



The coordination of resources as an instrument of competitiveness in the business consulting industry

A coordenação dos recursos como instrumento de competitividade empresarial na indústria de consultoria

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Summary: In an era of particularly intense competition, the consulting services are becoming an increasingly important source of aid for strategic making and an important way to increase efficiency and quality in the various business activities, being seen by many managers as an influential and powerful tool for organizational change, bringing new life to the organization and procedural chain of the company. The purpose of this article is to emphasize exactly this situation, showing from a case study carried out in one of the biggest Portuguese private banks the real value of professional advice when you combine a broad view of business to study a set of skills closely linked to the relationship between service / market, focusing on "core" competencies, resources and offers increasingly facilitating the well being of the client, fostering creativity and dynamism in the activities of companies operating through the potentials of TIG (information technology management).

Keywords: Outsourcing, Development, Operational Efficiency, Organizational Change, Coordination and Control.

Instruction

Between 1950 and mid-1980s, paraphrasing Porter (1980), the main concern for the consultancy study was mainly focused on organizational development, whose principal aim of the strategy was entered in the identification of a particular problem for later propose solutions to resolution.

However, many of the absolute truths concerning how to manage organizations today,



are being increasingly discussed and questioned. The increasingly complex world we live in, where seemingly disparate events are interrelated technological developments and blurring the boundaries between the sectors of economic activity, requires a way of thinking clearly showing the way to achieve more coherent links between the binomial quality and strategy (António, 2006).

These and other concerns have also focused the attention of the current literature on management consultancy, reproduced by some authors who have followed this issue. According to Fincham and Clark (2002), these paradoxes are the reasons why actual academic researchers bring this issue to the study of management consulting, because, according to the authors, this sector represents one way that makes it possible to outsource the management and leverage effects of innovation given the parallelism between the affairs consultancy, the central management structures and processes and an excellent management of several paradoxes for practitioners of these new times, like, think long-term, but to show immediate results; innovate without losing efficiency, cooperate but also compete, work in teams, being evaluated in individual terms; be flexible without breaking the patterns; live with real increasingly virtual; remain free, but is increasingly networked; seek perfection in the midst of fast; be aggressive without losing the emotion and respect for others; act quickly by impulse, but with awareness and responsibility; being an entrepreneur, but constantly changing and innovating.

But are these modern ways of seeing management disseminated by consultants (Fincham and Clark, 2002)? Are they mediators and generators and distributors of new knowledge (Thrift, 2005)? His ideas are reflected and dominant in the knowledge management and organizational learning in the field (Sturdy, 2009)?

The case study carried out in one of the biggest Portuguese private banks in monitoring and evaluation of three different IT projects in the area of treatment of values, conducted by consultants of a major consulting company in Portugal tells us so.



Indeed the critique often associated with management consultancy based in the name of the consultants as rationalizers, whose emphasis is focused on cutting costs and jobs to cope with immediate problems (O'Shea and Madigan, 1998; Craig, 2005) is somewhat widespread in this context, being evidenced on the other hand the concentration of consultants in search of a set of products and services that meet in the future their "Shareholders", in the face of careful management and coordination of resources that bring a new life to the organization and to the procedural chain of the company through the decentralization outside some activities that are not key as a distinct set of skills, proving that efficient management of resources can be the focus of competitive advantage, either by reducing fixed costs, either still, the potential efficiencies to be gained by release time for executives who can devote themselves more closely to the core competencies of the company, strengthening them and increasing the competitiveness of their products/services. The focus is then placed on the contribution, conceptualization and understanding of the nature of consulting work (Fincham and Clark, 2002) and the real value of consultants in the way that they show the same value to their clients (Alvesson, 1993; Clark, 1995; Starbuck, 1992).

This article aims to illustrate exactly these assumptions, showing from several reports had with senior managers of the bank that the consultants may in fact be a powerful influencers of organizational change (Sturdy and Wright, 2008) tailored technical knowledge base and behavioral to help their customers and improve the organizational practices of companies.

In truth, following the line of evolutionary study of organizational strategy (time of placement based on building and defending competitive advantage versus the time of movement marked the mid-1990 by transience of these same advantages, which reflects the focus of innovation growth and expansion (António, 2006)), particularly in an era of intense competition, the outsourcing earn in this perspective manifest preponderance in the new contextual organization of businesses, encompassing the characteristics of the emerging networking company, from consulting firms to



incorporate new types of services related to outsourcing, as reported by senior managers had been contacted as the ideal response, an option that allowed to reduce costs, improve quality and, more importantly, giving the capacity to release resources to be focused on the business, focusing on core competencies.

