

Coping with challenges in the consultancy process by internal consultants
Relevant case study for businesses after COVID19

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M.Bakker, Christofer Mcgee, Kunylad Rogers

Consultancy is booming business nowadays (Kubr, 2002). Recent years have shown a growth in consultancy of more than 15% yearly (Buono and Poulfelt, 2009). It is a multi-billion market and is one of the key drivers of the international economies (Sadler, 2001). Consultancy has turned into an industry providing service to organizations with great influence on their performance. Organizations may adapt for example a new strategy, implement a modified cost structure or change their marketing policy (Buono and Poulfelt, 2009). Hundreds of thousands of private and public organizations throughout the world have used consultants (Kubr, 2002). A reality is that most clients implement at least parts of the advice given and the result of that process is sometimes very influential and helps shape the future of organizations (Buono and Poulfelt, 2009).

The consultancy business belongs to the knowledge based economy and is a dynamic and fast changing sector of professional services (Kubr, 2002). A knowledge based economy is an economy focused on knowledge production or the management of it within the constraints of the economic environment (Drucker, 1993).

In order for organizations to remain up to date they have to keep up with the internet, globalization, the progress of education, the changing role of the government, many other trends and therefore need change (Kubr, 2002). Consultancy is the tool to guide organizations through these changes, complexities and challenges (Scott, 2000).

According to Kubr (2002) the main purpose of consultants is to create value, help clients to be more effective in handling challenges and to transfer knowledge to the client in order for them to operate their business more effectively. In order to keep up and be able to give advice about the growing complexity and challenges in the environment the consultants have to constantly reinvent themselves (Kubr, 2002). In research done by Scott she gives the following definition of a consultant: “*A consultant uses expertise, influence and personal skills to facilitate a client’s requested change without formal authority to implement recommended actions*” (Scott, 2000:4). Consultants should provide change in order to solve problems that are present or emerging, improve the performance and/ or effectiveness of the organization and its members or help clients and organizations to learn in order to cope with the problems in the future. Successful consultants have the ability to use their expertise combined with their consulting skills and have the ability to adapt during the different phases of the consultancy process (Scott, 2000).

1.1 Internal and external consultant

Two kinds of consultants can be distinguished; from inside and from outside the organization. Internal and external consultants share many of the same tasks in the consultancy process, however there are still salient differences between the internal and external consultant (Lacey, 1995). The external consultant is hired when needed and comes from outside the organization, he will perform the task as long as he is contracted for and leave when the job is finished. External consultants can better suit the job when a high rate of confidentiality, anonymity and a wider range of experience across multiple projects is required or when an organization is dealing with too delicate issues or sensitive data (Kubr, 2002). In contrast internal consultant will fit the project better when know how of the organizational members, politics and culture is important or when trust, comfort, availability, informality and routine problems are important (Lacey, 1995). *“Internal consultants are regarded as change agents and like their external counterparts are expected to influence and advice people, persuade and help them to do things differently. It has proved to be a particularly apt solution when special skills are needed only periodically or when problems cut across internal divisional boundaries. Internal consulting is therefore an organization’s solution for dealing with some types of problems without permanently over staffing each line unit or purchasing the service outside”* (Johri, Cooper and Prokopenko, 1998:4).

In the consultancy process Kubr (2002) distinguished five phases: the entry phase, contracting phase, the diagnostic phase, the implementation or intervention phase and the evaluation or termination phase. Lacey (1995:76) described the key differences between internal and external consultants per phase of the consultancy process which are described in table 1.

| | |
|---|--|
| Phase in the consultancy process | External consultant versus Internal consultant |
| Entering phase | Needs to build up new relationships in the organizations Already had established relationships in the organization |
| | Needs to discover organizational culture, routines and know-how Has knowledge about culture, routines, know-how of the organization |
| Contracting phase | Emphasis on formal agreements and contracts Emphasis on informal agreements and contracts |
| | Differences in which role the external consultant is successful Difference in which role the internal consultant is successful |
| | On basis of anonymity/confidentiality On basis of trust |
| Diagnostic phase | Needs to build trust from the start Needs to maintain a trustworthy position |
| | Needs to meet involved people for the first time Has existing relationship |
| Intervention phase | The boundaries are defined by the client Opportunities to move freely through the organization |
| Evaluation phase | Leaves the organization after the consultancy process is finished Guides the process to increase success |

Table 1: "Key differences between external and internal consultants".

