Title: Indirect Management Consulting – Evaluation of an alternative consulting method

Author: Fredrik Skålén

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| **Adress**      | University of Gävle  
Department of Business Administration  
801 76 Gävle  
Sweden  
Telephone (+46) 26 64 85 00  
Telefax (+46) 26 64 85 89  
Web site [http://www.hig.se](http://www.hig.se) |
| **Author**      | Fredrik Skålén                                                               |
| **Date**        | 2007-07-22                                                                   |
| **Supervisor**  | Dr. Maria Fregidou-Malama                                                     |
| **Abstract**    | Indirect Management Consulting (IMC) is a new concept within organizational change management consulting. The basic principle is to make the client more active in the change effort compared to conventional management consulting where the consultant actively drives the change. With IMC, the client is provided with a tailored set of skills and methods that makes him able to lead a change project and to make sure that the new organization is sustained. The IMC-model is a combination of management consulting and e-learning, where the consultant has an indirect role in supporting the client.  
This study has shown that the IMC-model increases the chance for successful change implementation by increasing knowledge and involvement of the managers in the client organization. A common problem with conventional consulting is that the new organization fails to persist some time after the change project has ended and when the consultants have left the organization. This is overcome by the IMC-model since it transfers necessary knowledge and tools to the client’s managers who then can drive the change as well as ensure sustainability long after the project itself is completed.  
The IMC-model is more cost-efficient than conventional consulting since less involvement is required by the consultant and since the customization of the e-learning systems can be made efficient by modularization. The lower costs make it possible to compete with a lower overall price and the combination of high quality of the organizational change with low prices makes the IMC-model an attractive complement to conventional management consulting. |
| **Keywords**    | Management consulting, change management, e-learning, operations management, consultancy, work organization |
“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change”

Charles Darwin
Summary

This study is a part of an evaluation of the potential of a new business concept within the field of management consulting. The study is written to give insight of the functionality of the concept as well as the market barriers that a new company can expect to encounter if it decides to start up a business based on the concept.

Indirect Management Consulting (IMC) is a new and unproven concept within change management consultancy and can in a simplified manner be described as a mix between e-learning and traditional management consultancy. The basic principle is that the client is given instructions and tools to be able to lead the change project by following a model similar to an e-learning program. The contents of the program are custom-built by a management consultant according to the needs of the change project. The consultant monitors the progress of the organizational change and adapts the model and gives feedback to the client as the project progresses. By following the IMC model, the client does the majority of the work while he does not require initial knowledge of change management since he is continuously provided with the information, tools and templates needed to analyze the organizational performance and implement the change successfully.

The functionality of the IMC concept was evaluated in two ways: First by comparing the contents of the IMC-model with existing change management theories in order to find out if the model covers the most critical aspects of the theories. Secondly, the market for the IMC model was analyzed mainly by using Porter’s five-force theory.

This study has shown that IMC can be an efficient method for implementing organizational change. Its efficiency comes from a number of sources, mainly related to the fact that the organization’s own managers have, compared to conventional management consulting, a high degree of involvement in the analysis of the organization and the implementation of the change. This in turn leads to better communication of the change.
plan and makes it easier to motivate employees to accept to the organizational change and make them feel a ‘sense of urgency’ for participating to successfully implement the project. The model was also found to make it easy for the manager to formulate a change strategy and to implement the change in a structured manner.

For the consulting company, IMC means that costs (and consequently prices) can be kept much lower than for conventional consultant services. One main reason is that the model does not have to be built from scratch for each client. The contents of the model are relatively easily adjusted to suit most types of organizational changes. A second reason for the lower cost is that time the consultant spends at the client’s offices is minimized or eliminated. This gives an advantage compared to conventional management consulting.

While the management consulting industry have relatively low entry barriers, that is however not equivalent that it is easy for a company to enter the market based on the IMC-model. A high quality of the services is crucial and, if that cannot be proven, the advantage of having a low price is diminished. It is therefore important for a new starter in this industry to have a portfolio of successfully implemented projects. For the IMC concept, this is problematic since the model is new and unproven. It can therefore be difficult to find the first clients and alternative entry strategies such as partnering or simply advocating a “non-profit” strategy for the first clients might be necessary.
# Table of Contents

Summary  
Table of Contents  
Table of Figures  
1. Background ..................................................................................1  
2. Indirect Management Consulting – the solution? ..................3  
3. Research Question ..................................................................5  
4. Method .....................................................................................6  
5. Theory ......................................................................................8  
   5.1. Theory Part 1 - Change Management .........................................8  
   Preparation .............................................................................8  
   Implementation .......................................................................11  
   Sustaining Change ...................................................................17  
   5.2. Theory Part 2 - Industry analysis ...........................................19  
   The Five Force Model ..........................................................20  
6. Analysis and empirical investigation ......................................26  
   6.1. Internal Analysis .................................................................26  
   Pilot project: Blueprint ..........................................................26  
   Method of evaluation ............................................................28  
   Blueprint’s IMC-model ..........................................................29  
   Evaluation of the IMC-model ..................................................35  
   6.2. External Analysis .................................................................45  
   Rivalry among existing firms ..................................................45  
   Threat of new entrants ............................................................47  
   Substitutes .............................................................................49  
   Bargaining power of buyers ....................................................51  
   Bargaining power of suppliers .................................................52  
7. Conclusions and reflections on the IMC model .......................54  
   7.1. Research questions ...............................................................54  
   7.2. Entering the market .............................................................56  
   Initial scepticism .....................................................................56  
   Pricing issues ..........................................................................57  
   Risks and legal aspects ............................................................57  
   Networking ...............................................................................59  
   7.3. Starting up a consulting business .........................................59  
8. Reflections on the method and future studies ..........................63  
9. References ..................................................................................65
Table of Figures

