

UTILITY ATTRIBUTES AND QUALITY DIMENSIONS OF MANAGEMENT CONSULTING PROJECTS - THEORETICAL CONSIDERATIONS AND EMPIRICAL RESULTS

Competitive paper

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ABSTRACT

Perceived quality within a client-consultant relationship in business and project marketing literature is still largely unexplored. This is particularly the case for management consulting projects where project scope is often indefinite, consisting of draft directions and initial ideas rather than concrete specifications. For that reason, the buyer organization must face need, market and transaction uncertainty and measuring the quality of management consulting projects remain a thorny issue.

This paper advances an empirically grounded approach to the study of utility preferences and perceived quality of management consulting projects by identifying the clients' underlying utility preferences and quality dimensions. Based on empirical qualitative data from 22 in-depth interviews, the paper defines generic consulting purposes, describes utility attributes at each organizational level, and demonstrates a conceptual model of perceived quality dimensions and how these dimensions influence the clients' perception of client-consultants interactions. Qualitative research has revealed that there is a significant ignorance of official interim and final assessment from client side. Consequently, quality evaluation in practice generally ends with an informal yes/no decision as clients tend to make "we like working with them", "we never want to work with them again" statements. The question is when, and more importantly how, do clients get to this point? What factors influence their ultimate judgements?

In the last section, the paper suggests further research in this field for development of both project management and professional service marketing theory and practice.

Keywords: consulting; management consulting; project marketing; organizational buying; professional services marketing; services quality

INTRODUCTION

Perceived quality dimensions within a client-consultant relationship in academic literature is still largely unexplored. This is particularly the case for management consulting assignments that are usually developed on a project basis with strong discontinuity (Mandjak and Veres, 1998), and

with a sleeping nature of business relationships (Cova, Ghauri and Salle, 2002). Project scope is often indefinite, consists of initial ideas, rather than concrete specifications or requirements. In purchasing such service the buyer organization must face need, market and transaction uncertainty (Ford, 2002). Understanding purchasing preferences, customer satisfaction and measuring quality of management consulting projects remains a thorny issue both in theory and in practice.

SUCCESSFUL CONSULTING ENGAGEMENTS

One of the most complex interactions considered within the client-service provider interaction is consulting and therefore consultants are perceived as one of the most important suppliers of new management ideas and practices (Armbrüster, 2006). Consulting services are professional services characterized by high-perceived risk, relationship of trust, complexity and asymmetry in the information level of participants (Lovelock, Van der Merwe and Lewis, 1999). For that reason, to be able to explore how clients evaluate the quality of consulting services we must first understand what the main constructs of relationship quality are in b2b interactions.

RELATIONSHIP IN THE SERVICE QUALITY

Service quality and satisfaction can be experienced both at an episode and at a relationship level (Storbacka, Strandvik and Grönroos, 1994). Perceived service quality is a cognitive, individual service judgement construct and reflects to an outsider, global attitudinal perspective (Dabholkar et al., 2000), while satisfaction refers to an insider, transaction-specific perspective and describes the customer's own experiences of a service (Liljander and Strandvik, 1993).

Various alternative measures for assessing the quality of b2b services have been suggested (e.g.: Grönroos, 1984, Morgan, 1991; Szmigin, 1993; Gounaris, 2005). In general service quality models distinguish potential (search qualities), output (immediate and final) and delivery process (hard and soft) related criteria and place relationship quality as component of process quality measures.

Term of relationship quality expresses the level of how the needs and expectations of the parties met in business relationships. There is much written about the importance of relationship quality in business to business interactions (Griffith and Harvey, 2001; Ulaga and Eggert, 2006; Caceres and Papatoidamis, 2007) its effect on relationship performance (Hewett, Money and Sharma, 2002; Roberts, Varki and Brodie, 2003), influence on mutual benefits and financial outcomes to each partner (De Wulf, Odekerken-Schröder and Iacobucci, 2001) and its impact on future purchase intentions (Rauyruen and Miller, 2007; Nyaga and Whipple, 2011).