The strategy here is the result of combining existing resources with activities and, taken together, generate specific skills that sustain competitive advantages, with a sole objective of creating value from the point of view of the market, organization or shareholders, which goes some way to counter the version of Alvesson and Johansson (2001) – sustained in the fact that consultants are not in possession of a set of sustainable knowledge base to support their business status and credibility, and the Chinese and Western Europe vision, whose professional consulting are possessed of incredible power that in most cases comes from nothing and is reflected in something not accountable and whose visibility is nil (Micklethwait and Wooldrige, 1996; Madigan and O'Shea, 1997).

Methodology

In terms of design research implicit in this research was based on an exploratory case study (Yin, 1994) by the need to understand the complex social phenomenon outsourcing when analyzed in light of its relation to procedures for consulting, seeking to investigate this same contemporary phenomenon in the context of real life.

The conduct of this case study was conducted in a prestigious private Portuguese bank, in monitoring and evaluation of three different IT projects in the area of treatment of values, which in light of domestic programs had the objective to carry out the transformation of certain operating activities were obsolete when analyzed from a perspective of organizational development, using this way to automation and outsourcing strategies of their business based on developing computer tools that allow achieving those goals.



This work was then based on the non-participant observation conducted by a team of three consultants and two senior managers with internal interpolations where the author proved necessary in the course of action, being the work also enriched by data collected in documentary work, such as project documents and internal reports.

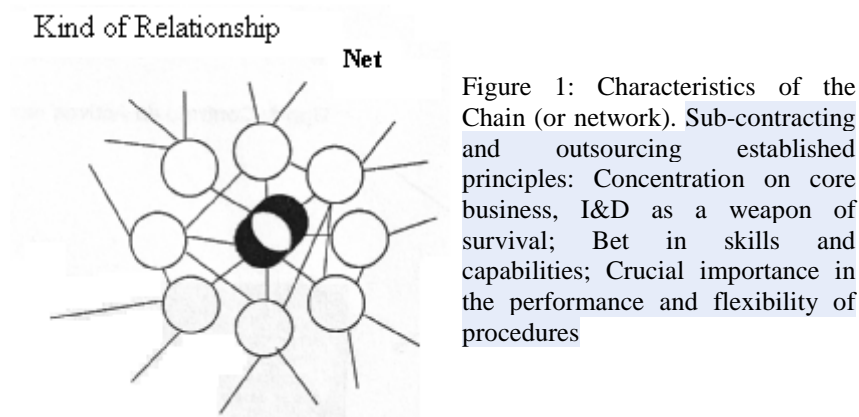
The data obtained had the intention of gaining new inputs about the contribution of consultants to the business strategy and generate new ideas and theories in the construction of patterns and comparisons between the business consulting and outsourcing, who results in a theoretical framework combined with empirical data based on the articulation of coherent equilibrium that should be drawn between techno-economic, political-relational and organizational systems for decision, results of a tailored and integrated management.

The rise of outsourcing and the focus of careful management of resources in the field of management consulting

While the increasing pressure of markets, has led organizations and people to reconsider their strategies in dealing with the other parties, the truth is that traditionally this relationship tends to be characterized by a strong dichotomy. The whole teaching given to us since early age will accordingly: "I win because you lose". This way of being is the source of most of the relationships established between organizations and individuals and is characterized by being the type of win-lose (or lose-win depending on the perspective of those looks).

Many have realized that this form of relationship proved to be inefficient, because in the long-term, this approach degenerates into results of type lose-lose (ie, all parties lose). In contrast, relations win-win tries to expand the value or the available resources by the parties concerned through integrated and cooperative negotiation processes. The involved parties negotiate to determine the most equitable division of value.

This logic of frontier creation value brings us to the business fronts and tend to benefit medium and long-term options whose routines activities may be sub-contracted adopting a logic of partnership (win-win game - Collaborative) whose border activities can come from outside, in order to make the work more effectively (distributive core whose focus is not on the operability of activities) - Figure 1.



The relationship network shown in the picture, then based on the principle "Network Sourcing; Downstream Focus" conducted by consulting firm to develop their projects characterized by low operability of the original product, process control, delegation of tasks to third parties and economies of scale by the possibility of lowering the operating costs of existing processes (Lars and Gadd, 2008; Bergkvist, 2008), which has been supporting Kipping (2002) argumentation, when mention that now a days the current rapid response to periodic changes of the interests of clients in the consulting sector should be based from informatics base networking and expanded business systems.