Figure 1: Summary of Lewin’s change model. ...........................9
Figure 2: Change Management Model .................................12
Figure 3: Components of corporate culture ............................16
Figure 4: The Five-Force Model ............................................20
Figure 5: Relations between Comos and other systems ..........28
Figure 6: Levels of detail in the IMC-model ..........................31
Figure 7: Project phases in the strategic level .......................32
Figure 8: Relations between levels of the IMC-model in Blueprint .................................................................33
Figure 9: Example of responsibilities, tasks and gates in the execution level and their relations to the control level and strategic level in the IMC-model ........................................34
Figure 10: Positioning of conventional consulting services, IMC and e-learning .........................................................51
1. Background

This aim of this study is to answer some key questions about a new method for the management consulting business. The method is specific in its use and is aimed for a specific aspect of management consulting, namely organizational change management. To give a clear understanding of the model and the rest of this study, it is appropriate with a short introduction of the change management industry and the model itself.

The stability that characterized the corporate world of the middle of the last century has given way to increased global competition, technological innovation, limited resources, deregulation and privatization. It is widely accepted that organizations are regularly faced with change and developing effective strategies for implementing and managing change. It is increasingly recognized that substantial change is a core aspect of business rather than a transient issue.

“In a changing world, the only constant is change”

C.A. Carnall, 2005, p. 1

There are many different views of the success rate of organizational change programs, with many theorists asserting that up to 70% of change initiatives fail (Kotter, 1996; Higgs & Rowland, 2000). And yet others (Carnall, 2003) disagree suggesting that this flies in the face of evidence with whole industries and sectors having been transformed in recent years.

Leadership, vision and inspiration are all essential attributes in the successful handling of transformational change. At the same time, the effective management of change is enhanced through careful planning, sensitive handling of people and a thorough approach to implementation.

All this indicates that the implementation of change is as a complex process and the subject is widely covered by management literature. It is natural, especially considering the
high rate of failure, that all business leaders do not possess the necessary knowledge and skill to follow through change initiatives wisely. Many leaders have realized this and use management consulting firms to add knowledge and methods for driving the change process.

However, management consultants are generally hired on a temporary basis and will leave the organization once the change process has been successfully implemented. Research (Rubenowitz, 1994; Mintzberg, 1979; Dipboye et.al. 1994) reveals that knowledge and skill of the organization’s own managers is crucial for the success of change initiatives. One main reason is that resistance to the new organization often exists long after the change has been implemented and that it strives for returning to the old ways of working. The risk of using management consultants to implement change is that these resisting forces are not realized and success is announced too early and the sustainability is lost some time after the consultants leave the organization.

Traditionally, the alternative for hiring management consultants is to develop the knowledge in-house. However, change management is a complex subject and extensive training will be needed before the manager is able to effectively translate the change theories to suit their own organization. Many organizations, especially small and medium sized companies, cannot afford to send its busy managers on long courses.

The problems that these companies face can be summarized as:

- Lack of in-house knowledge.
- Lack of resources for the extensive training needed for developing the knowledge.
- The use of management consultants does not foster sustainability of the change effort.
2. Indirect Management Consulting – the solution?

Indirect Management Consulting (IMC) is a new and unproven concept within change management consultancy and is developed as a solution to the problems described above.

**IMC can be described as a mix between e-learning and traditional management consultancy.**

The basic principle is that the client is given instructions and tools to be able to lead the change project by following a model similar to an e-learning program. The contents of the program are custom-built by a management consultant according to the needs of the change project. The consultant monitors the progress of the organizational change and adapts the model and gives feedback to the client as the project progresses. By following the IMC model, the client does the majority of the work while he does not require initial knowledge of change management since he is continuously provided with the information, tools and templates needed to analyze the organizational performance and implement the change successfully.

**The IMC-model can also be described as a training program, especially adopted around one business case: The own organization.**

This definition highlights that the goal is to transfer knowledge to the client, in a much more focused and efficient way than a conventional training course. The client does not lose much time attending general courses since all training is aimed directly at his own organizational change program. In the end of the organizational change program, the client should have
enough knowledge (and support from the instructional model and its tools) in order to maintain the new organization efficiently.

For the consulting company, IMC means that costs (and consequently prices) can be kept much lower than for conventional consultant services. One main reason is that the model does not have to be built from scratch for each client. The contents of the model are relatively easily adjusted to suit most types of organizational changes. A second reason for the lower cost is that time the consultant spends at the client’s offices is minimized (and ultimately eliminated).
3. **Research Question**

When reading this study it is important to bear in mind who it is aimed at. The research question, as well as the whole of this study, is made from the viewpoint of a new-starting company in the management consulting industry, which will focus its business on the IMC-concept.

The concept of IMC seems to have high potential, adding value through a higher success rate than conventional management consulting, nevertheless being more effective in terms of time and money. Still, initial research shows that IMC is a new and unproven method for providing consulting services and no company has been found that is solely focused on IMC.

