A Conceptual approach to a Management Consulting engagement with the Indian Entrepreneur

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INTRODUCTION

There has been a rapid growth of management consulting in the last 3 decades, though institutional and transaction uncertainties such as lack of professional standards and products hamper the management consulting industry (Furusten, 2003 cited in Furusten, Staffan, 2009; Glucker and Ambruster, 2003). Similar to large enterprises, the millions of entrepreneurs and small businesses in India are a huge market for the professional management consultant. But the entrepreneurs and small business owners are skeptical about the use of management consultants. Scarcity of knowledge about market, consumers, products, technology, human capital, innovation, creativity, finance, marketing skills, strategies, processes, growth trajectories, plague and elude the average Indian entrepreneur. Yet, the management consultant is never considered for assistance.

Fear of being manipulated, fear of failure, fear of high consulting fees, high locus of control are some common reasons that have emerged in various studies. With "Make in India", the mantra today, how should the management consultant address the ever burgeoning Indian entrepreneurial market?

LITERATURE REVIEW


Small businesses and entrepreneurs refrain from the use of consultants due to stage in the firm's life cycle, scarce financial resources (Greve, A. and Salaff, J.W., 2003) and time (Johansson, 1999 cited in Kim Klyver, 2008; Hjalmarsson and Johansson, 2003 also cited in Kim Klyver, 2008). However, with progress over time, the entrepreneur or the small business owner realises (Barney, J.B., Busenitz, L.W., Fiet, J.O. and Moesel, D.D., 1996) the lack of capabilities and this dawn of awareness enhances the scope for use of external consultants.

Hannu Littunen and Hannu Niittykang, (2010) have also dealt with growth perspectives of an entrepreneurial firm and have identified an Entrepreneur's motives and knowhow, Entrepreneur's networks, Entrepreneur's management capabilities and Firm's strategies as key factors.

THE INDIAN ENTREPRENEUR

Qain, 2011 (cited in Jain, Ravindra; Ali, Saiyed Wajid, 2012) describes entrepreneurship, as a process by which an individual or a team of individuals, who recognise opportunities for business and value creation, decide to exploit the opportunities in pursuit of some desired value. Establishing a new business, developing and launching a new product or service, exploring and exploiting new markets,
leveraging innovative strategies are all part of entrepreneurship. The entrepreneur, the resources, the environment and the start-up process determine entrepreneurial success.

According to a study (Jain, Ravindra; Ali, Saiyed Wajid, 2012), Indian entrepreneurs were found to have less than moderate risk-taking propensity. Indian entrepreneurs were found to be low in Achievement Orientation, Entrepreneurial Orientation and Pioneering-Innovation, while they were found to be high on internal locus of control (Jain, Ravindra; Ali, Saiyed Wajid, 2012)

Thus, numerous opportunities abound for the management consultant who can intervene in the entrepreneur's pursuit of growth, profits and success.

OVERVIEW OF THE CHALLENGES

Frida Pemer and Andreas Werr, (2013) introduced three types of uncertainties in clients for management consulting. Performance uncertainty is the perception that a client has about the performance, quality and delivery of a management consultant. Relational uncertainty is the perception that a client has about a consultant's opportunistic behaviour and access to internal data and values. Psychosocial uncertainty is the perception that a client has about the internal disruptions and reactions, that the entry of the management consultant can cause to the firm.

Besides these, Need uncertainty, Market uncertainty and Transaction uncertainty also rule the field of management consulting (Bo Edvardsson, 1990). Edvardsson (1990) refers to the uncertainty in being able to determine the exact need as Need uncertainty. Fit or the question of choice of right consultant is Market uncertainty. The uncertainty about the completion of the assignment successfully, pertains to Transaction uncertainty.

These uncertainties are at an elevated level in the case of entrepreneurs or small business owners who faces scarcity in resources, troubles in start-up, PESTLE and competitive forces. Consequently, in order to reduce these uncertainties, the entrepreneur or small business owner has the proclivity to look to known business contacts and friends (Greve and Salaaff, 2003; Evald, M.R., Klyver, K. and Svendsen, S.G., 2006).

According to Ojasalo (2001) clients have Fuzzy, Implicit and Unrealistic expectations. Fuzzy client will have fuzzy expectations in the absence of clarity on the outcome of the consulting engagement, which will most likely be the case of an entrepreneur. A client may assume certain results which is called Implicit expectation. Unrealistic expectations are when the clients expect the management consultant to influence the results in an extraordinary manner.

Therefore, marketing and subsequently winning an assignment from an entrepreneur or small business owner can be a challenging task for a management consultant.