It is crucial to understand that both parties have to invest time and resource in developing successful relationships which lead satisfaction and shared technical and social bonds (Turnbull, Ford and Cunningham, 1996; Hakansson and Ford, 2002). These bonds are built on trust and commitment which constructs emerge almost in every relationship quality related academic paper however, some authors argue that trust and commitment are two constructs that influence the relationship quality rather than describe the relationship quality (Anderson and Narus, 1990; Doney and Cannon, 1997). Beside trust and commitment one of the most frequently studied dimensions of relationship quality are satisfaction (e.g.: Walter et al., 2003; Roberts et al., 2003); and communication (e.g.: Coote, Forrest and Tam, 2003; Fynes, de Búrca and Marshall, 2004; Jiang et al., 2016).

In literature long-term orientation and perceived performance related quality has been present for many years in academia (Ganesan, 1994; Ravald and Grönroos, 1996), however it has been only

recently specified as a core b2b relationship quality component (e.g.: Monroy and Alzona, 2005; Ivens and Pardo, 2007; Rauyruen and Miller, 2007; Jiang et al., 2016) even though service-related quality perception are supposed to be included as a basic component of relationship quality.

SUCCESSFULL CONSULTING PROJECTS

Evaluating the quality of consulting service is very problematic. Firstly, for solving the business problem of the customer there is no one ultimate solution, several alternatives and methods can be demonstrated and “suppliers cannot depend on what they currently know about customer value to hold into the future” (Flint, Woodruff and Gardial, 2002, p.102). Secondly, customers do not have the technical or scientific know-how to confidently evaluate the quality of consulting projects, and due to the high number of credence qualities of consulting service, performance cannot be evaluated even after the consumption of the service (Gallouj, 1996; Zeithaml and Bitner, 2000). Finally, it is challenging to isolate factors that precisely describe the additional value of consultants’ performance. Consequently, many assignments are never fully evaluated (Kubr, 2002; Smith, 2002; Haverila, Bateman and Naumann, 2011).

Although several empiric study evaluated the factors of client-consultant relationship quality and defined the main differentiators of successful and unsuccessful consulting assignments (Mitchell, 1994; Gable, 1996; Fullerton and West, 1996; McLarty and Robinson, 1998; McLachlin, 2000; Veres, Lanyi and Mandjak, 2001; Smith, 2002; Appelbaum and Steed, 2005; Kakabadse, Louchart, Kakabadse, 2006; Haverila, et al., 2011; Carmona, Momparler, Lassala, 2015) there is no commonly accepted consulting service quality model in academia.

Studies agree in paying particular attention to the relationship between clients’ perceived quality of service and consultants’ knowledge, professional competences and behavior. The characteristics of the consultant itself emerged as the most frequently mentioned driver of customer satisfaction (Haverila et al., 2011; Carmona et al., 2015). An empiric study has revealed (Veres, Lanyi and Mandjak, 2001), that clients repute receiving valuable information from the service provider very important, because this help reducing their risk and environmental uncertainty. Furthermore, consulting projects are usually executed in a chaotic business environment and it is very important to handle the clients’ emotions (Kakabadse, Louchart and Kakabadse, 2006), especially when project outcomes are unpredictable. These circumstances lead to a recognition that phenomenon of consulting service quality is based on a complex combination of relationship and service quality concepts and theories, because “how the consultant puts together the consulting process will affect the relationship with the client and possible future employment” (McLarty and Robinson, 1998, p.259).

CONSULTING PROJECTS SPECIFICS

From a research point of view, it is essential to separate fixed price based consulting projects (contract for work) and time & materials constructed consultant hiring (contract for services) since the purchasing, decision process, delivery and quality evaluation of the service significantly differ. Our research focused on management consulting projects. Specifics of this consulting form:

- (1) There is a public call or invitation based tender process executed by procurement of the buyer organization with RFI (request for information) and RFP (request for proposal) stages.
- (2) Consulting firms apply for the tender, send their fixed price proposal and consulting service is applied on a project basis and consulting firm has full responsibility for success of delivery on budget, time and quality.