Table 1: "Key differences between internal and external consultants" shows that the position of giving advice in the organization of the internal consultant differs in comparison with the external consultant. These key differences result in different challenges with different advantages and/ or disadvantages the internal consultant is faced with because of his specific position in the organization.

An example to highlight the concept of a challenge: when internal consultants are hired for a problem they have the advantage of already having established relationships within the organization, they have built up trust which can save time and effort. In complex problems it is an advantage to have these relationships and one can even say they are necessary. Good relationships might have the disadvantage of losing your criticism and/ or objective view on people you know or like. Sometimes this criticism and/ or objective view is necessary in order to be effective in solving the problem however criticism or negative feedback in a relationship with trust can turn around in client retaliation towards the internal consultant. For the internal consultant it is most of the time a search to find the right strategy in order to get the right balance.

Scott (2000) composed a few challenges which an internal consultant has to cope with in order to make a valuable contribution to the consultancy process:

- Find a balance between the objective outsiders perspective on the one hand and the commitment towards the organization and intimate inside knowledge on the other hand;
- Find a balance between maintaining a good relationship and be able to give feedback that can be negative but truthful;
- Find a balance between the clients expectations and the demands of the boss and keep client confidentiality high while remaining neutral in providing feedback to the boss;
- Find the appropriate role that fits the challenge at hand and be able to change when necessary (also for external consultant), for example switch between coach, expert or neutral outsider. This role is based on characteristics of the client and the consultant and the relationship between the client and consultant and the organizational dilemma.

These challenges confront internal consultants with dilemmas. In a dilemma there is a choice between two or more alternatives that are equally wanted or unwanted. The choice can thus not only be made on rational grounds but is also a real personal choice (Gillroy and Wade, 1992). The internal consultant must find ways to cope with these challenges and be able to manage them. The internal consultant must be able to give the best advice possible and in doing so maintain his position in the organization. How can internal consultants stimulate the advantages while suppressing or eliminating the disadvantages? Coping responses are the cognitive and behavioral efforts to master, manage or tolerate difficult situations (Lazarus and Folkman, 1984). Coping is the way in this book to describe the search to find the right strategy in the different challenges.

In the literature multiple researches have been done on the client- consultant relationship and the knowledge on this topic has been enhanced a lot since the introduction to the consultancy literature (Buono and Poulfelt, 2009). This relationship focuses on the interaction and cooperation between the consultant and the client(s). However there is still enough room for improvement in order to fully capture the complexity of the client- consultant relationship. The gap in the literature which this book wants to fill is the experienced based perspective of the internal consultant's role in the consultancy process. This perspective focuses on how consultants cope with the problems and interventions in their job (Buono and Poulfelt, 2009). By providing insights and giving overviews of best practice in how and why internal consultants cope with challenges in the consultancy process, this could help professionalizing the consultancy business (O'Mahoney and Adams, 2009).

1.2 *Research problem and research goal*

The literature suggests that consultancy is a short termed business; the aim is on improving the skills and competences of the management and in solving problems (Hall, Otazo and Hollenbeck, 1999). The focus is on the general world of consultancy, which is mainly the external consultant (Lacey, 1995). However the reality is that not all consultancy processes end when the advice has been given, or when the contract has ended. Often the formulated problem is not the only or even the real problem and more parts or the whole organization needs guidance (Hall, Otazo and Hollenbeck, 1999). This stresses the need for an insider who remains in the organization to guide the process, even though the contract has ended, in order to increase success. The organization needs a type of consultant that has inside knowledge and know how about the organization and its members. As described in 1.1 the internal consultant has a more specific position in the organization, he starts the consultancy process differently and is far less subject of study (Lacey, 1995; Hall, Otazo and Hollenbeck, 1999). Therefore to increase theoretical knowledge in the client- consultant relationship the choice to study the internal consultant is made in this book.

