



National Audit Office

HELPING THE NATION SPEND WISELY

The National Audit Office scrutinises public spending on behalf of Parliament.

The Comptroller and Auditor General, Sir John Bourn, is an Officer of the House of Commons. He is the head of the National Audit Office, which employs some 850 staff. He, and the National Audit Office, are totally independent of Government. He certifies the accounts of all Government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.

Our work saves the taxpayer millions of pounds every year, at least £8 for every £1 spent running the Office.

For further information please contact:

National Audit Office
157-197 Buckingham Palace Road,
Victoria, London, SW1W 9SP

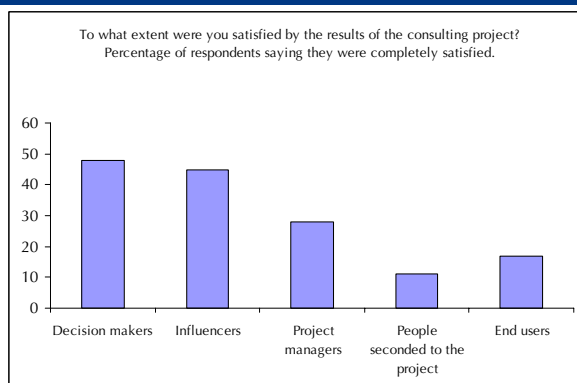
Central Government's use of consultants: Building client and consultant commitment

CONTENTS	PAGE
Section 1: Overview and objectives	2
Section 2: What clients can do to increase engagement among their own staff	4
Section 3: What clients can do to increase engagement among the consultants they work with	7
Section 4: What consulting firms can do to engage client staff	9
Section 5: What consulting firms can do to engage their own staff	10

Section 1: Overview and objectives

1. This paper looks beyond the procurement process to take into account the context in which consulting projects take place and the way in which organisations work with consultants. Its aim is to:
 - highlight how public sector organisations can work most effectively with consultants
 - make practical recommendations for public sector managers involved in consulting projects.
2. One of the main reasons why consulting projects may fail to deliver the expected benefits is that those involved from the client side have insufficient incentive to make the project a success. Instead of being encouraged to go the extra mile, they may feel pushed aside, even threatened, by the consultants.
3. Recent research (**Figure 1**) has shown that the further removed someone is from the decision to use consultants the more likely they are to feel this way. People who are brought from other parts of the organisation to work on projects which involve consultants or who are affected by work the consultants do are significantly more likely to be confused about who is responsible for what, frustrated because they don't know what the consultants are doing, complain of poor communication and be cynical about the consultants' willingness to roll up their sleeves and get on with the work. Not surprisingly, these people are much less likely to be satisfied by the result.

1. Satisfaction levels fall as you go down the project hierarchy



Source: Management Consultancies Association, 2006

4. A critical element of consulting projects is therefore engagement - both of the people who work in the organisation that hires the consultants (the client) and among the consultants themselves. Engagement here implies gaining their enthusiasm and energy to see the project through to its conclusion, so that they are more likely to put in the discretionary effort so often required to make things a success. Engaging both these constituencies requires action on both sides:

Clients have to ensure:

- their staff are emotionally, as well as intellectually, committed to a project;
- the consultants they hire are similarly committed to the success of the project.

Consultants have to ensure:

- they allow people in the client's organisation to take an active role in the project and help them develop their skills;
- their own staff are genuinely committed to the project.

5. **Figure 2** provides an overview of the key actions clients and consultants should take. It is based on a more detailed framework, developed by the NAO, in collaboration with several experts on the consulting industry.¹
6. In order to understand how effectively government departments and the consultants who work with them engage those involved on consulting projects, the NAO carried out interviews in 5 government departments spanning 12 consultancy projects with people who were involved in the projects at different phases and in different capacities. The following sections summarise the considerations that both government departments and consultants need to heed and highlight recommendations for future working.

¹ The NAO would like to thank Andrew Sturdy at the University of Warwick, Tim Clark at Durham Business School, Heidi Gardener at London Business School, Tim Morris at Said Business School in Oxford and Karen Handley at Oxford Brookes University for their help in developing this framework.

