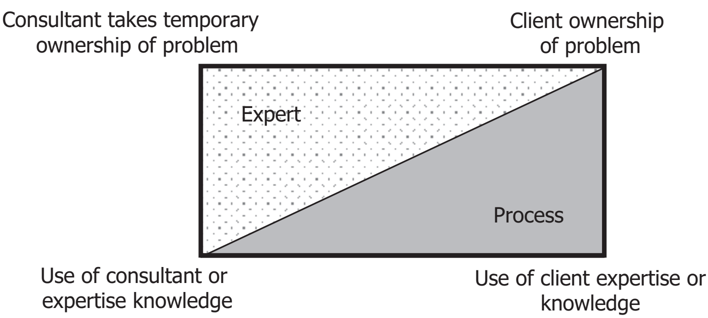

Figure 1.1 Consultancy approaches.
Figure adapted from text on pages 5 to 11 in Edgar F. Schien, *Process Consultation, its Role in Organizational Development*. Addison-Wesley, 2nd edition, 1988.

capability to provide the relevant competent expertise. This choice also requires the client to accept some risk in the advice and solution given as the problem may have been incorrectly thought through at the outset and the consultant may therefore have been asked to solve the "wrong" issue with the potential consequence of obtaining the wrong information or recommending an inappropriate solution.

At the other extreme is "Process" consulting which is often founded on the premise that the client owns the problem and continues to do so throughout the consultation process. In this approach the client accepts that the organization has problems but does not know what to do about them; as such the consultant is required to undertake a diagnosis as part of the intervention. Process consulting can be used to offer the client an understanding of the problem and identify the range of actions open for consideration. In the longer term the client will be capable of learning to embed these tools and techniques to help diagnose and solve their own organizational problems. It is then likely to understand the best approach to the implementation of the solution by linking this to its own business processes.

The compromise is a collaborative approach also referred to as the "doctor–patient" model which gives the consultant the task of diagnosing the problem and recommending what type of intervention will best provide a solution to the problem. This model is best employed when the diagnostic process is seen as being helpful to the client and information on the problem area will be provided in full and without exaggeration. The doctor–patient model can be used when the client will understand and correctly interpret the diagnosis provided by the consultant and will implement the prescribed solution resulting in long-term performance improvements after delivery of the intervention. Here the client will be responsible for the implication following the diagnosis and the continued momentum of the initiative.

Having looked at the three different types of consultant models there is also a distinction between internal and external consultancy interventions. An internal consultant already works inside part of the organization and is tasked with helping other parts of the same business; in the main, the use of internal consultants is becoming increasingly common in large organizations where they have both the financial resources to afford such full-time assistance and where they have sufficient work, or indeed problems, to keep them gainfully employed. In many cases internal consultancy develops from the use of business improvement teams often formed to solve an immediate problem which go on to address short- and longer-term business needs, introduction of new legislation, sudden changes in market dynamics and/or fiscal pressures. These share a number of features with externally consultants, such as their abilities to:

- fix or install something;
- introduce a new product or service;

- solve a problem;
- undertake research of the feasibility of a certain change;
- re-engineer or reorganize a process; or lastly
- create a new function based on a clear vision with the motivation and support to make it happen.

Internal consultants may also be used to commission external consultants; to brief them about the culture and context of the assignment; to ensure that they are compliant with the governance requirements of the business; and to assess if they provide value for money.

The different types of consultant are shown in Figure 1.2 where the consulting activity can take either an advisory or an executive role, and is undertaken by external or by an organization's own in-house consultants.

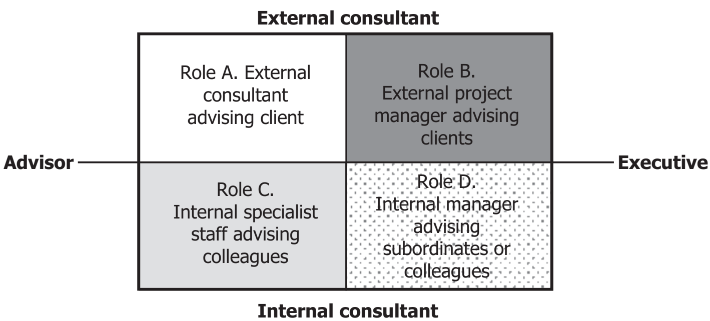

Figure 1.2 Types of consultant.
From *Managerial Consulting – A Practical Guide*, 2nd edition. C.J. Margerison, 2001. Reproduced with permission of Gower Publishing.

