

# Management Innovation in UK Consultancies



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# Overview

1. The Project
2. Qualitative Results
3. Quantitative Results
4. Back to the drawing board.....



# Project



Business process re-engineering, time-motion, Lean, value-chain analysis, TQM, system dynamics, outsourcing, Six Sigma, benchmarking, balanced scorecard, SSADM , UML, DSMS, Agile, Porters Five Forces, Industry Lifecycle, 4Cs, 4Ps, Culture Change, Organisational Learning, 7-S Framework, Forcefield analysis, Core competence, Emotional Intelligence, Management by Objectives, Performance management, Portfolio management, Growth Share Matrix, Portfolio analysis, ADL Matrix, BCG Matrix, Innovation Management, Cash ratio, DCF, EBIT, Cash-flow, PLA, ROI, P/E Ratio, seven habits, continuous professional development, SWOT, Cost-Benefit Analysis, PEST analysis, brain-storming, Innovation adoption curve, 6 thinking hats (De Bono), Product / Market Grid, human capital index, game theory, governance models, strategy mapping, Schein's levels of culture, dimensions of change, risk management, Capability maturity model, theory of reasoned action, Soft Systems Methodology, Kepner-Treque Matrix, Cost-Benefit analyses, absorption costing, contingency theory, groupthink, core groups, strategic business unit design, results orientated management, root cause analysis, Kaizen, diamond model, parenting styles, levers of control, change phases, planned behaviour, the OEM cube, cost benefit analysis, change management, the matrix of change, risk management, statistical process control, Systems Dynamics, scenario planning, organisational development, Scenario Planning.

# Stakeholders



THE  
CHARTERED INSTITUTE OF  
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MCA

A POSITIVE FORCE  
FOR THE ECONOMY

OGC



Deloitte.



McKinsey&Company

# Research Focus

- AIM Report: Innovation as a key challenge of UKCI
- How do consultancies generate and disseminate management innovations?
- What factors influence this process?