- (3) The consulting contract specifies the project scope, responsibility of each party (RACI matrix), project deliverables, end-date, payment milestones, warranty, contractual penalties, contract termination, change request process and makes no reference to the number of consulting days that will be invested in ensuring that the objectives are met.
- (4) There is a regular progress reviews with the client and payment is completed by certification of competition, typically through partial payment method.
- (5) Consulting firm set a professional project team with limited intervention of the client.
- (6) Client and other partners from client professional network delegate full-time and part-time experts to the project forming a diverse, multiplayer project team.

RESEARCH METHOD

We limited the type of companies involved into the research. We focused on large commercial banks with average 1000+ employees where significant volumes of management consulting projects are executed. We excluded legal, auditing, taxation, agricultural, and engineering consulting services. Our own empirical in-depth interviews and literature research highlighted that external forces (parent company pressure, regulatory and compliance issues, inspection body audits, technical limitations, distribution of EU funds etc.) for applying consulting service significantly influence the purchasing process of such services and this circumstance affect the quality evaluation as well. We also excluded firms that specialized in human resource outsourcing. Purchasing and evaluation of such service differs in many ways from acquiring problem solving management consulting projects since selection and assessment of professionals align to the recruitment process of the client organization rather than a complex project purchase.

DATA COLLECTION

Data was collected via exploratory qualitative research. Due to the sensitivity of the topic we conducted investigative in-depth interviews to understand the generic needs and utility dimensions of customers and explore how management consulting projects are purchased, designed, executed and finally evaluated.

Sampling criteria were set in advance and participants were selected proactively as our concept emerged. Interview participants from client side were important decision makers, program or project managers, functional leaders and experts from different commercial banks at different hierarchical levels, working in various areas of the organization with significant experience in working with consultants on project assignments. We carried out the interviews until we reached the saturation where no additional data were found and further interviews were deemed redundant. Table 1 illustrates that there is a wide range of variety in functional area, expertise, year of experience, gender, age.

Interview guideline was designed with broad research questions that provided participants freedom and flexibility to explore a phenomenon in depth. Interview guide was modified based on previous interviews' theoretical components and memos taken during interviews. Interviews were taken on both the client and the consultant's sides, completed anonymously and lasted approximately one-half or two hours and were audio-recorded. Interviews were converted into a total of 600 page transcript document. In-depth interviews were followed by confirmation of transcripts by participants and after processing data cross-checking were completed by phone calls to reduce misrepresentation. Analysis of the verbatim interview transcripts were continuous and were coded by marking and naming of key phrases.

TRUSTWORTHINESS OF THE RESEARCH

We used traditional examination technique for validation of qualitative data based on four criteria of trustworthiness: credibility, transferability, dependability, and confirmability (Lincoln and Guba, 1985). Most important aspects which supported the trustworthiness of our research:

- (1) Theoretical sampling was used.
- (2) Wide range of variety in sample: participants were selected from different organizations and job level to provide reliable picture of the phenomenon.
- (3) Interview interpretations and preliminary findings were shared with each participant.
- (4) Peer debriefing by regular meetings with people who are not involved in the research.
- (5) Interpretation, conclusions and preliminary findings were presented to senior consultants.
- (6) Memos and process notes were used during interviews.
- (7) 600 page of verbatim interview transcripts.
- (8) Open coding methods with categories.
- (9) Cross-checking by participants.

RESULTS

Changing customer needs: The generic purposes and main motives of the customers are changing. Contrary to the past decades, organizations' manpower is highly skilled and has the knowledge to diagnose and even solve business problems, however due to the complexity and large scale of such problems customers of today instead need help in methodology (how to solve the problem), coordination (how to deliver the solution) and motivating the organization (how to implement change).