Examples of internal consultancy areas of work may include IT, finance and increasingly HRM where they may be involved in performance improvement or implementing change programmes. Whilst some may operate at a strategic level, this is a real exception as at this level the senior management prefers paying for the external perspective, a service not so readily provided by internal consultants. This also offers the board a level of privacy and comfort as an external mentor or advisor can be seen as a "critical friend". It is noted that at this level credibility, status, internal politics, legacy issues and reputation are the main challenges facing internal consultants and it is clear that internal and external consultants wield different amounts of power and senior level influence.

Role A is the conventional notion of an external consultant who provides specialist advice on contract for a time to clients.

Role B has its origin in the construction and IT industries particularly where a project manager from an outside organization has responsibility for delivering an assignment but acts as a consultant to the clients and as a line manager in their own organization.

Role C has a full-time executive to act as a consultant to colleagues in a coaching and supporting way.

Role D employs internal consultants for their specialist advice such as health and safety, finance, marketing, legal, etc.

Naturally, there are advantages and disadvantages in using internal consultants, and whilst the most obvious benefit is that they inevitably cost much less that external consultants this perception cannot be treated in isolation as further consideration will recognize that internal consultants also have other costs not immediately considered when making such a statement, for example the cost of holidays, sickness leave, training, pension and health care provisions and the cost of any unproductive time. Whilst in the same debate external consultants may cost more initially for the work, there is no obligation from the client with respect to the same additional costs of holidays, training, etc. This is not to say that external consultants should be used in preference to internal resources or indeed vice versa as both will have attributes which they are able to bring to the assignment undertaking. As shown in Figure 1.3 there are a number of reasons for

Reasons for using internal consultants on market research	Reasons for not using internal consultants on market research
They are flexible and can undertake the consultancy work in conjunction with other activities. They offer value for money in that they can be used as and when required. They are often very knowledgeable about the company and its culture and can understand the difficulties that it faces to a greater extent than external resources. They need to be fully briefed to allow them to use their own experience to interpret the objectives of the task and use this knowledge to modify the questions if necessary in order to obtain the required information.	Can be under-resourced as they may be perceived as a cost. May be overused – and given too much work because they are seen to be “free” and therefore always available for use. May have incomplete range of skills required in order to undertake specific needs. They need to be fully briefed and know the broader reasons for collecting the data. Without such information they are likely to ask the wrong questions in the survey and the results will not meet the objectives of the task.

Figure 1.3 Considerations on the use of internal consultants.

and against the use of internal consultants when considering, as an example, undertaking market research.

Having mentioned above the different costs of internal and external consultants it is common practice for departments to have an allocated number of internal consultancy days which they may call upon when required. Whilst the current economic climate may see an increase in the use of internal consultants there is often a view of "not valuing what you don't pay for" – a common problem with respect to the credibility of internal consultants. A good use of both is to have external consultants review an internal consultant team's work or, at least, provide their views on the same problem and hence they can be seen to validate the internal approach and act as a barometer for aligning both outputs. Although external consultants are able to draw upon their depth and breadth of experience it is often at a premium cost and there is always the pressure to end the arrangement as soon as practicable. On the other hand, internal consultants are employees who will see the project through to completion and have a vested interest in its success.

Having looked at individual consultants it is also clear that consultancy firms can themselves be categorized into a number of specialist areas such as:

- **Generalist**, these are the larger firms offering a wide range of services from strategy consulting and human resources through to IT and outsourcing on a global basis. Many of these firms grew out of financial services or IT companies.

- **Strategy consultants** offering strategic advice to companies on a project-by-project basis.
- **Human resource consultants** offering specialist HR advice.
- **Information technology consultancy firms**, which offer specialist IT advice such as defining information needs, systems analysis and design, and making hardware evaluations.
- **Financial consultants** offering specialist advice including the installation of budgetary control systems, profit planning and capital and revenue budgeting.
- **Niche firms**, these are a result of consultants leaving the larger firms and setting up their own consultancy firms in a particular sector or offering unique specialist advice.

Having identified some of the purposes around the use of consultancy and the different practitioner types and attributes, the focus of this chapter now looks at exploring the mutual benefits of the use of management consultants by discussing the concept of added value where the term "added value" refers to that which exists beyond the payment of fees to the consultant, or the receipt of advice and assistance to the client.