# Qualitative Results

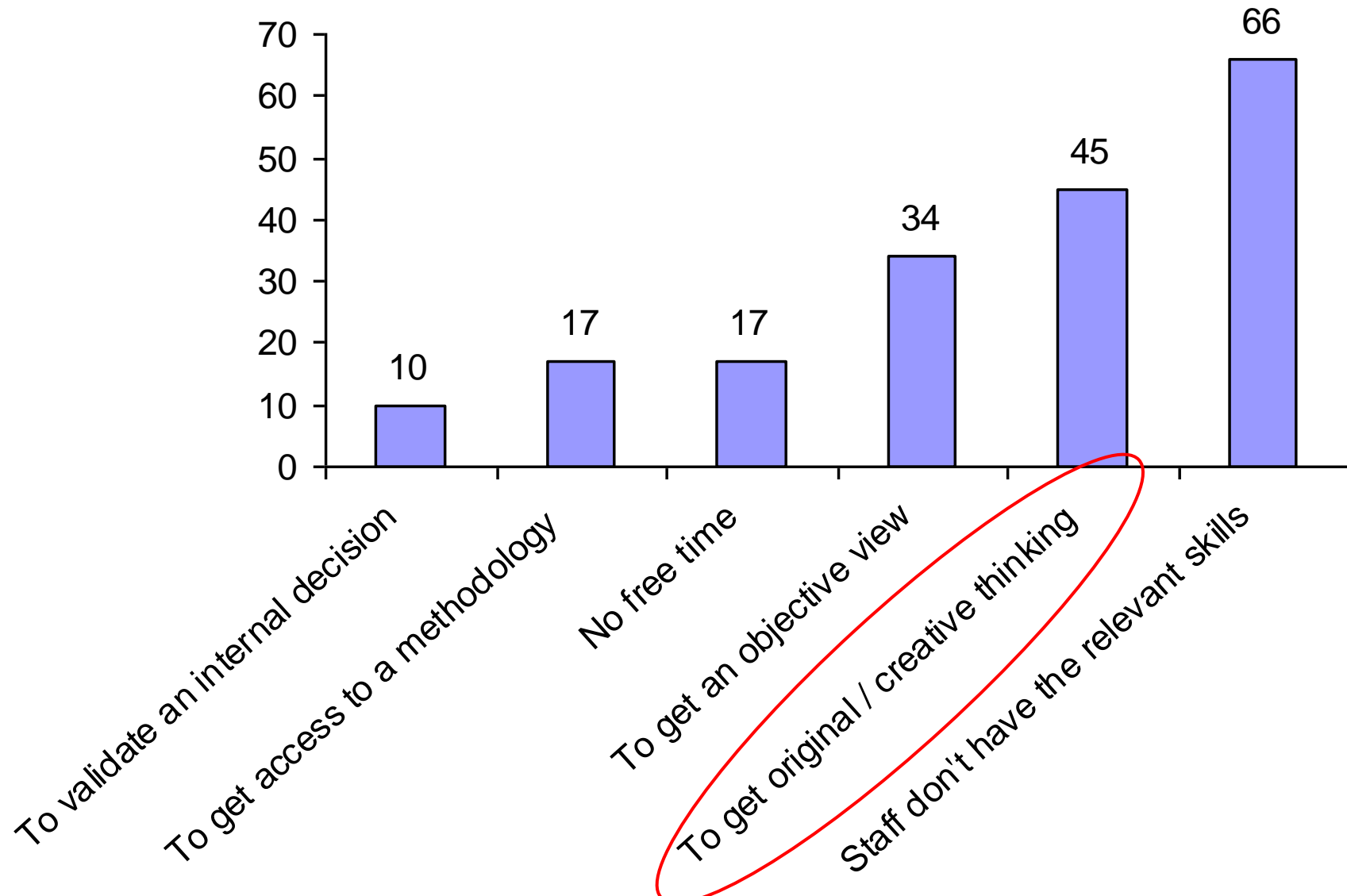


# Literature Review

- Consultants performing standard roles
  - Sturdy
- Decreasing productivity
  - Sako
- “Agents of stability, not change”
  - Furusten
- “Needs a big new idea”
  - Economist