For this reason, the potential of IMC will be the focus for this study and the aim is to answer the following questions:

1. What competition does the IMC-concept face in the existing market?
2. What is the potential and feasibility for the IMC-model in the field of organizational change management consulting?
3. What are the barriers that a new company faces when entering this market?
4. Method

The research questions cover two main aspects: The market of the IMC-model and the performance of the model itself. Two basic types of research will therefore be made to assess the potential of the service: An internal and external study. The internal analysis will mainly be focused on the product itself and its functionality while the external analysis will give answer to issues concerning the model’s attractiveness on the market.

The internal study will focus on the product in order to find out its practical potential and ability to guide a manager through organizational change and give a high success level of the change effort. An external study will focus on the competitive environment, i.e. analysis of competitors, customers and entry barriers.

The internal analysis will be carried out in two main ways. Firstly, the model will be evaluated by analysing literature about change management and the factors that make change efforts successful. The IMC-model’s functionality and methods will be put in relation to the main existing change management theories.

Secondly, the IMC-model will be evaluated in relation to a live organizational change program.

The available project, called “Blueprint”, is at the making of this study already an ongoing project and therefore it is not possible to fully implement the IMC model as the main change management model. Since the IMC-model is not the main change management model in Blueprint, it will not be possible to see the direct effects that the IMC-model has on the organizational change. Instead, the study compares certain aspects of the IMC-model with the already existing change management model.

Since the objective of this study is to evaluate the functionality of the IMC-model from a market-oriented perspective, i.e. in relation to conventional change management models, it is recognized that a comparative study in parallel with the existing change effort is best suited for this purpose.
Conversely, it is also recognized that a full implementation of the IMC-model would provide much useful data that could be used directly to assess the effectiveness of the model. Such analysis is however more focused on further development of the structure and details of the model itself. Before further detailed improvement of the model is made, it is however most crucial to assess its potential compared to existing models. Therefore it was decided that the parallel study of the IMC-model suffices for this purpose and that a full implementation is a potential subject for future research.

To evaluate the IMC-model, the managers who are responsible for Blueprint will assess critical parts of the IMC-model and its potential in comparison with the existing implementation plan and other alternatives such as the use of external consultants or change agents.

The evaluation and feedback regarding the IMC-model will be collected during numerous semi-structured interviews and discussions with the key managers in the blueprint project.

Certain steps in the original implementation plan were identified as being particularly critical and difficult to carry out. The IMC-model was therefore especially developed around these steps in order to allow for a more detailed evaluation of the IMC-model’s most crucial elements.

The evaluation around these elements will mainly be focused on the following question:

*Is the IMC-model an attractive model, compared to the alternatives of hiring outside consultants or by developing the knowledge in-house?*

The external analysis will be based on literature, reports and research about the target market, its customers and competitors. Literature will be sought from the university library and databases; internet will also be used for finding various types of information.
5. Theory

The theory section is divided in two parts that will be the basis for the internal and external analysis as outlined in the Method chapter. The theory must cover the subject of change management for the evaluation of the IMC-model’s functionality which will be made in the internal analysis. The theory chapter’s second part will have to cover the marketing concepts used for evaluating the model’s target market.

5.1. Theory Part 1 - Change Management

The IMC-model is a specific model in the field of organizational change management. In order to evaluate its functionality, it is essential to present the basic theories of organizational change management so that a critical analysis of the concept can be made.

There are countless ideas, theories and pieces of literature within change management. I will therefore summarize a selection of the ideas of some of the dominant authors in the field. The different authors describe different processes for change management and uses different terminology. Based on my experience in the area, I have therefore chosen to structure this chapter in sub-chapters which describe a simplified three-step process for change management. All change management processes begin with some type of preparation, followed by implementation of the change. After the change is implemented, one must also ensure that the new organization is maintained. Within these basic steps Preparation – Implementation – Sustaining change, I will try to give a descriptive overview of the most dominant theories.

Preparation

Creating the Vision and Plan for Change

Perhaps the most well known change theorist, Lewin (1941) proposed a three stage model of the change process as summarised in the figure below.
Unfreezing is managing dissatisfaction with the status-quo. Unfreezing as a thought entered the change literature early to highlight the observation that the stability of human behaviour was based on a large force field of driving and restraining forces. The study led to the insight that the balance could more easily be moved if one could remove restraining forces (e.g. apathy, hostility, cynicism) since there were usually already driving forces (e.g. to increase productivity, reduce costs) in the organization. Unfortunately restraining forces were harder to get to because they were often group values embedded in the culture of the organization. The main reasons why people oppose change were identified by Lewin as:

- Direct costs – People want to block actions that result in higher direct costs or lower benefits than the existing situation. Many changes do impose higher costs in some areas, sometimes only during the change phase but sometimes long-term in order to reach more high-level goals.
- Saving face – Some people resist change as a political strategy to prove that the change decision was wrong.
- Fear of the unknown – People resists change because they are worried that they cannot adopt the new behaviours.
- Breaking routines – People are creatures of habit and like to stay within the comfort zones by continuing routine role patterns.
- Incongruent systems – Control systems (rewards, selection, training etc.) can be difficult to change but must do so to fit the new organization.
- Incongruent team dynamics – Teams develop and enforce conformity to a set of norms that guide behaviour. This can discourage employees from accepting organizational change.

Kotter (1996) write that good change efforts often get initiated when the firm starts to look hard at its competitive situation, market position and financial performance. Kotter suggests focusing on measurable effects as potential revenue drop when an important patent expires, declining margins in a core business, an emerging market that everyone seems to be ignoring. The company then finds ways to communicate this information broadly and dramatically, especially with respect to crises, potential crises, or great opportunities that are timely. Kotter writes that just getting a transformation programme started requires the aggressive cooperation of many individuals and that without motivation, people won’t help and the effort goes nowhere. Kotter describes this increased motivational drive as ‘establishing a sense of urgency’ (Kotter, 1996, p. 21).