CONSULTANCY ADDED VALUE

The Value Chain model developed by Professor Michael Porter can be of benefit to companies in examining their overall performance and support industry-wide benchmarking; it does not, however, seem easily applicable for companies wishing to identify their added value when delivering technical or management consultancy services. Indeed in looking at the world of consultancy it is suggested that as the contractual relationship between the supplier (consultant) and the buyer (client) is satisfied by the exchange of knowledge, assistance, advice and so on, in return for agreed fees, that this arrangement does not at first sight support the concept of added value. Having said this, it is proposed that the relationship does indeed offer a number of opportunities where both parties are able to benefit over and above the contracted value of the services provided and hence the use of the term added value can then be wholly justifiable. The often quoted adage that:

> Give a man a fish and you feed him for a day. Teach him how to fish and you feed him for a lifetime.
>
> **(attributed to Tao philosopher, Lao Tzu 570–490 BC)**

is a perfect example of consultancy added value. In today's consultancy business, added value can be seen in a number of ways including knowledge transfer and training – both contemporary adoptions of Lao Tzu's philosophy.

Examples of added value for both the consultant and the client organizations suggested in Figure 1.4 are described in the following two lists:

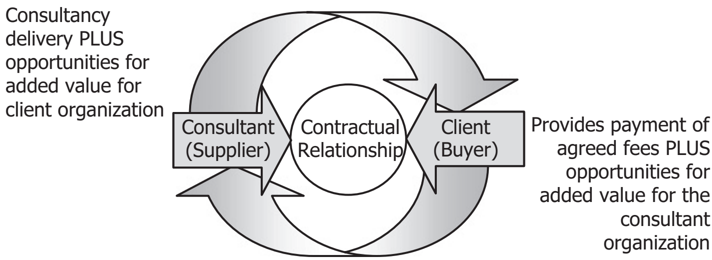

Figure 1.4 Consultant/client relationship and expectations. From *Extending the Concept of "Added-Value" to Consultancy*. Professional Consulting, Institute of Management Consultants, UK. S.A. Burtonshaw-Gunn, 2005.

List 1: Examples of added value to consultants

- **Business development (new work):** Opportunities to use the consultancy tasks as a natural way for follow-on work as part of a "one-stop-shop" approach where knowledge of the project and client organization will already be known to the consultancy provider.
- **Business development (extension of work):** Developing further work by utilizing advanced knowledge of client needs, experience of client's culture and hence the ability to offer a vastly reduced "learning curve".
- **Business development (new clients):** With overseas projects there may also be the potential to develop work in the same geographic region based on new, and current, local knowledge.

- **Project management:** Using a consultant's own network and established supply chain to undertake work or gain support from other specialist consultants.
- **Consultancy track record:** Establishing a track record with a client in an industry or work type which can then be used to market services to other potential clients in adjacent industries or markets. Such experience can be marketed with a multiplier affect on the consultancy's impact on the client's overall business performance.
- **Client knowledge:** Developing knowledge of clients and other businesses as part of ongoing consultancy practice enhancement.

List 2: Examples of added value to clients

- **Speed and cost:** Provision of rapid response and flexible resourcing from the supplier (consultant) with immediate use of required skills and experience to undertake the client's task. This also means savings on recruitment, training and termination costs if this is not to be a whole time resource.
- **Specialist advice:** Acquisition of advice on processes, etc. into the client's business as "best practice" examples drawn from wider consultancy assignments and other industry experience.
- **Additional resourcing:** Consultant introduction of other specialist consultants which can be used to support the client's project requirements without

delays in further tendering, assessment and selection by client.

- **Project risk reduction:** The benefit of using a specialist consultant is in gaining expert advice and the opportunity for the client to reduce any risk contingency allocation based on such knowledge and experience.
- **Value more than cost:** Clients can value consultancy delivery with a multiplier affect with respect to the impact on the business, for example decisions made and processes introduced have impact on the success of its larger-scale business operations, for example a one-off £5000 fee for consultancy work may save the business £50 000 per annum.
- **Knowledge transfer and training:** The client's staff can learn from consultants either informally, as part of a collaborative team or by shadowing – a modern-day version of the earlier Lao Tzu quotation.

Another example of added value equally applicable to both consultant and client organizations occurs from collaborative working where such joint understanding offers added value to the project and its participants through improved working practices, joint decision making and problem resolution, and a reduction, or even elimination, of financial claims for extras or disruptive working between the two parties. A full chapter covering performance and collaborative working is provided in

Essential Tools for Organizational Performance published by John Wiley and Sons.