But there is potential for strategic differentiation? Which activities should outsource and which ones should keep within the company? As broadcast by one of the consultants, the answer to these questions should be based on the fact that the outsourcing should be considered only in activities that involve a low strategic importance or where third parties can develop the same operations more efficiently, faster, and fundamentally with lower costs.



But, transcribed by another consultant, more importantly yet is focus on the essential and core skills, as well as clearly define the competitive positioning of the company.

This strategic vision and this form of business management triggered from new economic and organizational developments, redesign the new form of management mentioned by Arruñada and Vasquez (2006), the 'Contract Manufacturers ". This form of outsourcing does not pursue both cost reduction, but fundamentally the rapid response to market by introducing new mechanisms, techniques, procedures and technological flexibility, allowing business customers to focus on innovation and activities that are considered "core", enabling combine skills in an intelligent way, providing not only increased profitability, reduced risk and increased flexibility, but also a substantial improvement of responsiveness to customer needs in a lowest cost.

Examples of this type of innovation, since the beginning of the millennium had been illustrated by Styhre and Werr (2002) when the authors mention that the consultants should include long-term links between advisers and clients or temporary outsourcing agreements in order to radically improve an operation before they start whatever with the client, because neither the critical and functionalist approach supports any kind of movement in this direction, since both appear associated to the bureaucratic ideals that block instead of supporting innovation in the relationships between client-consultant, which allows to analyze the consultancy on a basic spectrum (Ehrenberg et al, 1994) to provide incremental performance improvements.

Moreover, this approach is also question the denomination of consultants as rationalizers, often focused on cutting costs and jobs to cope with immediate problems (O'Shea and Madigan, 1998; Craig, 2005), because the main purpose of this measure is to focus the company and its workers in the "core" activities in an development perspective, outsourcing, minimizing or eliminating activities where this is not prominent or that others may actually do better and at much lower cost. In this case, are being created intangible assets, such as sharing of know-how and technological



diversification, while the cost of creating this asset will be borne only once in the initial phase, because in the future the process will be supported by the introduction of new introduced automatisms (Porter , 1986).

Besides the advantages mentioned, as reproduced by the consultants, are also recognized the existence of other hidden capital gains, or at least not so evident, and these derive mainly from the fact that they allow the relationship and involvement with various organizations cultures, experiences, management styles and different skills.

Among these advantages can be identified, the know-how that is generated and can be an important source of innovation and change, the possibility of partners can do benchmarking and make contact with some best practices, as well, identify weaknesses from disclosure of its skills, and the opportunity to be able to be changed some management processes, this because some partners often turn out to be more demanding than their own end customers.

Thus, the present developments undertaken by consultants in the projects analyzed have been responding to foundations of McLarty and Robinson (1998), when mentioning the consultants should provide important knowledge for the client and do in order to contribute as an added value, which represents in this case that we are in presence of professional drivers of change with completely objective advices in the developing of their corporate customers. What finds in fact, is that improving the management capacity, it became a matter of survival for organizations and technologies have redefined the concepts of time and space for a new context and new contexts involving change, action, dynamism.