More than 50% of the change projects fail in this first phase (Kotter, 1996). He describes the reasons as being executives underestimating how hard it can be to drive people out of their comfort zones. Sometimes they grossly overestimate how successful they have already been in increasing urgency. Sometimes they lack patience: “Enough with the preliminaries; let’s get on with it” (Kotter, 1996, p.5). In many cases, executives become paralyzed by the downside possibilities. They worry that employees with seniority will become defensive, that morale will drop, that events will spin out of control, that short-term business results will be jeopardized, that the stock will sink, and that they will be blamed for creating a crisis. This is in line with Lewin’s force field of driving and restraining forces.
Implementation
The second stage (Figure 1), described by Lewin (1941) as the changing phase, entail organising and mobilising the resources required to manage the change process. The vision needs to be communicated to the change targets and the strategy implemented. All barriers to change need to be identified and overcome with particular emphasis on the cultural differences across the organization.

Communication
Much of the literature on change management is repetitive in their advice on the importance of effective communication during change management (Kotter, 1996; Higgs and Rowland, 2000; Buchanan, Claydon and Doyle, 1999; Duck, 2002)

Kotter’s (1996) eight-stage process of change identifies ‘communicating the change vision’ (Kotter, 1996, p. 21) as a key stage in the process, meaning that a shared sense of an attractive future can help to motivate and coordinate the actions needed to create transformations. In Potter’s (2001) discussion on leadership and change, he recognises that it is not enough to circulate global e-mails or post notices around the offices. There has to be a significant amount of face-to-face communication so that the staff on the shop floor feel that they are involved and that their opinions are taken into account about how new structures, processes and procedures are implemented.

Higgs and Rowland (2001) write that targeted communication by identifying key internal and external stakeholders (that could impact on the outcome of the implementation) would lead to greater all round commitment.

Buchanan, Claydon and Doyle (1999) suggest that a human resource management agenda within a change programme should adopt an innovative, focussed approach to organizational communication, particularly targeting employee involvement, management–employee relations, cross-functional communications and also communications between senior and middle managerial ranks.
A well-known change model is developed by Carnall (2003) that spans over all of Lewin’s (1941) stages. The model describes a framework of process and structures necessary for going through all change phases and does so with a great emphasis on communication. It is notable that he does not only refer to the communication per se, but distinguishes between the means (i.e. reach out to people) and the quality of the communication (clarity, trustworthiness, relevancy etc.).

In the Carnall’s Change Management Model depicted in Figure 2, he describes change architecture as the set of arrangements, systems, resources and processes through which we engage people in productive reasoning focused upon creating a new future. Carnall suggests that these principles can be applied in various ways such as strategy forums, communication cascades, “town meetings”, “open-space events” and balanced scorecards, all with the following goals:

- To clarify governance and accountability for strategic change (quality and clarity of communication)
- To engage key stakeholders appropriately (ways of communication and targeting)
- To secure alignment for a critical mass of key stakeholders in ways supportive of success
• To seek an effective, credible and accessible balanced set of performance measures (creates visibility of the change process and thereby clarity)
• To develop the new skills and capabilities and to mobilize commitment and resources

Commitment and Participation
Kotter (1996) writes that successful transformations involve more and more people as the process progresses. Employees are empowered to try new approaches, to develop new ideas, and to provide leadership. The only constraint is that the actions fit within the broad parameters of the overall vision. The more people involved, the better the outcome.

Kotter’s ‘guiding coalition’ (Kotter 1996, p. 21) empowers others to take action by intensively communicating the new direction. However, Kotter suggests that communication is never sufficient by itself and that major transformations will inevitably require the removal of obstacles. Too often, an employee understands the new vision and wants to help make it happen, but obstacles appear to be blocking the path. In some cases, the obstacle is in the person’s head, and the challenge is to convince the individual that no external obstacle exists. But in most cases, the ‘blockers’ are very real. Sometimes the obstacle is the organizational structure: narrow job categories can seriously undermine efforts to increase productivity or make it difficult even to think about customers. Sometimes compensation or performance-appraisal systems make people choose between the new vision and their own self-interest. Perhaps worst of all are bosses who refuse to change and who make demands that are inconsistent with the overall effort. In the first half of a transformation, no organization has the momentum, power, or time to get rid of all obstacles. But the big ones must be confronted and removed both to empower others and to maintain the credibility of the change effort as a whole.

Identifying and Overcoming Barriers to Change
A central theme in change management is the way to overcome barriers that stands in the way of the change process. Kotter
(1996, p. 21) presents eight major errors made by organizations when attempting to transform themselves into better companies:

1. Not Establishing a Great Enough Sense of Urgency
2. Not Creating a Powerful Enough Guiding Coalition
3. Lacking a Vision
4. Under communicating the Vision by a Factor of Ten
5. Not Removing Obstacles to the New Vision
6. Not Systematically Planning For and Creating Short-Term Wins
7. Declaring Victory Too Soon
8. Not Anchoring Changes in the Corporation’s Culture

These eight errors are commonly referred to in the field of change management and Kotter is, thanks to this theory, probably one of the most well known authors in the field. Alternative theories are presented by Zaltman and Duncan which identify three important dimensions relating to change in the organization.