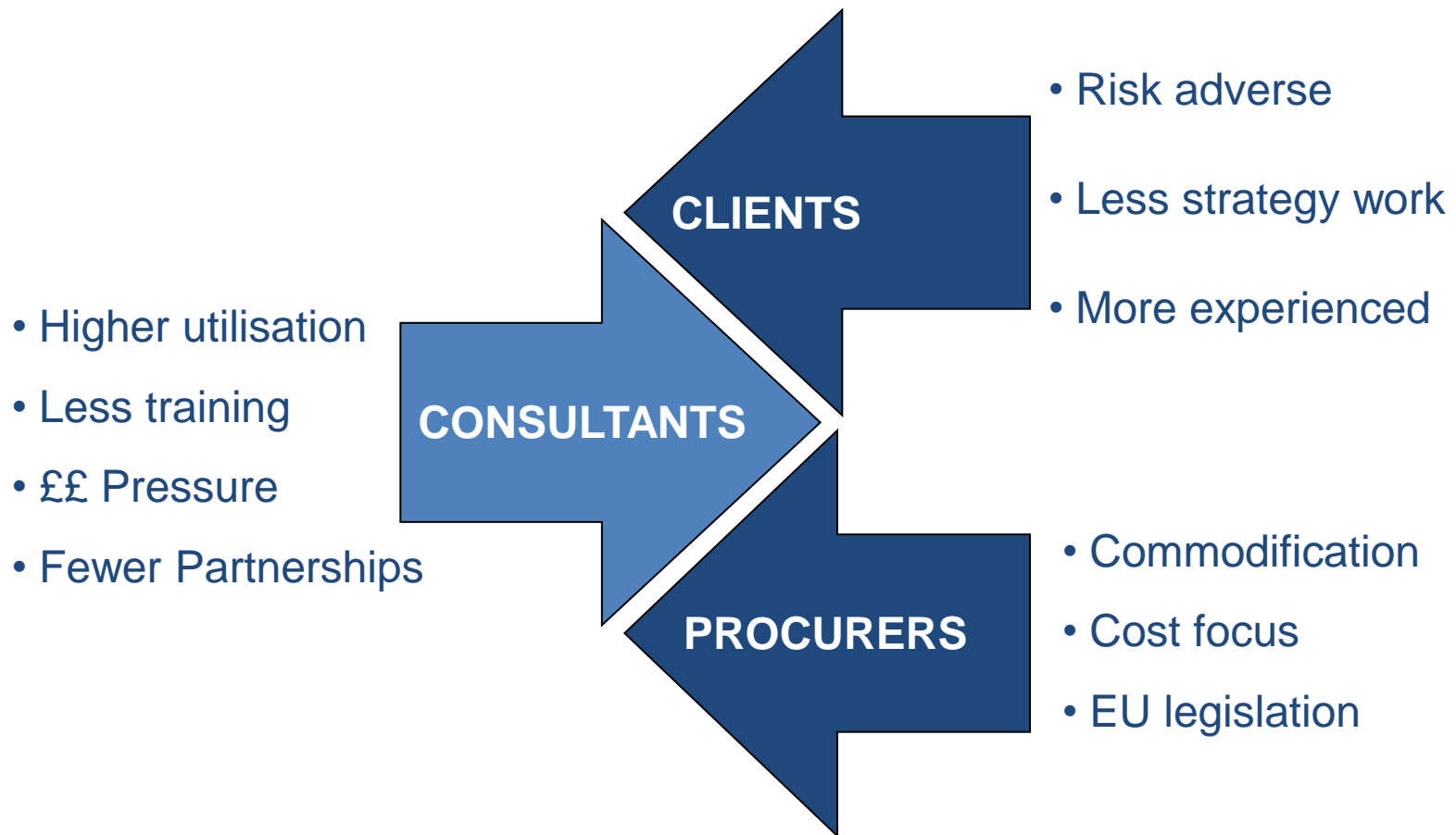
# Why Clients Use Consultants



# Clients aren't too happy.



# Barriers to Innovation







**SIC 7414**

**N = 130**



# Did you introduce new or significantly improved services?

2005	2007	2009
33%	34%	45%

**: 38% increase**

# How were these services developed?

	2005	2007	2009	% Inc / Decl.
<b>By your enterprise group</b>	25	28	9	-66
<b>Jointly with other institutions</b>	8	22	22	166
<b>By other institutions</b>	1	1	13	1679

# Why?

	<b>2005</b>	<b>2007</b>	<b>2009</b>	<b>% INC.</b>
<b>Increased range of goods or services</b>	1.22	2.10	2.26	85
<b>Entered new markets or increased market share</b>	1.40	2.39	2.06	47
<b>Improved quality of goods or services</b>	1.50	2.61	2.65	77
<b>Increased value added</b>	1.47	2.48	2.44	66

# Who did you co-operate with?

	2005	2007	2009	AVERAGE	% INC.
<b>In Enterprise</b>	13	14	32	20	48
<b>Suppliers</b>	16	16	33	22	38
<b>Clients</b>	<b>16</b>	<b>19</b>	<b>51</b>	<b>29</b>	<b>83</b>
<b>Competitors</b>	12	10	23	15	26
<b>Consultants</b>	10	12	19	14	33
<b>Universities</b>	9	6	10	8	-7

# What Constrained Innovation?

	2005	2007	2009	% increase	Total
Excessive perceived economic risks	44	35	52	18	44
Direct innovation costs too high	42	40	46	9	43
Cost of finance	35	32	47	33	38
Availability of finance	35	31	45	28	37
Lack of qualified personnel	35	38	43	21	39
Lack of info on technology	28	28	34	20	30
Lack of info on markets	31	30	36	16	32
Market dominated by established enterprises	36	28	38	5	34
Uncertain demand for innovative goods or services	39	34	44	12	39
Need to meet UK Government regulations	22	23	27	24	24
Need to meet EU regulations	19	21	22	14	21

# Back to the Drawing Board



# Tentative Hypotheses

- Service innovation is not decreasing but it is changing
- Greater competition & lower margins:
- Strategic Shift: build relationship / reduce costs
- Innovation in conjunction with clients
  - Loosing Intellectual Property
  - Declining “Expert Status”?
- Correlated to size / ownership?