2. Recommendations to improve engagement in consulting projects		
 in order to ensure client staff are committed to the project in order to ensure consulting staff are committed to the project
Actions clients take....	<p>Be clear about the aims of the overall project</p> <ul style="list-style-type: none"> • The clarity with which the aims, success criteria, deliverables have been articulated and communicated • The realism with which expectations have been set prior to the start of the project • Define, manage and realise the specific benefits for using consultants • A specific assessment of the rationale for using consultants is carried out • A formal assessment is undertaken of the skills an organisation has available prior to the decision to use consultants • The use of consultants is limited to short periods of time, rather than being repeatedly renewed • The consultants' work is evaluated after the project has been completed and any lessons learned disseminated elsewhere in the organisation <p>Prepare the ground for the use of consultants</p> <ul style="list-style-type: none"> • The rationale for using consultants has been clearly communicated to all levels in an organisation • The extent to which the procurement team and end-users have a good, effective working relationship <p>Maximise the value employees can add</p> <ul style="list-style-type: none"> • Investment is made in developing in-house project and supplier management skills and/or recruiting staff who have experience in managing consulting projects • Consulting teams involve a combination of consulting and client staff; work is allocated fairly and transparently to both groups • The people to work with the consultants are chosen carefully, not allocated simply on the base of who is available • Employees gain personally from successful consulting projects • Ownership of the project remains with the client; senior managers have hands-on responsibility for ensuring success 	<p>Involve consulting firms prior to the procurement phase of a project</p> <ul style="list-style-type: none"> • An opportunity to input at the scoping stage of a project is provided • An interactive dialogue is developed with potential suppliers so that the latter have the opportunity to explore and challenge the client's assumptions <p>Exchange information with key suppliers</p> <ul style="list-style-type: none"> • An understanding of aims and constraints of both sides is built <p>Incentivise the consulting firm</p> <ul style="list-style-type: none"> • Where appropriate, payment of the consulting firm is linked to its performance • The consulting firm's reputation is put on the line in every project • Clients meet their obligations as a quid pro quo
Actions consultants take....	<p>Actively involve client staff</p> <ul style="list-style-type: none"> • The consulting process is transparent so that the client's staff can feel they are part of it • The client staff and consulting team share a common language; the consultants refrain from using off-putting management speak • The consulting team's approach is flexible rather than rigidly adhering to a prescribed methodology • The consultants coach and mentor the client staff 	<p>Change the attitude of consultants towards clients</p> <ul style="list-style-type: none"> • The consultants appreciate and are sensitive to the organisational ethos of their clients • The consultants are rewarded for the success of the project and the client's satisfaction, not because they have sold more consultancy services

Source: National Audit Office

Section 2: What clients can do to increase engagement among their own staff

1 Be clear about the aims of the overall project

- A project – consulting or otherwise – is only likely to succeed if everyone involved understands its overall objective, the benefits and deliverables anticipated, and the definition of success. These objectives must be understood so that all stakeholders are clear of the wider context that the consulting project operates within.
- This is true at all stages in a project, not just at its outset. Projects are typically divided into stages and it is just as important for the people involved in later stages to have a clear and consistent understanding of these points.
- However, objectives are likely to be unclear when either the expectations of the senior people in the organisation are untested and potentially unrealistic, or serial reorganisations results in the ownership of a project being passed from one department or business unit to another.

EXAMPLE 1: Be clear about the overall aims of the project

In 2004, Prudential UK & Europe, a leading life and pensions provider, was looking to replace its existing voice and data network as part of a larger programme to improve customer service. It hired a consulting company to define the objectives of the project and subsequently act as lead advisers throughout the process of finding a new telecoms supplier, negotiating an agreement and implementing the change. The transition to the new supplier was achieved to time and budget.

Gary Gordon, the Head of Supplier Management at Prudential attributes the consulting firm's effectiveness to the clear objectives they were given. "Every organisation has strengths and weaknesses, and one of the most important things that managers need to do is recognise these and adapt. Bringing consultants in makes good sense if they can add a new perspective, but you need to be clear about what you're trying to achieve. You shouldn't let the tail wag the dog. We were extremely focused about what we wanted to get out of the new telecoms contract, so the consultant's team knew exactly what we wanted to achieve. The common pitfalls of consulting projects – such as those where the consultants gradually enlarge their role and fees beyond the original terms of reference, come down to very strong management.