1. The need for change focuses on the perception of the organizational personnel about the need for change with the absence of this need resulting in failure.
2. The openness to change focuses on the perception of the staff about the openness of departmental staff to change.
3. The potential for change focuses on the perception of the staff that the organization has the capabilities for dealing with change e.g. has the organization been successful in the past.

Senge and Kaeufer (2000) identify a number of forces that impede change, and note that sustained change requires understanding the sources of these forces and having ways to deal with them.

1. The amount of time available to conduct the change initiative is their first theme in the resistance to change, common also to Zaltman & Duncan (1977). The time horizon over which the change is to be sustained is also cause for concern amongst employees. Senge and Kaeufer identify ways that
time is wasted, enabling people to regain control over their time:

- Integrate initiatives and set a focus
- Trust people to control their time
- Value unstructured time for reflection, dialogue, discussion, practice and learning
- Eliminate unnecessary work
- Say ‘no’ to political game playing

2. Help - Developing new learning capabilities takes time, persistence, and coaching from experienced people (external consultants or mentors). Senge and Kaeufer suggest effective help requires a team to articulate its goals and needs.

3. Relevance - Managers often think that because the change is relevant to them, the relevance is clear to others. This leads back to the communication section discussed earlier.

4. Walking the Talk - Again, if leaders are perceived as not walking the talk, this will limit people’s willingness to commit to any initiatives.

Cultural Barriers to Change

An important theme discussed by many of the theorists researched by the author is culture and, more specifically, ways to overcoming cultural differences that can prevent organizational change to become successful.

Zaltman and Duncan (1977) describe cultural ethnocentrism as a barrier to change in two ways. First, the leader of the change program agent who comes from a different culture may view his or her own culture as superior. Communication of this attitude to the change target, often unintentionally produces resistance to the change leader and consequently to the advocated change. In addition, the change target may see his culture as superior to that of the agents, and hence passively resist adapting artefacts from other cultures. Often underlying this challenge is the failure to involve the change target in the change development process. In the context of technology transfer involving formal
organization, Zaltman and Duncan refer to cultural ethnocentrism as the “not-invented-here” syndrome.

Kotter suggests that change sticks in the organization when it becomes “the way we do things around here” (Kotter 1996, p. 14), when it seeps into the bloodstream of the corporate body. Until new behaviours are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed.

“Culture refers to norms of behaviour and shared values among a group of people” (Kotter, 1996, p. 148). ‘Norms of behaviour’ are common ways of acting that are found in a group and persist because group members tend to behave in ways that teach these practices to new members. ‘Shared values’ are important concerns and goals shared by most of the people in a group that tend to shape group behaviour and that often persist over time even when group membership changes. Generally shared values, which are less apparent, but more deeply ingrained in the culture, are more difficult to change than norms of behaviour (Figure 3).

Figure 3: Components of corporate culture (Kotter (1996), p. 149)
Sustaining Change

As quoted by a number of theorists, change sticks when it becomes “the way we do things around here” (ex. Kotter, 1995 p. 14). Until new behaviours are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed.

Kotter (1996) suggest that there are two factors that are particularly important in institutionalizing change in corporate culture:

The first is a conscious attempt to show people how the new approaches, behaviours, and attitudes have helped improve performance. Helping people see the right connections requires extensive communication.

The second factor is to take sufficient time to make sure that the next generation of top management really does personify the new approach. If the requirements for promotion don’t change, renewal rarely lasts. Poor succession decisions are possible when boards of directors are not an integral part of the renewal effort.

Kotter also identifies that as real transformation takes time, a renewal effort risks losing momentum if there are no short-term goals to meet and celebrate. Most people are reluctant to go on the ‘long march’ unless they see motivating evidence within 12 to 24 months that the journey is producing expected results. Without short-term wins, too many people give up or actively join the ranks of those people who have been resisting change.

Carnall (2003) identifies the need for performance infrastructure with a performance management system in place through for example, a Balanced Score Card approach.

To maintain change, Beckhard (1975) identifies that it is necessary to have conscious procedures and commitment. Although many theorists discuss the need for short term wins (Kotter, 1995; Schaffer and Thomson, 1992; Duck, 2001), Beckhard identifies that organizational change will not be maintained simply because there has been early successes. He suggests that many interventions are necessary if a change is to be maintained, the single most important being a continued
feedback and information system that lets people in the organization know the change status in relation to the desired state. Examples of feedback systems suggested by Beckhard include:

- Periodic team meetings to review a team’s functioning and what its next goal priorities should be.
- Organization sensing meetings in which the senior management meets, on a systematic planned basis, with a sample of employees from a variety of different organizational centres in order to keep appraised of the state of the change programme.
- Periodic meetings between interdependent units of an organization.
- Renewal conferences.
- Performance reviews on a systematic, goal-directed basis.
- Periodic visits from outside consultants to keep the organization leaders thinking about the organizations renewal.
5.2. Theory Part 2 - Industry analysis

To give an answer to the research questions, the study will not only be focused on the functionality of the model from a change management point of view, but also give an overview of the market for the IMC-concept. This chapter will therefore give an overview of the theoretical elements that will be the basis of the external part of the study – the market review.