Roles: We created our elementary model of consultation roles based on the motives of the customers. Based on the participants' answers we identified 8 roles (Expert, Informant, Guide, Manager, Mediator, Judge, Supporter, and Catalyst) which consultants are called to play. These roles are in line with other classifications, but present a new approach by bringing aspects of motives and uncertainty of customers.

Complexity: We found that it is rare to find precisely defined success and evaluation criteria set in advance in the case of consulting projects and we can confirm that management's expectations for the consulting project are often unclear and poorly communicated (Appelbaum and Steed, 2005). Participants explained that most of the time the scope is "moving" and defining requirements at the design phase is almost impossible. We found that customers construct their quality expectations during the consulting process and concern quality as a perceived value not a phenomenon that can be described beforehand and precisely measured in retrospect.

Evaluation process: Our research is aligned with the empirical studies of Iacobucci, Ostrom and Grayson (1995) and prove that satisfaction reflects customer experiences while quality reflects the professional delivery of the service and consumer satisfaction has stronger influence on future purchase intentions than does service quality. We found that evaluation of consulting projects are superficial and there is a significant ignorance from both parties.

Personal benefits: Clients do not all regard the value of consultancy services equally. We found that the higher the position the more sensitive the individual to the personal and unit-specific benefits on offer. However, we found that profitability means receiving personal benefits and bringing tangible profit to the involved individuals. Our finding confirms finding of a recent study

which highlights that managers within a usage center perceive multiple dimensions of both collective and individual value in use” (Macdonald, Kleinaltenkamp and Wilson, 2016, p.102)

Time dimension: Participants agreed that at the beginning of the intervention quality refers to the understanding of customer’s problems and quality of collaboration between the parties in order to find the appropriate solution, especially in a new project purchase situation where project scope is not definite completely (relationship quality). During the consulting transaction, quality of project deliverables and level of knowledge transfer are in the center of evaluation (service quality). The third phase is post-transactional, customers regard the level of the earned value and received benefits (relationship quality) however, organizational customers may be more aware of the value as time elapses and they have the opportunity to compare the quality of received service to another project purchasing event. Concerning evaluation stages versus quality features see Figure 1.

Factors of perceived quality: We found that customers construct their judgements about consulting service quality through 5 main attributes; deliverables, consultants, client adaption, consulting process, and communication. Collecting and analyzing the answers and episodes of the participants, we developed a conceptual framework, which describes 4 core dimensions of perceived consulting service quality: expertise, relationship, involvement and performance.

CONCEPTUAL FRAMEWORK

We found that customers construct their judgements on consulting service quality through 5 main attributes. The fifth, communication attribute is mentioned but not clearly separated in the clients’ perception, participants were not consistent about this attribute.

- **A1 Deliverables:** describes the quality, formal and structural rightness of the project outcome provided by the consultants and demonstrability of project achievements.
- **A2 Consultants:** demonstrates the consultants’ expertise, competences, consulting style, working attitude, working behavior and other professional and social skills.
- **A3 Client adaption:** focuses on the level of service personalization, customer adoption, client listening skills and flexibility of the consulting firm. It describes the ability of consulting firm to deliver a feasible solution that meets the customers’ professional, technical and organizational readiness.
- **A4 Consulting process:** refers to how smooth and effective the consulting service is. It includes project methodological issues such as effective resource management, budget, deadline, response time requirements, transparency, change procedures and method of escalation.
- **A5 Communication:** describes demonstrability, visibility and persuasion of the consulting firm, communication style and manner of the consulting firm’s employees.

Firstly, we outlined the 5 mentioned quality attributes and based on the answers and episodes of the participants, we defined the relationships between them. We draw a 5-element but four-pronged model (Consultants, Client adoption, Consulting process, Deliverables) and place communication as a fifth attribute in the center of the model as the other four attributes are connected through this attribute and communication is in a close relation with the other four attributes as well. From this 5-element structure four, relatively separable quality dimension emerged: (1) Expertise, (2) Relations, (3) Involvement, and (4) Performance (ERIP model) as demonstrated in Figure 2.

Dimensions are not distinct, they all had a connection with each other as overlapping sections show; however, these four dimension effectively illustrates how customers construct their quality judgments.