'Scope creep' happens when clients don't put a sufficiently strong person in charge and/or where they haven't established firm and clear objectives and fully considered the options and outcomes in sufficient detail. Similarly, we don't want our people to become addicted to using consultants, but to be capable and confident enough to think things through for themselves, to seek and challenge advice such that they are able to make good and informed business decisions rather than being sold the consultant's potentially over engineered solution."

Source: National Audit Office examination of Prudential

2 Define, manage and realise the specific benefits for using consultants

- Although most organisations develop business cases to justify expenditure on specific projects, the majority do not evaluate the case for involving consultants with the same level of rigor. Often, it is assumed that consulting input is necessary, but the value of that input is not articulated. If this value is not clear from the outset, there is a far greater likelihood that the presence of consultants will be misunderstood and resented. People will feel marginalised, rather than engaged.
- Similarly, while some organisations carry out formal assessments of the skills available internally (which might decrease the need for consultants), many do not. Thus, consultants end up being brought in on basis of assumption, rather than fact. Where the skills required do, in fact, exist internally, this leads to cynicism among staff who believe they have been passed over or ignored. For example, 'generalist' consultants are sometimes engaged to manage 'specialist' consultants, to perform a risk assurance role. In many cases, this role can be done by a client person which can be more cost-effective as well as promoting greater internal accountability and ownership of the project.
- Consultants should be a short-term resource, the value of which can be severely compromised if they stay beyond the end of their allotted task. Clearer exit strategies should be drawn up which encourage organisations to put in place the necessary steps to ensure they do not become dependent on the consultants they use. A decision to extend the work of consultants should be scrutinised just as much as the initial decision to use them. While there is widespread acceptance in the public sector that consultants bring specific expertise not available internally,

public sector managers have become so accustomed to the presence of consultants that they are quick to hire and use them. This situation is exacerbated by the perceived barriers to recruiting new full-time staff and the speed with which public sector managers are sometimes under pressure to react.

- It is important, too, to evaluate the performance of a consulting firm, once its involvement in a project is over. Effort should be put into assessing whether the hard and soft benefits promised by the consultants have, in fact, been delivered and into analysing what lessons have been learned and disseminated about the effective use of consultants in the future.

EXAMPLE 2: Getting specific skills from consultants to fulfil your requirements

The Department for Communities and Local Government's senior management team identified that a Programme Manager with experience of the fire service was required for the implementation phase of the New Dimension programme. New Dimension is seeking to enhance the capability of the fire and rescue service to respond to a range of incidents. Industry experience was vital to get the respect of regional staff that would be affected by the Programme. The Department was unable to identify an internal candidate with sufficient experience of the fire service so used a consultant. The Department believes that this person has proved to have the required skills to gain the trust and buy-in of departmental and fire service staff.

The Prime Minister's Delivery Unit used consultants to help develop the framework for departmental Capability Reviews and get stakeholders engaged into the process. The Reviews assess capability in the Civil Service in three key areas – leadership, strategy and delivery and aim to identify where departments need to improve. Two of the key skills required by the Delivery Unit were facilitation and managing workshops, in particular for a two-day workshop to be attended by a cadre of very senior civil servants. The existing civil servant project team had strong experience in facilitation and managing workshops, however they identified the need for even more sophisticated skills and experience. The team had previously worked with consultants to achieve similar objectives and engaged with them again for their specific need. The feedback from the two-day workshop was positive and it was an important factor in the development of the framework and the level of buy-in that has been achieved for Capability Reviews.

Source: National Audit Office examination of the Department for Communities and Local Government and the Cabinet Office's Prime Minister's Delivery Unit

EXAMPLE 3: Evaluating the use of consultants

The Environment Agency has introduced "value registers" which aim to capture the savings made during the course of a project – the costs avoided or the time saved, for instance – as distinct from the benefits of the overall project. This is quite different to the way most organisations think about the costs and benefits of using consultants: typically, the latter are rolled up into the business case for a project as a whole, making it hard to see what value has been specifically added by the consultants involved. By contrast, the Agency's approach aggregates all the small-scale benefits often missed in big projects. "One of the advantages of the value registers is that it increases peer pressure among supplier," says Paul Sedgwick, the Agency's Commercial Manager. "They can look over each others' shoulders and see how they're doing by comparison. It raises the stakes for the suppliers and, because we now deal with a smaller number of suppliers, there's a genuine incentive to come up with good ideas. We can also allocate work on the basis of performance."