Market analysis is about finding needs at potential clients and to analyse their ways of buying in order to exploit their needs. Industry analysis on the other hand is focused on satisfying the clients’ needs in a better and more efficient way than the competitors do. The term industry is widely used; generally speaking it often refers to a number of companies that provide products or solutions to their customers. Related to industry analysis, Kotler (1994) describes the industry as a group of firms that offers goods or services that are reasonably close substitutes for one another. However the definition can be different depending on the nature of the analysis and the characteristics of the companies.

The complete industry analysis and the subsequent mapping of the competition’s expressions allow leaders to increase the understanding for the area in which a group companies compete. Without such analysis it is difficult to explain differences in execution or to detect possible advantages between different companies that compete within the same sector.
The Five Force Model

A large number of different frameworks have been developed to facilitate industry analysis, the most popular is the Five Force Model developed by Michael Porter (Figure 4) which examines rivals and how their strategies interact, influences of the power of buyers, the power of suppliers, the threat of substitutes, and the potential entry of others into the industry.

Figure 4: The Five-Force Model (Porter, 1980)

Rivalry among existing firms

Central to Porters model is the companies that compete with each other about the customers’ patronage. Rivalry occurs because one or more competitors either feels the pressure or sees the opportunity to improve its position. The way that rivalry is expressed is characterised by mutual dependency; the fact that actions by one firm affects other firms that in turn make counteractions to protect its position. This pattern of action and reaction may or may not leave the initiating firm and the industry better off. Escalating moves and countermoves, as often seen in fierce pricing competitions, can cause all parties to suffer
and leave the industry worse off than before. On the other hand, advertising battles is an example where the industry can be strengthened by increasing demand and higher levels of product differentiation.

The intensity of the rivalry has been described by Porter as being the result of a number of interacting and structural factors:

- **Numerous or equally balanced competitors.** A larger number of firms increase rivalry because more firms must compete for the same customers and resources. The rivalry intensifies if the firms have similar market share, leading to a struggle for market leadership.

- **Slow industry growth.** Slow market growth causes firms to fight for market share. In a growing market, firms are able to improve revenues simply because of the expanding market.

- **High fixed or storage costs.** High fixed costs result in an economy of scale effect that increases rivalry. When total costs are mostly fixed costs, the firm must produce near capacity to attain the lowest unit costs. Since the firm must sell this large quantity of product, high levels of production lead to a fight for market share and results in increased rivalry. High storage costs cause a producer to sell goods as soon as possible. If other producers are attempting to unload at the same time, competition for customers intensifies.

- **Lack of differentiation or switching costs.** A low level of product differentiation is associated with higher levels of rivalry. Brand identification, on the other hand, tends to constrain rivalry. Low switching costs increases rivalry. When a customer can freely switch from one product to another there is a greater struggle to capture customers.

- **Capacity augmented in large increments.** A growing market and the potential for high profits encourage new firms to enter the market and existing firms to increase production. A point is eventually reached where the industry becomes saturated with competitors and demand cannot support the new entrants and the increased supply.
This can create a situation of excess capacity with too much goods for too few buyers followed by a shakeout with intense competition, price wars, and company failures.

- **Diverse competitors.** A diversity of rivals with different cultures, histories, and philosophies make an industry unstable. There is greater possibility for radical actors and for misjudging the rival’s moves.

- **High strategic stakes.** Strategic stakes are high when a firm is losing market position or has potential for great gains which can intensify rivalry.

- **High exit barriers.** High exit barriers place a high cost on abandoning a product. This tends to cause firms to remain in an industry even when the business is not profitable. A common exit barrier is asset specificity. When the plant and equipment required for manufacturing a product is highly specialized, these assets cannot easily be sold to other buyers in another industry.

**Threat of new entrants**

It is not enough for a firm to only focus on its current customers and competitors; they must also take the new potential competitors and possible substitutes into consideration. One of the defining characteristics of competitive advantage is the industry’s barrier to entry. Industries with high barriers to entry are usually too expensive for new firms to enter while industries with low barriers to entry are relatively cheap for new firms to enter. Industries with high profit margins and low barriers to entry are particularly attractive for new competition. For companies within these industries it is required that they take into consideration the different possibilities to build up these barriers to entry. The threat of new entrants rises as the barrier to entry is reduced in a marketplace. As more firms enter a market, rivalry will increase and profitability will fall (theoretically) to the point where there is no incentive for new firms to enter the industry. Some barriers are structural, as for example the need for capital, and cannot easily be influenced by the firm. Others, as for example patents and switching costs, are within the
control of the firm and are potential elements for the firm’s strategy. The major sources of entry barriers are summarised by Porter as:

- Economies of scale
- Product differentiation
- Capital requirements
- Switching costs
- Access to distribution channels
- Cost disadvantages independent of scale
- Government policy

**Substitutes**

Pricing decisions not only need to take into account their deterring effect on potential entrants but also the possible substitutes for the firm’s product. For example, engineered plastic producers supplying material for automobile bumpers must consider the cost of potential substitute materials such as steel and carbon fibre based material. This is according to Christensen and Overdorff (2000) probably the most overlooked, and therefore most damaging, element of strategic decision making. It’s imperative that business owners not only look at what the company’s direct competitors are doing, but what other types of products people could buy instead.

When switching costs (the costs a customer incurs to switch to a new product) are low the threat of substitutes is high. As is the case when dealing with new entrants, companies may aggressively price their products to keep people from switching. When the threat of substitutes is high, profit margins will tend to be low (Porter, 1980).

