

BAM Management consultancy Network	
Coffee chat: 20 th April 2023 08:30 – 09:30 on Zoom	
Aims	
<p>The coffee chat this month focused on: ‘The Big Con’ cliché</p> <p>Why is it that the work of management consultants is so readily vilified and decried as worthless, while at the same time the amount spent on management consulting continues to grow?</p>	
Emerging themes	
1.	The reputation of management consultancy has been damaged by high-profile scandals The Enron scandal in 2001 changed the industry forcing accountancy firms to separate/sell off their consultancy operations. McKinsey recently settled in the US over their sales advice to drug companies in the Opioid scandal.
2.	Management consultancy is a diverse industry dominated by established brands but 85% of firms are sole traders according to Consulting. UK. There are no barriers to entry in the UK, anyone can call themselves a management consultant. Quality and professionalism are not controlled. It is buyer beware
3.	Consultancy qualifications are required to practice in Austria and Consultants must hold a Masters’ degree in Nigeria
4.	Large firms are getting away with charging high fees for consultants even though they are often performing operational roles that could easily be performed by a contractor.
5.	Organisations do become dependent on consultants. Management consultants are required initially to offer a different perspective and deliver change but then become a “comfort blanket” where the firm feels unable to cope alone with the changed organisation, despite knowledge transfer.
6.	Management consultants are targeted to “land, expand and extend” and although they may rotate the individual consultants deployed, there is little incentive for the consultancy firm to leave altogether with cumulative fees often running into £multi-millions
7.	Organisations hire consultants for different reasons e.g., outsourcing risk with the stakeholder taking the credit when the engagement goes well, and the consultancy being used as a scapegoat when it does not. Management consultants may be used to drive the agenda of a stakeholder. Organisations may also lack the skills required to deliver and manage change at all levels, including senior management/board.
8.	One approach is to use Jack Welch’s “O and E” strategy. Good cop focuses on softer organisational aspects. Bad cop focuses on hard economics and exits at the end.
9.	Some clients lack the skills to manage consultants with engagements being poorly scoped and consultants not being held accountable.
10.	Some clients use the same consultancy firm for a long period of time. Perhaps there should be regulation to rotate consultancies in the same way the organisations must rotate auditors?
11.	Academia may have been side-lined by consultants to some extent, and especially so called “Guru Consultants”
12.	What about benefits realisation? How do management consultants add value? Topic of future coffee chat!