Source: National Audit Office examination of the Environment Agency

3 Prepare the ground for the use of consultants

- People who are cynical about the value consultants add are unlikely to make good use of them; they may withhold information or support, sideline the consultants or simply drag their feet when it comes to implementing their recommendations.
- This is particularly important where people are seconded into a consulting project from elsewhere in the client's organisation or are affected by the work the consultants do. The reason for bringing consultants in needs to be communicated effectively to all those involved in or likely to be impacted by a project - junior staff and middle managers, as much as senior ones. Those involved in commissioning, sponsoring or managing a consulting project, who are likely to feel positively about the consultants' presence, need to take steps to ensure that those involved in other capacities and at other stages of the project do not feel marginalised.

- Organisations that make effective use of consultants are more likely to invest time in identifying whether there is an anti-consultant bias and trying to counter it by briefing their own staff (as well as the consultants) about why consultants are necessary so that their people are clear about the specific rationale for using consultants.
- Problems here can be exacerbated in organisations where the relationship between the end-users (who will be working with the consultants) and the procurement team (responsible for hiring the consultants) is poor. It may be that the procurement team are regarded as being too rigid by the end-users and/or that the end-users try to by-pass what they perceived to be unnecessary procurement rules. Procurement teams need to ensure they are adding value to their internal customers (eg by collecting feedback and performance evaluation of consulting firms, by helping end-users understand the consulting industry), not simply policing their activity.

EXAMPLE 4: Importance of cultural fit in selecting consultants

The Identity Programme within the Home Office seeks to provide UK residents and with a secure method to prove who they are. The programme team did a cultural review of the Department to inform its tendering and selection process for consultants. The analysis included a review of the opportunities and threats of using consultants. The Department assessed the cultural fit of the prospective consultants as part of the supplier interviews. In their final decision, culture was a key deciding factor. The Department chose the consulting company because of its cultural differences with the Department, rather than similarities – the Department saw this difference as being useful to provide the required challenge and momentum to the programme.

Source: National Audit Office examination of the Home Office

EXAMPLE 5: Developing a joint team

The New Dimension programme at the Department for Communities and Local Government used an away day to lay the foundations for joint department and consultant team working. The Senior Responsible Owner briefed civil service staff, secondees to the programme from the Fire Service and the consultants on the proposed working arrangements and the need for interdisciplinary teams. The away day also aimed

to remove the potential language barriers, in particular the use of jargon from both sides. The joint team approach was helped by co-locating in the Department's offices. The shared team ethic created a long term positive relationship between all parties. It has been so important to the programme that, on reflection, the Department would have spent more time building the team at an earlier stage.

Source: National Audit Office examination of the Department for Communities and Local Government

EXAMPLE 6: Preparing client staff to work alongside consultants

In the Home Office's Process Improvement Programme, the project teams were jointly made up of consultants and Home Office staff. The aim of this programme was to trial changes in processes in different parts of the Department to produce efficiency savings. The Home Office staff seconded to the project feel that they have gained valuable experience from working alongside the consultants, but it has also, at times, been a very challenging experience. The project methodology, the hours kept, the focus on milestones were different from what the secondees were used to, and in retrospect, the project team could have allowed for a bit more time and offered more support to secondees to help them through this change.

Source: National Audit Office examination of the Home Office

4 Maximise the value employees can add

- Using consultants should never be an excuse for organisational ignorance. A consulting project is more likely to be successful if at least some of those involved on the client's side have relevant specialist expertise. Clients need to invest in areas of expertise and make it worth people's while to develop these skills. This expertise falls into three categories:
 - Experience of managing projects and providing leadership in the context of large-scale programmes
 - Experience in buying consulting, perhaps acquired through being a consultant in a reputable firm – someone who knows first-hand how the industry works and who is able to critique proposals effectively
 - Experience in managing consulting teams during the course of a project.