- **Expertise:** Customer evaluate professional expertise of the service based on the quality of the project outcome provided by the consultants (Deliverables); the competences, consulting style, working attitude, behavior and social skills of consultants (Consultants); and communication and professional demonstration of the achievements (Communication).
- **Relations:** Customer perceive quality of interpersonal client-consultant relationship based on the competences, consulting style, working attitude, behavior and social skills of consultants (Consultants); level of service personalization, customer adoption, client listening skills (Client adoption), and communication between client-consultant (Communication).
- **Involvement:** Third dimension is related to an appropriate and effective consulting project management and based on the level of service personalization, customer adoption, client listening skills (Client adoption); project methodological issues such as effective resource management, budget, deadline and response time requirements, transparency, change procedures and method of escalation (Consulting process); and appropriate communication of the project (Communication).
- **Performance:** This dimension is evaluated based on project methodological issues such as effective resource management, budget, deadline and response time requirements, transparency, change procedures and method of escalation (Consulting process); the quality of the project outcome provided by the consultants (Deliverables); and communication and demonstration of the achievements (Communication).

Our model are in line with previous b2b relationship quality concepts and service quality models (Grönroos, 1984, Morgan, 1991; Szmigin 1993; Gounaris 2005). Expertise and performance dimensions correspond to the output criteria (technical and potential quality), while dimensions of relationships and involvement are linked to process criteria (functional or hard/soft quality). Trust, commitment and satisfaction as main constructs of relationship quality (Jiang et al., 2016) are indicators of relation and involvement dimension which refers to the quality of interpersonal interactions, co-working atmosphere, client orientation and way of conflict solving (social satisfaction), while performance related economic satisfaction and long-term orientation relationship quality indicators appear in the dimension of involvement. Communication cannot be distinguished as a separate dimension in our model as it connects the 4 dimensions and each dimension has its communication and information sharing related indicators.

MANAGERIAL IMPLICATIONS

Persuade people by listening: Consulting firms shall endeavor to support buying organization in setting clear project objectives and measurable and easy to communicate project deliverables. Without these “crutches” quality perception of customers are very instable and random, consequently it is difficult to influence customers’ final quality judgements.

Be flexible: Ambition for building successful partnership and win-win environment is a key success factor. It negatively effects perceived quality if consultants design the project based on the consulting firms’ products or strict methodology and not in the terms of specific client results to be achieved.

Customers do not have a structured, sophisticated model in mind for evaluating consulting services. They make their final decision based on what they see and how they feel about the consulting team, therefore consulting firms take into consideration *staff efficiency* and possible *over-performance*.

LIMITATIONS

This study relied on interviews from 22 participants from 14 different organizations and results reflect participant's subjective perceptions about the quality of consulting projects. These circumstances limit the generalizability of our interpretations. The fact that interviewed clients working in commercial banks have extensive business and solid experience with consultants from various field and questioned consultants have broad industry experience suggests that results in other service dominant industries might not be too different. We believe that identified consulting roles, our proposed consulting service quality model can be generalized as it fit and are in line with the previous b2b service quality and relationship quality models. Exclusion of daily rate contracted management consulting services does not weaken the reliability and generalizability of our research since purchase and evaluation process of hired consultants in many aspects differ from complex, new purchase consulting project purchase situations. Interpretation, conclusions and findings of our research were presented to senior consultants and were validated through peer debriefing process which strengthen trustworthiness of our research. However, our study establishes only a first step toward identifying clients' perceptions of the quality of consulting services, and further research with other samples is needed.

FURTHER RESEARCH DIRECTIONS

Firstly, robust quantitative research is recommended to test and validate our proposed model (seen in Figure 2). Validation studies should cover other industries and markets to collect new insights and expand our model if necessary. Analyzing noticeable gaps between quality perceptions of consultants and clients may provide interesting findings and useful suggestions for consulting firms on how to develop and shape their relationship strategy in the case of consulting projects.