BIG-PICTURE "ADDED VALUE" FOR CONSULTANTS

Within a consultancy organization it is proposed that the concept of added value be examined at either one of three main time-related opportunities. The first opportunity is at the pre-contract stage where a subjective assessment can be made regarding the added value to the practice for undertaking a certain piece of consultancy work in relation to its future strategic aspirations. Such considerations at this stage will include the fit with the overall company in terms of market development, particularly if this represents a venture into a new target country or region. Although subjective this can be represented by the following equation:

Value added = The anticipated consultancy fee multiplied by the value of strategic fit (a value between 0 to 1) less the cost to bid and win the consultancy work

Whilst this approach may be useful it is accepted that there are some difficulties with the above proposed equation as the total revenue for the consultancy work may not be known at the outset making the total fee income difficult to calculate with absolute confidence. The weighting of the work for the consultancy practice is added to demonstrate how it undertakes work in line with its own business objectives and long-term development ambitions – rather than just taking on work as a source of income.

The second opportunity to examine the value added of consultancy work arises at the project execution stage where a much more quantitative analysis can be undertaken. This can cover the **cost** of the consultancy in relation to the **value** of the project and the effectiveness of the services provided in supporting the project's time, cost and quality requirement; the impact of the advice provided to minimize business risk or provide improvements from the introduction of any new processes and practices.

Value added = Value of the overall project multiplied by the strategic value to business less the value of the consultancy contract

Identifying this level of added value can be used by the consultancy practice in its promotion and marketing activities, especially where supported by client testimonials.

Before discussing the final assessment phase it is worth returning to consider Lao Tzu's fishing example as it is often difficult to establish with any degree of accuracy the long-term value of consultancy actions and over what timescales these can be attributed. The value added assessment at the project completion stage focuses on capitalizing the experience of the consultancy work completed by either a subsequent award for work with the same client or alternately securing work with a new client based upon this initial experience. Again this is expressed in the proposed formula shown below, which also reflects the erosion of value added as a function of time.

Value added = Consultancy fee multiplied by the value of new work for same client (or multiplied by the value of new work in the same geographic area or similar work with a new client); this value is then divided by time in years

The subtlety of this formula is its ability to recognize that the learning and benefits from completed projects have a natural "half-life" such that the value of recent projects is much more relevant to winning new work than those completed say five or so years ago.

Within the above three opportunities is the fundamental importance of the relationship between the consultancy assignment and the organization's business objectives which may be operationalized through its chosen marketing strategy, see also Chapter 2. In addition to this is the relationship between the consultancy requirement and that of its staff capabilities and their development needs.

THE ROLE OF GOVERNANCE IN CONSULTANCY

Whilst there are practice guidelines and standards applicable for the delivery of professional services including the Institute of Business Consulting's own "Code of Professional Conduct", this area is now examined to see how both consultancy organizations and individual consultants recognize that they each have responsibilities during the execution of management consultancy assignments. Both the company's and individual's consultancy delivery activities should be undertaken within an organizational governance framework and the conduct of the consultant must reflect professional ethical responsibility. This is by no means a new concept, indeed one of the first Codes of Professional Practice was the oath believed to be written by Hippocrates in the 4th century BC and although taken by physicians to cover ethical practice by the requirement to "abstain from whatever is deleterious and mischievous" it is suggested that this philosophy is applicable to today's business undertakings as it has been to the medical profession for almost two and a half thousand years.

The widely held view of "governance" is that of a suite of discrete management processes belonging to the senior management of the business which provides a framework, guidelines and self-imposed rules for business decision making which defines expectations, grants power and can be used to verify performance.

Another common definition is that governance is the capability to set and evaluate performance against objectives; authorize a strategy to achieve objectives while addressing risks; and stay within legally mandated and voluntary boundaries. The term "governance" itself has the same roots as the word "government" and is derived from the Greek term cybernetics (kybernētēs) where its definition is:

> the study of feedback and derived concepts such as communication and control in living organisms, machines and organizations.
>
> **Source:** ***Oxford English Dictionary***

Whilst there is widespread general acceptance that it is fundamental to long-term business performance that work is conducted in a professional way, it is proposed that there is a natural link between the guiding processes of governance and that of ethics; a topic also covered in this chapter and eloquently summed up by Achal Raghavan's (2006) article commenting on ethics and governance in India:

> Good ethics and governance are not just "moral" or "compliance" issues. In the long term, they are essential behavioural traits for the organization that strengthen brand equity and help ensure stable growth.