- From our research we have seen that many private sector organisations took the opportunity of redundancies in the consulting industry post the millennium to recruit senior managers from consulting firms. This has created a generation of managers who are substantially better equipped to ensure their own staff and the consultants can work effectively together.
- However, organisations – private or public sector – are only likely to be able to recruit and retain people with sufficient experience in these three areas if they can offer salaries which are closer to those offered by consulting firms themselves and provide a career ladder for such staff.
- Successful consulting projects, (in which there has been a genuine sense that the client’s staff and the consultants worked well together), tend to share some of the following characteristics:
 - The work has been carried out by a joint team working together in the same physical location.
 - The division of work and responsibilities between consulting and client staff has been fair and transparent.
 - People seconded into the project from elsewhere in the client’s organisation have been carefully chosen and are competent, not just those who happen to be available.
 - The people working side-by-side with the consultants have personal reasons for wanting to ensure the project will be a success – opportunities to improve their skills, to do more interesting work and/or to get promoted.
- However, joint client-consulting projects require leadership. Where an organisation is fragmented, it may be harder to find a single owner for a project and easier for senior people to wash their hands of it in the event that it runs into problems. Such situations create a vacuum – and it is usually the consulting firm which steps in to fill it, taking over ownership and, usually, increasing their fees as a result. The ownership of projects involving consultants should rest with those that have sufficient stature and position within the organisation to galvanise the people and capital resources required to deliver the project. Senior Responsible Owners should have direct, hands-on responsibility for large-scale uses of consultants, not just “oversight”.

Section 3: What clients can do to increase engagement among the consultants they work with

5 Involve consulting firms prior to the procurement phase of a project

- Few consulting projects can be scoped precisely and accurately in advance. Indeed, the flexibility consultants bring to an uncertain and rapidly-changing environment can be one of the most valuable things from a client’s point of view. Moreover, there are significant benefits to be gained by involving a small group of potential suppliers in preliminary discussions about the objectives of the project and approach to particular issues.
- With better information about the situation and the opportunity to test out ideas, the consulting firms are better placed to put together meaningful proposals once procurement begins. They are also more likely to be motivated if they have been involved in the scoping discussions and more informal dialogue prior to procurement.

EXAMPLE 7: Testing the market capability prior to signing a contract

Northern Ireland’s Criminal Justice Directorate used a six month “Proof of Concept” exercise on its Causeway programme to gauge properly the performance of all short listed consultants, prior to contract signing and the commitment of large sums of money.

The key challenge for the Causeway team was to establish whether it was technically possible to pass a great deal of information between six different IT systems. To address this risk the team conducted a proof of concept exercise with three short-listed consultancy suppliers. This lasted six months and involved an innovative approach of providing approximately £250,000 funding to each potential supplier to develop a prototype system and test its ability to deliver a working solution.

The Causeway team were able to evaluate how each supplier went about the process, with regular assessments made about the effectiveness of their project management, and how well their team worked with the personnel from the Causeway Programme and the Criminal Justice Organisations.

Upon completion of the proof of concept exercise, third party technical consultants were brought in to work alongside the Causeway team to assess each supplier’s prototype against a number of “fit-for-purpose” criteria. This process identified, amongst

other things, that one of the three supplier's prototypes did not work particularly well, and by doing the proof of concept exercise, failings and weaknesses were generally discovered much earlier in the Programme's lifecycle and before major expenditure had been committed.

The procurement phase, including the six month proof of concept exercise, started in June 2002 with the contract awarded to the winning consultants in August 2003.

Source: National Audit Office (2006) "Delivering successful IT-enabled business change: Case studies of success" HC 33-II 2006-2007

6 Exchange information with key suppliers

- Consulting projects cannot be successful where the relationship between client and consultant has become confrontational. For this reason, it is both reasonable and important for clients to understand the commercial pressures and objectives of their suppliers as it is for their supplier to understand theirs. Some organisations now make a point of holding regular meetings with the consulting firms they work with most in order to exchange such information.

EXAMPLE 8: Building relationships with key suppliers

Since October 2000, the Environment Agency has been putting framework agreements in place, sharply reducing the number of management consulting firms it uses, to the point where it deals with six firms instead of 46. Because the budget for consulting is now spent with a small number of suppliers, both sides have more of an incentive to invest in the relationship. Regular meetings are held with all the suppliers together, backed up with individual supplier development meetings. These meetings give all sides the opportunity to explain what their objectives and challenges are, and to develop action plans for improvement. As a result, the Agency acts as a conduit: taking good ideas from one supplier and applying them elsewhere.