Scott (2000) composed a few challenges of an internal consultant in the consultancy process, in these challenges the internal consultants are faced with dilemmas. However missing in the literature is how internal consultants cope with challenges, how they balance the challenges, why they balance the challenges in a certain way and how certain contextual and/ or personal factors influence or determine the choices in this coping process. The aim of this book is to add insights to the client- consultant relationship in the literature.

1.3 Research question

Why and how does the internal consultant cope in a certain way with the challenges in the consultancy process and how can this be visualized in a model?

This research question must discover how an internal consultant chooses strategies of coping, if there are any patterns and why are these choices made in a certain way; which factors influence this coping process. Also how can the construction of a model help visualizing the steps an internal consultant takes in order to choose an appropriate coping strategy and if interactions between the choices made can influence and/ or determine the coping process.

1.4 *Relevance of the research*

Since there is no literature on coping with challenges in the consultancy process of the internal consultant this book investigates empirically how different internal consultants cope with different challenges and their corresponding dilemmas. Whether they are coped with in the same way or not and why possible differences might occur. This must lead to a model which shows why different contextual and personal factors play a role and how they influence each other. The answers to why and how internal consultant cope with challenges in a certain way and the construction of a model must lead to a contribution to the experienced based consultant's role in the client- consultant relationship and in doing so provide overviews of best practice in the challenges of the consultancy process. These overviews of best practice can help professionalizing the consultancy business and assist in giving insights in the complexity of the client-consultant relationship (O'Mahoney and Adams, 2009). Moreover provide insights to internal consultants in different coping strategies which are most commonly used to master, manage or tolerate dilemmas and help them be prepared for the different dilemmas that emerge in their line of work.

2 Theoretical background

First in the theoretical background the consultancy literature on the different advantages and disadvantages of internal consultants will be combined and discussed per phase of the consultancy process. The consultancy process consists of five phases in which there are many different advantages and disadvantages with different topics (for example relationships or contracts). Second from the advantages and disadvantages with similar topics challenges are formulated which contain different and multiple dilemmas, this results in five challenges with different topics.

Third, a short overview of coping theory is given and the coping strategies that already exist in the coping literature are used as starting point in this book. The researches on coping strategies were performed in the context of social psychology; these coping strategies have a general description which can be generalized to other contexts.

2.1.1 Entry phase

The entry phase is phase one in the consultancy process, the client(s) and consultant meet and try to reach an agreement on what should be done, the consultant must be able to understand in which setting he will be operating and what the problems are (Lacey, 1995). It is important for the internal consultant that he has no stake at winning or losing in a particular consultancy process and that the outcome does not influence his own work (Price, 2001).

| Advantages for internal consultant | Disadvantages for internal consultant |
|--|--|
| Know-how of the organization, its culture, environment, ready relationships and access to the key players (Jackson, 2001; Lacey, 1995), knowledge of the politics in the organization (Hall, Otazo and Hollenbeck, 1999) and inside knowledge (Block, 1981). | Cannot handle too delicate issues (Kubr, 2002), however sometimes not able to refuse project and must work with everyone (Lacey, 1995) |
| Less time to spend on marketing and forming relationships (Lacey, 1995; Block, 1981) and already had personal trust (Hall, Otazo and Hollenbeck, 1999) | Needs success in order to get credibility (Bianco, 1985) and has less prestige than external consultants (Lacey, 1995) |

Table 2: Entry phase.