An equally important implication is understanding to what extent personal motives and individual benefits influence quality evaluation of consulting services. Although we have brought possible explanations for how customers imply their personal objectives and career goals into the evaluation of quality in consulting projects, additional research is needed.

Another important research topic is associated with project quality management of consulting projects. We encourage project marketing professionals to conduct further research in this field as management consulting projects have certain specific characteristics and greatly differ in many aspects from other professional service projects.

Finally, we need much more understanding of dynamics, interference between consulting projects, development of internal position, communication opportunities and used communication channels which effect perceived quality of large scale projects.

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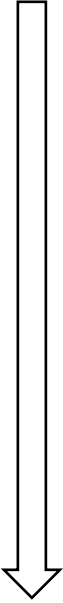
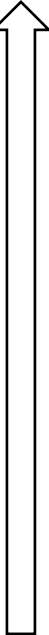
APPENDIX

Table 1. Study sample

Pseudonyms	Organization	Position	Expertise	Company	Age	Gender	Qualification	Relevant working experience (years)
Anthony	Consultant	Partner	System implementation	C1	46	M	IT economist	24
Greg	Consultant	Director	IT Security	C2	37	M	Computer engineer	10
Jeremy	Consultant	Managing director	Strategy, Business transformation	C3	39	M	Economist	9
Charlie	Customer	Senior Project Manager	Project management	B1	34	M	Economist	9
Harry	Consultant	Managing director	CRM and market research	C4	45	M	Economist	20
George	Customer	Program Manager	Project management	B1	44	M	Computer engineer, MBA	14
Katie	Customer	Executive director	Business and commercial cards	B2	45	F	Economist, programmer mathematician	20
Austin	Customer	Head of department	Treasury, Electronic channel	B1	35	M	Economist	9
Joseph	Customer	Chief Information Officer	Management, IT	B3	44	M	IT Economist	12
Naomi	Customer	Director	Contact Centre	B3	43	F	Economist, MBA	10
Jasmine	Customer	Head of product development	Product development	B5	36	F	Economist	14
Emma	Customer	Procurement expert	Procurement	B4	37	F	Public Relation Manager	10
Isabella	Customer	Product manager	Product development	B7	34	F	Communication and Marketing	8
Matthew	Customer	Senior BI Analyst	Business intelligence	B2	35	M	Engineer, IT manager	9
Lucy	Customer	CRM expert	CRM and Segmentation	B6	42	F	Trade and Marketing	17
Nelson	Customer	Director	Sales	B2	41	M	Economist	16
Jessica	Consultant	Senior Project and Program Manager	Taxation and finance	C1	44	F	Economist, Accounting and Finance	20
Elliot	Customer	Chef Executive Officer	Management	B8	41	M	Economist, MBA and computer scientist	12
William	Consultant	Project leader	Management, IT	C5	44	M	Mechanical engineer, economist	20
Olivia	Customer	Executive Director	Customer experience, digital platforms	B2	43	F	Economist	21
David	Customer	Head of IT Security	IT Security and Fraud Management	B3	41	M	IT teacher	16
Emily	Consultant	Senior consultant	Payments & Transactions	C6	36	F	Bank manager	15