Source: National Audit Office examination of the Environment Agency

EXAMPLE 9: Talking to suppliers to get better responses to tenders

The Ministry of Defence held a supplier day to outline the business requirements for their procurement reform project. This project aimed to improve the way the Department purchases goods and services. The Department had almost 80

responses to their initial Official Journal of the European Union (OJEU) advertisement for this project. In order to improve the quality of the final bids, improve supplier understanding of the business requirements and to reduce the number of inappropriate bids, the Department decided to hold a supplier day that would allow an exchange of information between them and potential suppliers. The supplier day had the desired effect – the Department received high quality, competitive bids from suppliers committed to the project.

Source: National Audit Office examination of the Ministry of Defence

EXAMPLE 10: Getting the administrative details right to prepare for the use of consultants

The Home Office engaged four consulting firms to work on its Process Improvement Programme. One of the practical lessons learned from this engagement was to remember to organise the administrative details required for joint working. For example, the joint teams needed to have common software, which needed to be requested and installed on team members' laptops, and consultants' security passes and network log-ons and office space needed to be organised. These details, although simple, caused delays in getting the joint team up and running.

Source: National Audit Office examination of the Home Office

EXAMPLE 11: Department and programme inductions to get consultants up to speed

The Department for Education and Skills' Bichard Implementation programme prepares induction packs to brief new consultants on the Department and the programme. The programme is looking to implement the recommendations from the Bichard Inquiry which assessed the effectiveness of record keeping and vetting practices arising from the Soham murders. The induction pack helps consultants to understand the environment that they will be working in and the aims of the programme. The induction pack is particularly beneficial following a move to recruit more individual specialist consultants with specific expertise rather than a single supplier team to deliver the entire output. To achieve value for money, specialist consultants need to be able to quickly understand and contribute to the goals of the Department.

Source: National Audit Office examination of the Department for Education and Skills

7 Incentivise consulting firms to deliver

- For all the talk about working “in partnership”, clients and consulting firms have different short-term objectives: clients want to get best value from consultants; consulting firms want to make money. For this reason, any payment mechanism which relies entirely on the time and effort put in by a consulting firm is only likely to cause dissension. By contrast, projects which are fixed price or include some element of contingent or performance-related pay are more likely to help both sides work together.
- That being said, results-based payment will not be suitable for all projects, only those where there are clear, demonstrable outcomes. The arrangement also needs to be fair to suppliers: clients cannot expect to transfer the bulk of the risk of the project to a consulting firm without offering some degree of compensation in terms of higher payment where the project has been a success.
- Self-improvement can be another powerful motivation for consultants on projects. Skills transfer can work in both directions – although usually discussed in terms of what the client can take away from working with the consultant, consultants can learn specific skills or sector expertise from their client counterparts.
- However, consulting firms rely on reputation as well as money: clients get better deals – and usually better input – where they have agreed to allow the consulting firm to go public with the work involved. There should be greater openness about consulting projects: clients should be prepared to let consultants talk about their role, but should equally make it clear that the consulting firm’s reputation will depend on successful completion of the work involved.
- Again, it’s also important that clients give as well as take. Clients should make good on commitments they make to the consulting firm, just as much as they expect the consulting firm to make good on its commitments to them. Thus, an organisation which wants a consulting firm to guarantee to make specific people available has to be prepared to ensure that its own people are available as promised, and an organisation that wants a consulting firm to complete a piece of work on time must ensure that it carries out whatever tasks it has agreed to, to the agreed deadline.

EXAMPLE 12: Using incentives to improve performance

The electronic Common Assessment Framework Programme at the Department for Education and Skills is looking to create a common approach to assessing a child’s individual needs across multiple agencies and local authorities. The programme retains five per cent of consultants’ monthly fees to incentivise performance. Each quarter the project manager meets with the lead consultant to assess performance in the quarter, for example whether milestones have been met. The consultants are then paid an appropriate percentage of the retained fee based on evidence of their performance in the quarter.