RESEARCH OBJECTIVES

The scope for a management consultant's services to an entrepreneur is vast and growing. Can a management consultant engage the Indian entrepreneur successfully? What factors in literature should a management consultant focus on, to secure an entrepreneur as a client and achieve success and client satisfaction?

FINDINGS AND PROPOSITIONS

This study, findings and propositions are based on a qualitative study of extant literature and expert views.
Expertise and Competence

Barbara Czarniawska, (2013) describes the uncertainties clients face and how management consulting can reduce these. However, the outcome of the consultant's intervention does not depend on the consultant's skills but on the ability to precisely diagnose the client uncertainty (Barbara Czarniawska, 2013) and solve the problem. In order to deliver, a management consultant needs competence, expertise and experience.

Education and experience of a management consultant are perceived by a client as powerful drivers of a consultant's performance (Ansgar Richter and Sascha L. Schmidt, 2006). Professional competence and previous experience play a major role (Flemming Pouffelt and Adrian Payne, 1994). A client's uncertainty can be amplified if the consultant fails to impress the client with educational qualifications and consulting experience. Based on literature, we introduce a proposition:

P1: In the Entry phase, education qualifications, expertise, competence, consulting experience and references are vital for a management consultant to succeed in engaging an entrepreneur as a client.

Client focus

Since the entrepreneurial client engages the consultant only to progress, the management consultant should focus on helping the client to move forward (Nada K. Kakabadse Eddy Louchart Andrew Kakabadse, (2006). The client should be the focal point in any consulting engagement (Ron McLachlin, 2000). The 'uncertain' entrepreneurial client will certainly expect exclusive and sole attention from the management consultant (Shenson, 1990).

Proper client focus alone will help the management consultant collect relevant information in order to understand the client well, needs and expectations and to design the method of intervention (O'Driscoll and Eubanks, 1993). Based on the literature, we introduce a proposition:

P2: Proper focus will facilitate understanding the entrepreneur's internal motives, knowhow, needs and expectations, to formulate an appropriate strategy.

Trust

The consultant's expertise, experience and networking skills will contribute to building trust and help in beginning an engagement in the Entry phase. Trust is an important factor between the entrepreneurial client and the management consultant in the initial phases on the engagement.

Credibility and trustworthiness of a consultant are interlinked (Kumar, Vanya; Simon, Alan; Nell Kimberley, (2000), Stumpf and Longman, 2000). Trust has a positive effect on reducing transaction costs (Bromiley and Cummings, 1996). Trust also impacts risk taking (Mayer, R.C., Davis, J.H. and Schoorman, F.D., 1995). Fincham (1999) has confirmed that the highest level of trust can influence the outcome of a successful consulting relationship. Unless a trusting relationship is established, it will be difficult to understand the entrepreneur's networks, contacts and connections.

Addressing rapid-cycle rapid-result (RCRR) phases of the project (Schaffer, 2002 cited in Steven Appelbaum Anthony Steed, 2005) will demonstrate early success in the project and accelerate client motivation, satisfaction with the consultant's performance and trust into the relationship. Consequently, we introduce a proposition:

P3: To succeed, the management consultant should demonstrate thorough professional competence and complete confidence to earn the trust of the entrepreneurial client
**Agreement on Objectives**

To avoid the failure of the engagement, it is important that the management consultant and the entrepreneurial client discuss the project objectives. Both the client and consultant should have clarity (Appelbaum et al., 2005) and agreement on the aims and objectives of the engagement (Johanna Fullerton Michael A. West, 1996). There should be clarity on the objectives of the engagement (Ron McLachlin, 2000) in order to avoid later misunderstanding and conflicts (Natalia Nikolova, 2006). This will reduce the degree of uncertainties experienced by the entrepreneur. We introduce the proposition:

**P4: Clear agreement on project objectives will define the scope and ensure smooth relationship with the entrepreneur**

**Agreement on Deliverables**

Understanding the difference between client results and consultant deliverables is significant in the interest of a successful outcome (Appelbaum et al., 2005). Unrealistic expectations of a client can be avoided by clarity in project deliverables. The management consultant should ensure high quality deliverables that will impact client satisfaction (Matti Haverila Earl Robert Bateman Earl Robert Naumann, 2011). If the deliverables are measureable (Appelbaum et al., 2005), the client will be able to perceive results and consequently trust and relationship will improve, paving way for uncertainties to reduce and lead to a successful outcome. We introduce the proposition:

**P5: Clear agreement on deliverables in each phase of consulting will ensure unambiguous and smooth relationship with the entrepreneur**

**Alignment**

Alignment in a consulting engagement has to do with self-esteem and ego (John O. Burdett, 1994). A management consultant should endeavour to align with the client's interests first. Alignment should occur while in engagement with different levels of hierarchy of client staff. Alignment is an essential component in the case of delivery as pitching for delivery at an inappropriate level can cause serious erosion to image and credibility.