Key from this quotation is the importance that many companies will place on helping to achieve long-term growth. In business, such governance may be regarded as

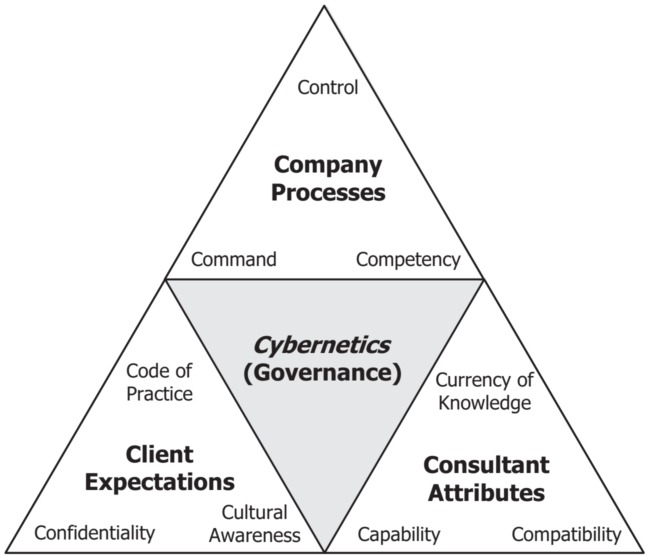

Figure 1.5 The trilateral "C" model of consultancy governance.

the action of developing and managing consistent, cohesive policies, processes and the provision of decision rights for a given area of responsibility. In a practical sense for consulting businesses this can be achieved through addressing the following trilateral issues shown in the author's model of Figure 1.5 and discussed below. This model can be used to provide a robust framework to address the topic of governance for a consultancy practice.

First, in heavy type are shown three primary governance areas for consultancy practices to consider; these being Company processes, Client expectations and Consultant attributes. Each of these primary topics is supported by a lower level of three further areas.

In looking at organizational governance are the **Company processes,** the model shows three inter-related management functions, these being:

- **Command:** This should address how the consultancy activities are effectively managed through a systematic and clear delegated authority process and adherence to company consultancy processes. This element will have to consider and include delegation of the authority to develop, review and amend such processes.
- **Control:** This should describe how the consultancy business and projects are audited to ensure adherence to relevant processes.
- **Compatibility:** This will need to describe how the match between individual consultants to the client is assessed in terms of their technical/business skills and relevant experience to undertake the client's works.

Next to be considered are the **Consultant's attributes** which are comprised of a further three inter-related factors which may contribute to the organization's governance from a peer group or self-assessed input:

- **Capability:** This should describe how the company supports the consultancy skills and experience and how they are maintained and further developed.
- **Competency:** This describes the maturity of an individual's knowledge, skills and track record which may be used in the provision of advice or actions with particular reference to safety, health, environ-

ment, legislation requirements, business practices and so on.

- **Currency of knowledge:** This should explain the onus on the consultancy practice to ensure that their consultant's knowledge is kept up to date and linked to cutting-edge developments in their domain field.

The final set of three factors represents the **Client's expectations** which may also be considered to contribute to the formal governance of the consultancy organization; these are shown in the model as being:

- **Cultural awareness:** This should cover how the individual consultant is matched to the client in terms of understanding and empathy of political, religious, historical and social influences.
- **Code of practice:** This covers how the individual consultants required behaviour traits are articulated and embraced and are evident to the client.
- **Confidentiality:** This should describe how the consultancy practice and individual consultant deals with client confidentiality, data protection and intellectual property rights (IPR).

It is interesting to note that it is the final part of the model which brings to the fore the factors which the profession would immediately have in its mind with respect to this topic: those of commercial confidentiality and an almost unwritten expectation that engaged consultants would operate in line with a code of conduct. Indeed, such a code of practice is often regarded as the basis of ethical behaviour and responsibility and naturally leads to the discussion on ethics in consultancy.

ETHICS AND CONSULTANCY

In recent years the perceived lack of individual ethical behaviour has received increasing publicity and scrutiny in the media. The public response has been an increased level of expectations of higher standards from public servants, elected representatives and professional advisors. Whilst the philosophical subject of "ethics" as a whole covers a range of subtopics one of these is business ethics which examines rules and principles within a commercial context, the various moral or ethical problems that can arise in a business setting, and any special duties or obligations that apply to persons who are engaged in commerce.

