

CONSULTANCY PERSPECTIVES ON KNOWLEDGE TRANSFER

THE SUCCESS OF CONSULTANCIES

Management consultancy has been one of the biggest business successes in recent years. In 1980, worldwide revenues in consultancy were estimated at \$3bn, yet by 2008, this figure had reached \$330bn, an increase of 10,000% in less than thirty years.

One of the major drivers behind the growth of the industry has been the increasing importance of knowledge expertise to the global economy. Each year, consultancies spend millions of hours with clients, encountering problems every day that normal businesses may only encounter once in a life-time. This method of working enables consultancies to generate and exploit knowledge, offering clients expert solutions to their problems that would be prohibitively expensive to generate in-house.



FROM KNOWLEDGE TO PRODUCTS

Knowledge, however, is a vague and amorphous thing which makes it difficult for the client, the consultant and the consultancy to get a handle on. If knowledge simply resided in the heads of the consultants, consultancy firms would offer little value and the accumulation of knowledge would be difficult to demonstrate to clients. To improve the management and marketing of consultancy knowledge, therefore, the majority of firms develop products.



Consultancy products, like the McKinsey's 7S Framework, pictured right, are artefacts of accumulated knowledge. They represent and structure the experience, lessons and ideas that consultancies experience thousands of times a year.

A product, whether it is a model, a tool, an idea or a framework, provides consultancies with several benefits. It provides a clear manifestation of their offering to clients that is easily communicated. It enables consultancies to focus their continuous improvement efforts in one place and to structure the lessons they learn. Finally, it generates an asset for the consultancy: a piece of intellectual property that can be reproduced, licensed and exploited to generate revenues in different ways.

SUCCESSFUL PRODUCT DEVELOPMENT

Successful consultancy products have several features that make them attractive to clients:

- | | |
|--------------------------------------|---|
| 1. They are client-driven: | they satisfy a business need that clients frequently face. |
| 2. They are multi-layered: | behind a pretty picture often lies a method, a framework or a tool. |
| 3. They build on previous expertise: | few products are truly new, most build on existing knowledge. |
| 4. They are legitimised: | associated with the government, academia and big brand names. |
| 5. They use networks: | products disseminate via personal and corporate networks. |
| 6. They are publicised: | via PR releases, articles, books and thought-leadership pieces. |
| 7. They are ambiguous: | products are interpreted differently on each implementation. |

FIRE-FIGHTING VS. BUILDING IPR

Many knowledge workers have the capacity to develop service-orientated products that could be an asset to the organisation but fail to do so. The reasons for this are two-fold. First, they spend all their time being reactive: firing out information without thinking about its strategic potential. Second, they do not have any product development mechanisms by which experience is accumulated, lessons are learned and mistakes are remembered. Finally, they do little market research to engage strategically with long-term client concerns.



Key questions which might help construct a client-led product development effort will include:

- What business problems are your clients consistently facing that you can, or do, help with?
- What areas of expertise / advice is your company particularly strong in?
- What research can be done to give you a better picture of these business problems?

These two questions should give you some common ground to identify potential product development areas. Furthermore, with regard to your internal knowledge management processes:

- What processes do you use to incentivise and communicate expertise and new ideas in your organisation?
- What research do you undertake into the business and information problems that your clients face?
- How can these areas be improved to better match your knowledge creation with your clients needs?
- What senior support is given to developing new products, ideas, tools or methods in your company?

With regard to the types of products that you might develop:

- How can the findings of the research be best communicated and publicised?
- What resources are there to develop your idea? What events might help you access these?
- What tools, methods, frameworks or processes might you develop to give depth and value to your idea?
- How can these assets be tested, publicised and used to add value in your personal and professional networks?

And finally:

- What systems can be created to ensure that lessons, improvements and experience are used to improve your products?