**Bargaining power of buyers**

Porter states that buyers compete with the industry by forcing down prices, bargaining for higher quality or more services, and playing competitors against each other – all at the expense of industry profitability. A buyer or a group of buyers are particularly powerful in the following circumstances (Porter, 1980):
• It is concentrated or purchases large volumes relative to seller sales.
• The product it purchases from the industry represents a significant fraction of the buyer’s costs or purchases.
• The product is purchased from the industry are standard or undifferentiated.
• It faces few switching costs.
• It earns low profits
• Buyers pose a credible threat of backward integration.
• The industry’s product is unimportant to the quality of the buyer’s products or services.
• The buyer has full information about demand, actual prices and even supplier costs.

The buyer’s power can be divided into two types. The first is related to the customer’s price sensitivity. If each brand of a product is similar to all the others, then the buyer will base the purchase decision mainly on price. This will increase the competitive rivalry, resulting in lower prices, and lower profitability.

The other type of buyer power relates to negotiating power. Larger buyers tend to have more leverage with the firm, and can negotiate lower prices. When there are many small buyers of a product, all other things remaining equal, the company supplying the product will have higher prices and higher margins. Conversely, if a company sells to a few large buyers, those buyers will have significant leverage to negotiate better pricing.

In some industries, in particular those who are characterised by a few large buyers and suppliers, the strategic alternatives and choices can be limited. On the other hand, many industries consist of buyers and suppliers that are heterogeneous which facilitates a much greater range of strategic options. Some companies choose to sell to large, strong consumer since the volume of available business is sufficiently attractive to offset the ability of the buyer to negotiate low prices. Other companies may choose to turn themselves only to consumers where their product only constitute a small part of the total purchase and
thereby reduces the consumer’s incentives to negotiate for low prices.

**Bargaining power of suppliers**

Buyer power looks at the relative power a company’s customers have over it. When multiple suppliers are producing a commoditized product, the company will make its purchase decision based mainly on price, which tends to lower costs. On the other hand, if a single supplier is producing something the company has to have, the company will have little leverage to negotiate a better price (Porter, 1980).

According to Porter, the suppliers are particularly powerful when:

- It is dominated by a few companies and is more concentrated than the industry it sells to.
- It is not obliged to contend with other substitute products for sale to the industry.
- The industry is not an important customer of the supplier group.
- The supplier’s product is an important input to the buyer’s business.
- The supplier group’s products are differentiated or it has built up switching costs.
- The supplier group poses a credible threat of forward integration.

Size plays a factor for the suppliers as well as for the buyers. If the company is much larger than its suppliers, and purchases in large quantities, then the supplier will have little power to negotiate. Using Wal-Mart as an example, we find that suppliers have no power because Wal-Mart purchases in such large quantities (Porter, 1980).
6. **Analysis and empirical investigation**

This chapter follows the same logic as the previous chapters with two parts; one internal analysis which concerns the IMC concept’s functionality and ability to solve the problems it is intended to solve. The second part is the external analysis about the market environment, i.e. analysis of potential competitors, customers and entry barriers.

6.1. **Internal Analysis**

The concept of Indirect Management Consulting is, as mentioned in the previous chapters, a relatively un-tested and un-proven type of service. It could well be that this type of management consulting service has a high potential and that the turbulent industry environment has generated a potentially lucrative niche market for this service. On the other hand, it might simply be the case that Indirect Management Consulting is unproven because it is unattractive to the clients and does not deliver the solutions the way that they value the most.

The internal analysis in this study is focused on the product, Indirect Management Consulting, and its potential to solve the client’s problems, and more in deep, doing so in a way that adds value to the client. Ultimately, the value added from Indirect Management Consulting will be put in perspective to the value added by conventional management consulting services.

While the concept of Indirect Management Consulting is unproven, no full-blown solutions exists that can be implemented on a pilot study. Therefore it has been necessary to develop a model especially for the pilot study. A suitable pilot project was identified at the Dutch branch of a large Norwegian construction and engineering company.

**Pilot project: Blueprint**

In 2004 the executive board of the company decided on the development and implementation of a global set of strategic IT applications. This set of IT applications is called “Blue Print”. In the second quarter of 2006 the first and biggest application of
the Blue Print portfolio, “Comos”, was to be implemented in the company’s office in the Netherlands. The implementation of Comos in the Dutch office is the pilot project used for the evaluation of the concept behind IMC and of critical parts of the IMC-model.

Comos is a multidisciplinary engineering application and will be used by the company on a global scale. Comos make it possible to execute a basic and detailed engineering process through all the life cycle phases of an industrial plant or unit.

The engineering and construction processes at the company are typical work processes for a company who design and build chemical and petrochemical production facilities. The design of a complete production facility is a complex process that involves a large number of engineering disciplines such as Process Engineering, Piping Engineering, Plant Layout, Mechanical Engineering, Electrical Engineering, Health / Safety Engineering etc. All these engineering disciplines interact with each other and extensive inter-departmental communication and collaboration is needed.

Comos is an object-oriented database tool that assists in the design of complex and multi-disciplinary systems. It is object oriented because it controls each component of the chemical production facility as an object and controls the multi-disciplinary interfaces between different objects. This is best explained by an example:

One specific pump is considered as an object. The process engineer feeds the data base with the requirements for the pump (flow, velocity etc.). This information is used by the mechanical engineer who gives even more information to the data base (material, weight, required power etc.). The electrical engineer uses this information to design the electrical motor. When something is changed, as for example the mass flow through the pump, all relevant disciplines are informed of the change and are forced to take necessary action. With Comos, all engineers work with data in the same system as explained above. Before Comos, all this data was kept in separate files by each department and the other disciplines were not automatically aware of the developments in each discipline.
Comos can in turn communicate with other computerized systems used by departments such as Cost Control, Accounting, and Planning etc. The relations between Comos, engineering disciplines and other computer systems are described in Figure 5.