Source: National Audit Office examination of the Department for Education and Skills

Section 4: What consulting firms can do to engage client staff

8 Actively involve client staff

- Historically, consultants have been criticised for making their process a “black box”, doing much of their work away from their clients’ sites, implicitly belittling and marginalising their clients’ input in the process. Many firms now recognise that this needs to change: the more they can explain their work and involve a client in it, the more likely they are to develop effective relationships with people from their clients’ organisations. One of the most off-putting aspects of consulting is the industry’s widespread use of jargon and “consulting-speak”. For consultants to work effectively with people at all levels in their clients’ organisations, they need to be prepared to adapt their culture and language to suit their client’s environment.
- Consultants who come with pre-determined methodologies which they apply whatever the individual circumstances of a project give the impression that they neither listen to their clients nor take the comments the latter make seriously. Where clients think this, they’re more likely to complain about problems and less likely to work with the consultants to resolve them.
- One of the most important ways consulting firms counter the cynicism they often come across in client organisations is by ensuring they field knowledgeable, experienced consultants capable of gaining the respect of those with whom they work. They should also ensure their consultants are credible from the

outset in the eyes of the people with whom they will be working. For example, consultants should arrive with a clear understanding of the client's organisation, so that too much time is not spent on consultants "getting up to speed".

- Moreover, where consultants take the time to coach the client staff around them, the latter are much more likely to feel it is worth putting in the additional time and effort to make the project a success. Yet skills transfer is often something to which both clients and consultants only pay lip-service: clients are unwilling to pay for the time and effort required; consultants may be concerned about giving away valuable intellectual capital.

EXAMPLE 13: Actively involving client staff to generate solutions

The hub for many of the low-cost airlines serving London, Stansted's rush hour is between 5am and 7am, but, with only 14 x-ray machines, the airport was unable to sell all the available slots on its runway because it could not get people through security procedures quickly enough. Moreover, because the work is dictated by machinery, regulation and the volume of people going through the airport, it is difficult to find scope for improvement. The airport security team needed to free up greater capacity by screening passengers though security more quickly and maintaining compliance levels. Security officers have very little say in their work: however many good ideas they have about what could be improved, the opportunity to put those ideas into practice is severely limited.

Mark Murphy, BAA Stansted's Customer Services Director, asked a consultancy firm to help engage these essential employees and channel their ideas and energy towards solving this problem. But he also wanted to avoid the parent-child relationship that often sets in when using consultants and which would only exacerbate the situation: "The culture was quite paternalistic and risk-averse, but we needed to be able to devolve more decision-making down to the people on the ground, but without compromising security." He was particularly interested in "hot-housing", a way to develop new ideas from front-line people as quickly as possible, which he had seen the consultancy firm put into good use at another client and which had also been applied at Gatwick, another BAA airport. Ten security officers were taken out of their day jobs and asked to canvas their colleagues for good ideas for resolving fundamental issues; they were given ten weeks to formulate and test their ideas, with help from the consulting team.

"We tried to pre-empt the inevitable cynicism of such situations by preceding the actual hot-housing with work on developing the overall management capabilities of our security officers," says Murphy. "We'd spent time training and coaching them, making the point that we wanted to invest in them, not marginalise them."

Source: National Audit Office examination of BAA

EXAMPLE 14: How skills transfer can be managed

Skills transfer was a very important part of the consultants' job in the Home Office's Process Improvement Programme. One of the Department's suppliers used the following main techniques to transfer skills to their civil servants counterparts:

- joint working to allow the civil servants to see the consultants' methodology and practices at close quarters;
- set-up of skills transfer targets which were monitored at monthly intervals;
- providing a mentor from outside of the project who was available to provide advice;
- including time in the project plan to allow for skills transfer.

Through these techniques the civil servants are picking up important skills such as project and time management and methodology, IT systems use, communication, and strategic thinking.

Source: National Audit Office examination of the Home Office

Section 5: What consulting firms can do to engage their own staff

9 Change the attitude of consultants towards clients

- The underlying culture of a consulting firm can have a substantial impact on the chances of success. Consultants can sometimes patronise their clients, dismissing or deriding any contribution the latter might make.
- In particular, consulting firms need to be sensitive to the differences between working in the public and private sector. If working in the public sector, they need to ensure their consultants understand and share a sense of public service.

- As with all people, the way consultants are remunerated has a direct impact on their behaviour as individuals, as well as the culture and value of the entire firm. Consultants whose career progression depends on high client satisfaction ratings will focus on ensuring that their clients are happy with their work. But, conversely, consultants who stand to receive a sizeable bonus because they've sold work are inevitably going to be focused on persuading clients to buy more consultancy even where the latter doesn't need it.