Clearly, from this understanding it should be stressed that ethical responsibility is a necessary feature of all business life in the way that organizations conduct their business operations whether commercially focused or in the not-for-profit arena; indeed, this is perhaps more acute for charitable organizations funded by public and/or private donations. Typically, such issues are usually addressed by cascading to all employees a corporate ethics code, although imposition can so often upset some staff who believe that they are professional enough not to be given the company's rules on how to behave especially where there is a lack of respect for the senior leadership team.

In focusing on the consultancy profession, many consultants will undertake their work through adherence to their consultancy practice's quality and professional processes in terms of a providing a traceable audit route with verification of their methodology used, conclusions drawn and recommendations or actions proposed to the client; however, the ethical aspect is often less overtly regulated, relying almost exclusively on an individual's personal *modus operandi*. Perhaps because consultants often have access to information and knowledge from a range of client organizations the way that they treat such privileged information needs to be managed from a confidential and ethical standpoint as breaking such trust will naturally result in detrimental and potential legal consequences for both the individual client and the wider consultancy practice. This relationship with the client suggests the need to conduct consultancy business against key criteria such as accountability, honesty, integrity, openness and respect. Putting these professional requirements into practice is widely undertaken and is "second nature" to many of those who have gained a level of consultancy experience; for newcomers to the profession these attributes often need to be checked by peer review and mentoring as part of their professional development plans.

In comparing a number of example codes of practice, many professional bodies issue these to assist their membership and on examination they largely share a similar theme of encouraging the consultant to act professionally, in good faith and to the highest standards for the work objectives. In addition, there are two further topics within this subject, namely transparency and vulnerability; transparency covers the degree to which there is openness in the situation, such as how much knowledge or information has been made available to the client. If there is not a full and complete level of openness, the reason for such lack of transparency will need to be carefully examined by the consultant. The second term of "vulnerability" refers to the level to which each of the client's interests may be at risk as a result of the proposed consultancy action (or indeed inaction). Clearly, both of these need to be properly managed and for this reason consultants should carry an appropriate level of professional indemnity insurance.

Furthermore, wherever possible consultants are expected to react positively to the client's needs and respond to their feedback as part of the well-known and widely used "Plan-Do-Act-Review" quality cycle model. In addition to these requirements, certain legislative instruments will need to be observed. Typically, these will cover discrimination (in all its guises), employment, health and safety and any specific industry relevant legislation or accepted industry standards. On the "softer" side are expectations on ethics around integrity, misrepresentation and openness. The UK-based association "Professional Contractors Group" offers ethical practice advice to their members covering the above in addition to advisory notes on client education, competence, confidentiality and intellectual property rights (IPR) including programme and software considerations. In looking wider at consultancy assignments in a business context, the Institute of Business Ethics proposed that any resulting business decision should follow a simple three stage test:

- First, in questioning the perception of transparency and openness, does the client organization mind others knowing what it has decided?
- Second, what is the effect of the decision and who does the decision affect or hurt?
- Third, is the topic of fairness by questioning if the decision will be considered fair by those affected?

Finally, whilst every consultancy organization is free to develop its own corporate code of professional practice those with overseas business contracts may benefit from the lessons cited by the International Business Ethics Institute (IBEI) on mistakes that organizations make in developing a single global ethics programme. The IBEI suggests that these mistakes include:

- Not integrating international personnel into the development process.
- Discounting the importance of promoting the program as a competitive advantage.
- Basing company policies on legal requirements in their home domestic market.

- Appointing headquarters staff or expatriates to fill ethics positions.
- Offering training materials only in their home language.
- Using the word "ethics" extensively in program materials.
- Focusing on the few cultural differences rather than acknowledging the many cultural similarities.

Source: International Business Ethics Institute

It is suggested that the above IBEI list is based on practical international experience and that even large organizations may benefit from such ethics advice. A closing point on this subject is the difference between independent consultants and those allied to a particular product or software programme from either the consultant's own company or one if its partners. Whilst providing impartial advice is easy for the first group; it may be less so for the second if they are also tasked with generating additional client income from allied product sales. It is suggested, therefore, that clients also need to be aware at the outset of such pressures or agendas when selecting consultants with an expectation of receiving unbiased and independent business advice. On this note clients should look to membership of appropriate professional bodies, evidence of professional indemnity cover and the prevalence of their qualifications as being an important part of their consultant selection process.