2.1.2 Contracting phase

Next is the contracting phase wherein the establishment of contracts takes place, the resources available to the consultant are presented and there must be an agreement on which role a consultant will take on in the consultancy process (Kubr, 2002). In these contracts there always has to be an agreement on four areas according to Lacey (1995):

- Confidentiality
- The delivery of bad news
- The role of the consultant
- The personal involvement of the client in the change process

The ground rules must be established within the contracting phase. The degree in which the process is open or closed is dependent on what the system or clients can handle. In contrast with the external consultant when he delivers bad or tough news he does not have to deal with the clients after the job is finished. It is therefore important that delicate issues are put down in a contract and that the client knows what to prepare for and thus minimize possibilities of client retaliation for internal consultant (Block, 1981). The consultant must be able to adapt to different roles in different stages of the consultancy process. For example as a teacher, facilitator, salesperson, researcher troubleshooter etcetera. All these roles can help the process but the consultant must always keep an eye on the overall process and ultimate goal (Huffington and Brunning, 1994).

| Advantages for internal consultant | Disadvantages for internal consultant |
|---|---|
| Ease of verbal contracts (Lacey, 1995) | Informality may lead to lack of clarity and thwarted expectations (Lacey, 1995) |
| Knows what problems and issues managers and employees deal with (Jackson, 2001; Kubr, 2002) and is aware of the restrictions of the organization and its managers (Jackson, 2001) | Juggling demands of changing confidentiality and openness (Lacey, 1995) |

Table 3: Contracting phase

2.1.3 Diagnostic phase

In the diagnostic phase the consultant has to examine the problems, the goals of the client, identify factors/ forces that influence the problem and gather all the information in order to be best prepared for the possible solution (Lacey, 1995).

| Advantages for internal consultant | Disadvantages for internal consultant |
|--|--|
| Knows where to look for dysfunction (Lacey, 1995) and which politics to overcome (Jackson, 2001; Kubr, 2002) | Can be part of the problem and not have the latest techniques (Lacey, 1995). Also lacks experience of similar cases in other organizations like the external consultant (Hall, Otazo and Hollenbeck, 1999) |
| Moves freely within the organization (Lacey, 1995) | Subject to client retaliation and termination (Lacey, 1995) |

Table 4:Diagnostic phase.

2.1.4 Implementation/ intervention phase

In the implementation/ intervention phase the consultant and client try to choose the best solution(s) among all the alternatives and reach an agreement on it. It is important to reach a balance in commitment and involvement, not too high or too low. Another important thing is that there is valid information for free and informed choice, this means that people can choose whether to participate in the intervention without it being forced on them. The client's ownership of the problem promotes commitment to the intervention process (Argyris, 1970).

| Advantages for internal consultant | Disadvantages for internal consultant |
|---|--|
| Knows 'fit' between organizational issue and intervention (Lacey, 1995) | May lack objectivity and lack of experience in multiple similar problems within other organizations (Kubr, 2002; Bianco, 1985) and have limited vision or may choose a solution which harms at least people however is not the most effective solution (Lacey, 1995) |
| Identifies key power sources (Lacey, 1995) and can help focus on the highest priorities (Hall, Otazo and Hollenbeck, 1999) | Free and informed choice is a luxury: people may be forced to participate (Lacey, 1995) |
| Can guide the whole process without leaving before the process is finished and thereby increase success (Lacey, 1995; Hall, Otazo and Hollenbeck, 1999) | Can be seen as the colleague 'know it all' (Dawson, 2000) or be the scapegoat when the consultant is challenging the status quo too much (Bianco, 1985) |
| Ingratiates himself to the boss (Lacey, 1995) | |

Table 5: Implementation/intervention phase

2.1.5 Evaluation/ termination phase

The last phase is the evaluation/ termination phase where the satisfaction of the client and consultant must be established. In this phase it is common that the more there is invested in an intervention the more is expected from it. The evaluations are most of the time the levels of client satisfaction and word to mouth communication (Huffington and Brunning, 1994).

| Advantages for internal consultant | Disadvantages for internal consultant |
|--|---|
| Successes in former projects can be the foundation of trust and more opportunities in the organization (Lacey, 1995) | Failure in the project or a breach of confidentiality can result in loss of status, isolation or alienation (Lacey, 1995) |

Table 6:Evaluation/termination phase

The above mentioned 5 phases have some kind of overlap. One cannot, for example blindly say something can only happen in the entry phase without emerging in another phase. The phases are rather an explanatory framework for structuring and planning the work of a consultant (Kubr, 2002). Although this footnote cannot be disregarded this division of the five phases in the consultancy process is an appropriate classification for this book to visualize the crucial challenges in the consultancy process.