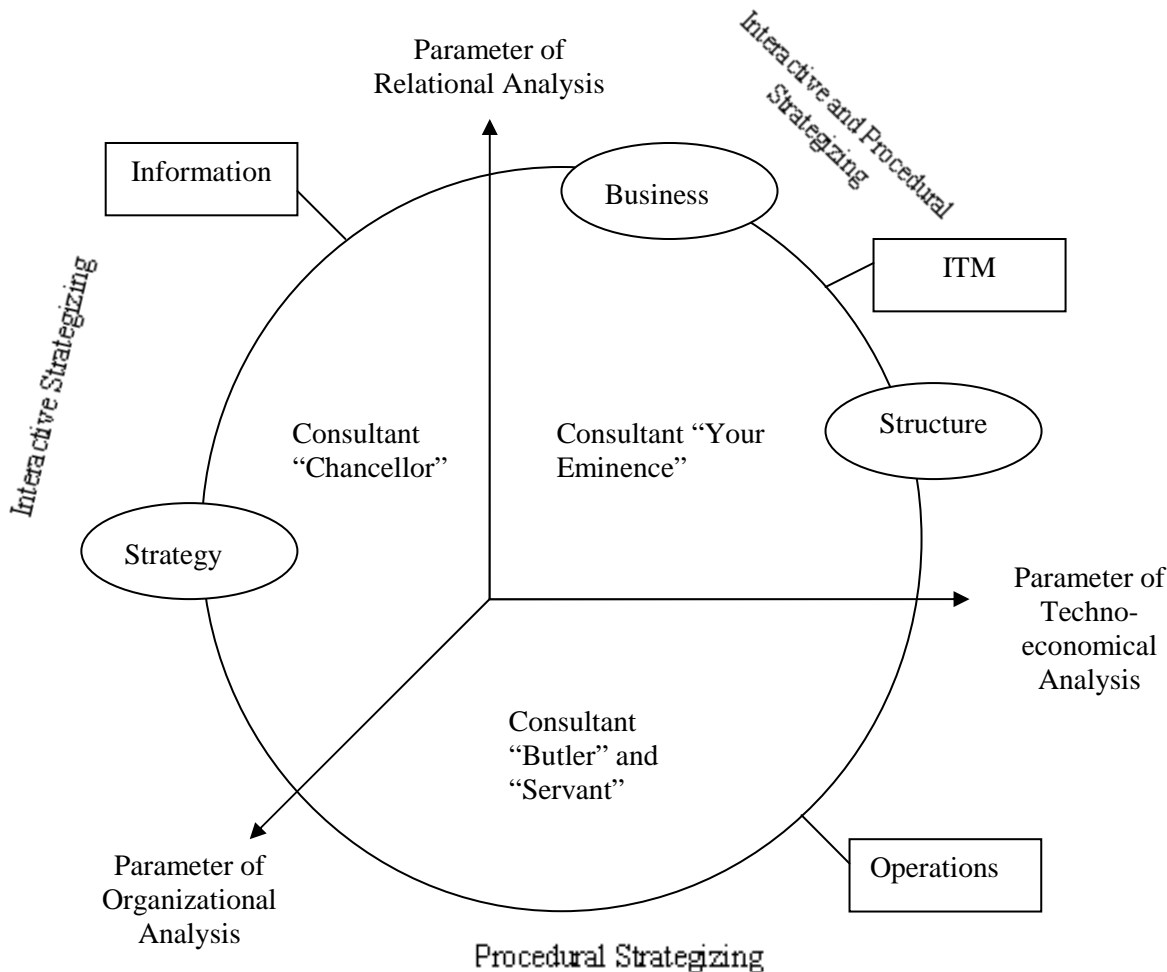
Organizations are to be viewed from this perspective in an economic, political, organizational and individual optic (Du Gay, 2005) and developments such as outsourcing and organizational imperative change continue to dominate organizational research around the world (Barley and Kunda, 2004; and Beer Nohria, 2000; Sturdy and Wright, 2008).



Model Management dimensional Systemic Management Consulting

In order to conceptualize all data hitherto analyzed is necessary to build a conceptual framework that enables connect the management model of outsourcing included in the projects developed in this case study, the integrated system approach in the perspective of design planning from the economic, political and organizational dimensions and, identifying the different roles of consultants (Ludgreen and Blom, 2009) in the development of strategic work that is generated by the different vertices of analysis of this model - Figure 2.

Figure 2 – Tridimensional Systemic Management Model of Management Consultancy



This model consists on three axis (business, strategy and structure) and three lines that allow better positioning the problems of the organization (information, operations, information technology management (ITM)).

The heart of the model is the place of business support, which is covered by the architecture shown in figure 2, being the strategic components, structural information, information technology and operational management to investigate the fields of activity in detail and define the best strategy to adopt. In other words, this model has an essential function of management that allows defines the diversification strategy to develop without the manager being an expert in technology management.

Moreover this approach induces an integrated component system from the perspective of planning conception through three dimensions - economic, policy and



A strategic decision is thus defined as the articulation of coherent balance established between technical-economic, political and organizational systems decision, resulting from a tailored and integrated management.

The technical-economic system embodies the means of production of strategic planning, with systematic rigor and detail, involving the macro and micro means, or in other words, the global, sectoral and specific and yet the systemic environment of the firm. What in the case of a contractual outsourcing basis refers to an option to reduce costs, improve quality and provide the ability to free up resources so that they are focused on business, focusing the company on core competencies.

The politico-relational component shows in turn the perspective of the strategic behavior of actors/systems, in the presence of systemic environment, in this case making merge the network society, through consulting firms to incorporate in its customers companies new types of services related to outsourcing contract basis.

At the other end of the system is important also consider the organizational system, which includes the morphological, decision-making, bureaucratic, relational and control systems in confront with systemic environment, which assumes that in consulting works the tasks of the clients may well be linked only to residual activities of monitoring and control.

These systems thus provide a deeper insight and are complementary, and should be understood and apply globally, otherwise the analysis is necessarily limited.

Making a guidelines and a conceptual lecture of the model components and framing the strategic-economic, operational (organizational) and relational components is easy to perceive that the appropriate requirements of organizational development must be fundamentally linked to the development of new automation procedure based on information technologies management, as a resource yet in a contractual basis linked



through outsourcing services in the implementation of new methods to solve a set of structural problems.

