



Academic Seminar

Management innovation in UK consultancies



Dr Joe O'Mahoney spoke at an academic seminar hosted by Cass Business School and the Centre for Professional Service Firms, on 7 April 2011.

At the seminar, Joe presented the early findings of his research project relating to management innovation in UK consultancies. His presentation at Cass focused on three main research questions which can be summarised as the what, how and why of innovation in management consulting. As such, the first of these seeks to understand what innovation means in the world of management consultancy. The second examines how innovative practices have changed. The third looks at why innovative practices have

changed. These questions were addressed using multi-methods, including two large questionnaire surveys (one pilot) which provided both quantitative and qualitative data, supported by a series of detailed interviews. Having outlined this methodology and related factors, including how to define and delimit innovation when it is largely self-reported, Joe focused on how and why constraints to innovation arise. He reported a complex relationship between procurement specialists, clients and consultants where for example procurers encourage commodification and downward price pressure, clients become more risk averse as the size of projects grows and consultants respond with higher utilisation rates and less training.

Related to this is the changing structure of the consultancy sector, where declining profit margins relate to higher leverage ratios, and to the increasing commodification of consultancy work. This latter development may make consultancy less attractive to the most talented graduates which in turn potentially limits the capacity to innovate. Whilst emphasising that he aimed only to present early findings from his research, Joe concluded with several tentative hypotheses. He believes that the evidence suggests that service innovation is increasing but also that it is changing. As such, the picture is complex and to some extent differentiated according to organisation size and type. For example, small consultancies are more likely to buy in innovative tools whilst larger consultancies are increasingly sharing innovation costs with clients. These changes are taking place against a distinct context, specifically the 'war for talent' and the economic downturn, and this context influences the processes Joe reports. However, emphasising insights from critical realist perspectives, Joe does not seek to isolate the changes he describes from this context, but in fact makes this backdrop integral to his analysis. The next phase of his project will see Joe distribute a larger questionnaire survey to consultants in order to help build upon and substantiate these hypotheses.

Dr Joe O'Mahoney

Joe is a lecturer in Organisation Studies at Cardiff Business School, and a Fellow at the Advanced Institute of Management (AIM). Following completion of his PhD, he worked as a management consultant specialising in change management. On returning to academia, he has studied a number of areas relating to the management consulting industry including the institution of ethics, the evolution of management ideas and the application of critical realism in relation to identity change.

Dr Louise Ashley