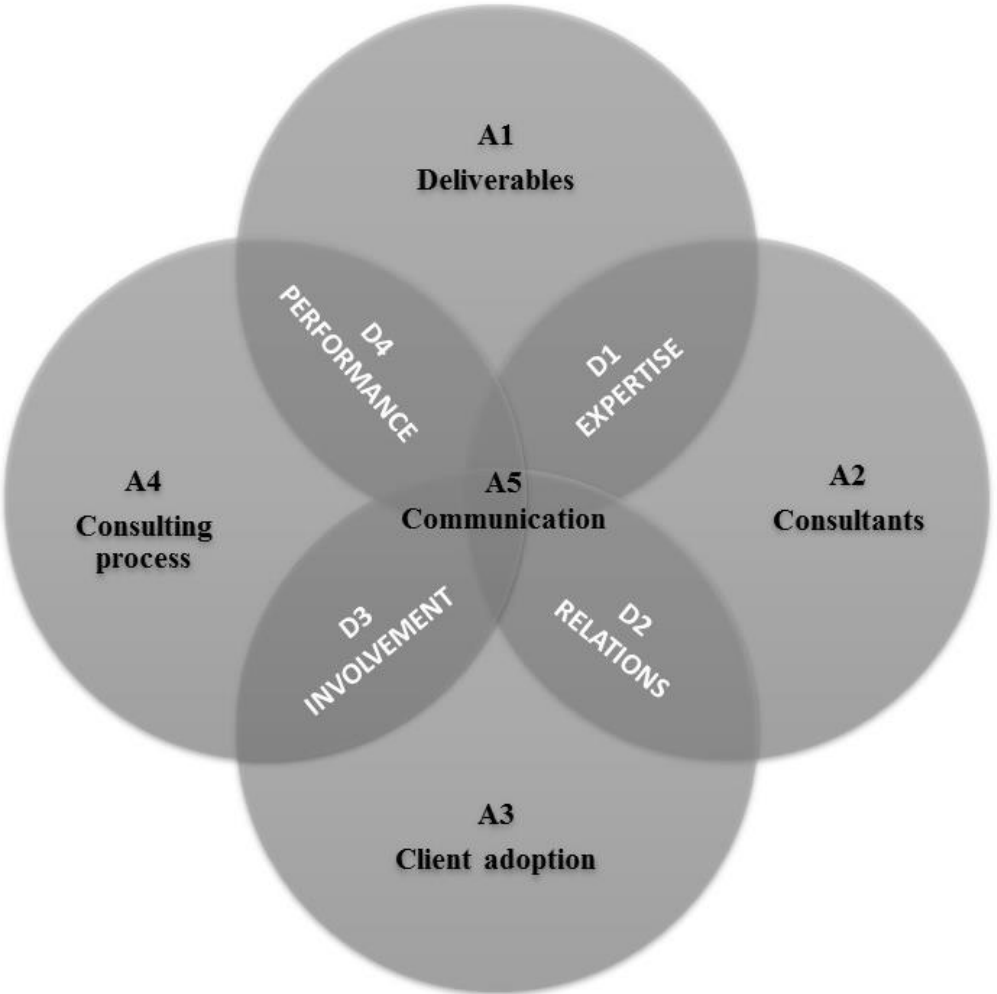
Notes: Names are pseudonyms. Position and expertise are accurate however in some cases exact position description was changed on request of participant. All participants established client-consultant relationship during his/her career and have relevant experience in the field of consulting projects. The B1-B8 coded companies in this study are well-known commercial banks with annual balance sheet of 5-23 EUR billion and between 998-8200 employees. Consulting firm coded C1-C6. All consulting firms are major players in the consulting market and considered top-class in the management consulting industry.

Figure 1. Evaluation stages and quality features of perceived quality dimensions

Evaluation stage	Time	Dimension		Level of tangibility
Level #1: formal evaluation		PERFORMANCE	EXPERTISE	
Level #2: informal evaluation		Excellent outputs <ul style="list-style-type: none"> • Quick wins • Achieved project goals • Value added outputs • Supplementary benefits Excellence in delivery <ul style="list-style-type: none"> • Flexibility • Visibility • Demonstrability • Availability • Speed & Self-control 	Qualified team <ul style="list-style-type: none"> • Right project team structure • Required competence Long-term benefits <ul style="list-style-type: none"> • Applicability • Sustainability • Future prospects 	
		INVOLVEMENT	RELATIONS	
		Efficient resource utilization Mobilization <ul style="list-style-type: none"> • Acceleration • Awakening • Encouragement 	Adaption Confidence Appropriate consulting style Conflict management Commitment Management support Ethical and behavior norms	

Source: own construct

Figure 2. Perceived attributes (A1-A5) of quality dimensions (D1-D4) in management consulting projects



Source: own construct