The information, here enhanced by information technologies and communication, thus assumes, the role and importance due in creating value, in a market where knowledge of the customer, competitors, suppliers and other economic managers, it becomes vital for the design and implementing business strategies.

In this context, the business concept represented here is closely related to the binomial between service/market, incorporating in the midst a highly technological component in a transversal character, seeking to offer their customers (internal and external) a facilitator of welfare, just as which represents the saving of time and resources to companies by leveraging the ITM.

Illustrating the conceptual framework of the model and the strategic-economic, operational (organizational) and relational components is important to identify the different roles of consultants in developing these activities, including how they act, what kind of work they do, what kind of interactions that sustain this work and with what resources.

Converging then the identification of the different roles of consultants from Lundgren and Blom (2009) in relation to activities that constitute its strategic work in terms of practices that develop - The consultant in the role of "Chancellor", "Your Eminence", "Butler" and "Servant" - the position of "Chancellor" is directly linked to the parameter of relational analysis, which incorporates the strategic component and knowledge (information about the environment), which implies that much of their time is spent in the most various types of interactions, whether of a formal and/or informal character in order to provide the construction of an information structure that allows them to easily set a strategic direction and influence managers and executives in strategic decisions to develop.



For its part, "Your Eminence" still has access to some interactive nature of interventions with managers and customers, the fact that are associated to an organizational status unofficial limits them in this type of intervention, what makes them sought more often to give advice and develop ideas and actions that create value added in terms of conception of a particular strategic business structure who wants to be carried out by the consultant "Chancellor". Therefore, the consultant's role in this quadrant is directly connected to the parameter of techno-economic analysis incorporating the components of structure, business and information technology, result of the interactive work, but sometimes also procedural who "forced" to develop.

At the opposite site of the figure we have the position of the "Servant", whose role is fundamentally more limited or null in terms of activities that involve interactivity, being in this conjuncture these consultants more related to a procedural basis on their activities, being essentially linked to knowing "do", not taking in the majority of time any possibility to influence any decisions, which in the figure is represented by the parameter of organizational analysis and "operations."

Along the line of "Servant", the role of "Butler" is mostly limited, although it can enjoy an official status as the first does not hold. The activities of the "Butler" are typically linked to the development, compilation and presentation of information about a particular context that were tasked to work, which the consulting approach is described as a "Senior Servant," which allows some organizational visibility and exposure status that the position of "Servant" does not hold at all.

Conclusions and directions for future studies

This study aimed to achieve theoretical generalization of a three-dimensional model linking the systemic management consultancy sector to an strategic base developed with resource to the outsourcing, illustrating a very simple reality, does not exist a



better way or reason to proceed to outsourcing, and even exists, is guaranteed that will change with time, with the pressures of business, politics and the technology itself. In fact, the only thing we can agree on is that outsourcing is a way that deserves to be considered given the potential it holds.

Here the consultant's role may be crucial, providing important knowledge for the client to contribute as an asset in the amount of certain parameters that are outside the skills and experience of organizations (McLarty and Robinson, 1998), fitting perfectly in this conception the perspective of a consultant as being "hybrid" of Merton (1972) and Sturdy and Wright (2008), should act as an external actor to the organization acting as a internal agent of change, using both the functionalist and critiques visions of consultants perspective (Styhre and Werr, 2002).

Therefore concluded, that there is no doubt that outsourcing is a virtual inevitability, whose role of consultant may contribute to the formation of certain identities, practices and ideas that can promote the organizations in various ways (Sturdy & Wright, 2008) and thus not likely that the interest of the organizations regarding the "business process outsourcing decrease in the near future, and this issue will surely continue to touch the lives of many of the top managers, professionals from information systems and the users themselves that need to adjust to new people, cultures and procedures.

In this measure, the change must always be seen as an opportunity and should already be working in such a way as to avoid the risks are inherent. The consultants should work here as real drivers of change, with totally objective advice and a rigorous notion of management in terms of the switchover plans to incorporate for an efficient management of this paradigm, which also refers to the fact of having to work as a chameleon who need to feel comfortable in many roles, working out, in advance, the exact role expected before starting the project (McLarty and Robinson, 1998).

Finally, it should be noted that this research has served a very objective purpose and incorporate findings of a very specific context of a case study that can't be generalized



(Eisenhart, 1989; Yin, 1994), being necessary further investigations to conform the exploration results, in order to strengthen and develop new conceptual frameworks about the topics discussed.

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