Providing early results reinforces the notion of a customised approach, thus bringing in client-consultant alignment (Appelbaum et al., 2005). Alignment will have to be appropriate for the entrepreneur's management capabilities. We introduce the proposition:

**P6: Alignment with the entrepreneur will ensure mutually satisfying experience in the engagement**

**Consultant characteristics**

A consultant's performance is also perceived based on the quality of relationship such as a partnership approach, good interpersonal and communication skills (John Chelliah, Natalia Nikolova and Douglas Davis, 2008). Good client-consultant communication leads to a successful client-consulting relationship (Appelbaum et al., 2005; Smith, 2002; Bowers & Degler 1999; Bobrow 1998). Ability to initiate a change and manage change requires interaction skills (Richter et al, 2006)

A management consultant should be creative, innovative and agile. Creativity and Innovation are among the important consultant's strategic capabilities listed by clients (Alan Simon Vanya Kumar, 2001). A management consultant is called in to address four types of organisational problems: Scarcity, Uncertainty, Instability, and Conflict. Innovation drives new approaches, concepts and
techniques. Creativity is a necessary condition for problem-solving (Natalia Nikolova, 2006). The client would expect the consultant to be capable of delivering both.

Maintaining confidentiality, a component of a consultant's integrity (Margolis, 1985 cited in Ron McMachlin, 1999) can reduce relational uncertainty and build client's confidence in the consultant. Consequently, we introduce a proposition:

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P7: \text{Professional consultant characteristics will enhance respect and recognition for the consultant and contribute to engagement success with the entrepreneur}
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**Project management skills**

John Chelliah et al, (2008) cites several authors to demonstrate the importance of project management skills which include compliance with timelines, meeting client expectations, updating clients on progress and maintaining high quality deliverables. Project management skills are essential for effective and efficient project execution (Bronnenmayer et al, 2014). Kubr (2002) has also stressed on the need for project management skills for a management consultant.

Knowledge of the process of consulting as prescribed by the International Council of Management Consulting Institutes (ICMCI) and The Institute of Management Consultants of India (IMCI) and a certification (CMC) from ICMCI can communicate the presence of consulting skills required for the project. Our proposition:

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P8: \text{Professional project management skills will define the degree of success of the engagement with the entrepreneur.}
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**Client readiness**

The management consultant should understand that handling an entrepreneur or a small business owner requires kids' gloves and should ascertain if the client is actually ready for change and the degree to which client involvement (Ron McLachlin, 1999) will materialise. Project deliverables can be structured accordingly. In order to achieve this, understanding the client, needs and expectations is necessary. The entrepreneur or small business owner can display a parsimonious attitude due to shortage of resources and hence this aspect becomes crucial.

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P10: \text{Entrepreneur's readiness and involvement will define the path and progress of consulting engagement}
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**Locus of control**

According to Rotter (1996), locus of control plays an important role in a consulting engagement.

In the case of an entrepreneur, the consultant may have to let go of the locus of control to the entrepreneur, who, burdened with many uncertainties, may face high level of stress and the perceived locus of control may offer some solace.

In effect, the shift of the locus of control in a consulting engagement actually opens the floodlight on client-consultant relationship and in particular, communication. The management consultant should be sensitive to this fact and display fine skills to ensure the fabric of client-consultant relationship is not strained. The consultant should allow the client to have control over the engagement, since the client is the owner of the project and should be responsible for the outcome. Our proposition:
The management consultant should strategically and tactically, not focus on locus of control when in engagement with an entrepreneur.

**SUMMARY AND CONCLUSION**

The management consultant should first earn the trust of the entrepreneur and small business owner with testimonials, educational qualifications, consulting experience and knowledge of the problem. The Entry phase in the consulting process with the entrepreneur will be challenging and strong networking or references will be required.

The consultant should ensure clarity and clear agreement on objectives and deliverables with the entrepreneur. The consultant should not recommend solutions without complete focus on the client, understanding the client needs, expectations and the readiness of the client to accept changes. The consultant should ensure availability of requisite project management skills and possess the essential characteristics that will facilitate a good relationship and transfer of knowledge, value proposition, diluting the loci of control and focusing on helping the entrepreneur.

Challenges are steep. Consulting to an entrepreneur without an understanding of the factors discussed, will be an open invitation to misunderstanding, distrust, loss of time, loss of credibility, loss of revenue and dissatisfaction.

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