![Figure 5: Relations between Comos, disciplines and other systems (Source: Fredrik Skålén).](image)

At the beginning of the implementation, Comos was a semi-complete software solution that needed to be adjusted to fit the technical and organizational requirements of the company’s office in the Netherlands. These final technical adjustments to the software, as well as making the organization ready for using Comos was the goal of the change initiative.

**Method of evaluation**

As Blueprint is an ongoing project at the time when the IMC-model was to be evaluated, a full-scale execution of the model was not practical. Moreover, the strategic importance of Blueprint was considered too high to allow for the risks that the company would be exposed to by following an untested change model. It was therefore decided that the original implementation plan for Blueprint should remain. Instead, the managers who were responsible for Blueprint should evaluate the IMC-model and its potential in comparison with the existing implementation.
plan and other alternatives such as the use of external consultants or change agents.

Certain imminent steps in the original implementation plan were identified as being particularly critical and difficult to carry out. The development of the IMC-model was therefore especially focused around these steps in order to allow for a more detailed evaluation of the IMC-model’s most crucial elements.

The evaluation around these elements was mainly focused on the following question:

“If the implementation model is an attractive model, compared to the alternatives of hiring outside consultants or by developing the knowledge in-house.”

Blueprint’s IMC-model

One of the concepts and opportunities associated with Indirect Change Management is the flexibility of the change model. As should be evident from the theory chapter, all changes can not be implemented in an identical and strictly standardized way. On the other side, not using any standardization or pre-determined methods at all forces the consultant to repeatedly re-invent the wheel. One of the most important aspects of the IMC-concept is to reduce development time and costs by maximizing the benefits from standardization while building in enough flexibility into the model to allow easy modification for each type of change and for the unique requirements in specialized change processes.

Starting from the most generic level of the change, it is possible to classify organizational changes into main categories which require different approaches to change management (Cameron & Green, 2004):

- Structural change
- Cultural change
- IT based change
- Mergers and acquisitions
There are many ways that these categories differ from each other, as well as there are many similarities. Most of the basic elements outlined in the theory chapter are applicable to these four categories such as the importance of communication, commitment, participation, barrier identification and elimination as well as Kotter’s eight steps for change implementation. However, the general change management theories are mainly high-level and require a lot of experience and knowledge about change management to effectively be put into practice. The four generic change categories (structural, cultural, IT-based change and mergers/acquisitions) differ mainly in the ways that they are put in practice, i.e. in the level of detail that go beyond the general change management theories. For example, the general change management theories described in the theory chapter stress the importance of communication and training, but the requirements on communication and training is different for the implementation of a new ERP-system (IT based change) compared to the requirements when increasing inter-departmental cooperation (cultural change).

Since one of the most important aspects of an IMC-model is that it can guide a relatively inexperienced manager through a change process, the level of detail must be high and give clear guidance in the practical aspects of change management. Therefore the IMC-model will look different for the four change categories even though this study will only give example of one model, corresponding to the IT based change in Blueprint.
Managing levels of detail

An IMC-model can as explained above not only focus on the high-levels of change management. In the same way, only focusing on the practical details will be disastrous since important aspects of the change management theories will be lost such as the focus on creating and communicating the vision of the change initiative. Following 3-levels has been used to describe the different levels of detail within blueprint.

- 1\textsuperscript{st} level being the strategic elements of change
- 2\textsuperscript{nd} level being the control elements, i.e. the activities focussed on planning and the alignment of activities toward the change strategy
- 3\textsuperscript{d} level being the detailed activities that has to be performed in order to follow the change plan and strategy.

In the interactive IMC-model, these levels are described by below figure:

![Levels of detail in the IMC-model (Source: Fredrik Skålén)](image)

Figure 6: Levels of detail in the IMC-model (Source: Fredrik Skålén)
Change Management workflow

For the Strategic-, Control-, and Execution level, an interactive workflow schedule has been built so that the change manager can get a clear overview of the necessary steps in the process, as well as getting a tool for follow-up and planning.

In the most generic level, the strategic level, the workflow is a simple 6-phase model with milestones as per below figure:

![Figure 7: Project phases in the strategic level (Source: Fredrik Skålén)](image)

The strategic model contains the most generic steps in the change process, from definition of the change initiative through an analytic phase, the design and test of the IT-system, Pilot project, implementation into the organization and control and adjustment of the implemented system. Even if this high-level plan is important, it does not give the manager any practical guidance until broken down and related to the more detailed levels.

At the control level, the strategic process is related to a number of domains which are the most important elements that the change process will focus on. For Blueprint, the domains are

- **The application**: Specification and development of hardware and software for the IT-system.
- **Work processes**: The development and implementation of the new ways people has to work in order to benefit from the IT-system.
- **Training**: Development and execution of training programmes.
- **IT Services**: The development of a support structure for maintaining the IT-system.
Each of these domains contains a number of sub-processes which are unique for that domain, but one important aspect in the control-level of the IMC-model is the alignment of the different domains. This is critical since, although each domain contains several unique processes and tasks, they are related to the developments of the other domains. The relationship between the strategic and control level with the domains and the alignment between them is illustrated in Figure 8 below:

Figure 8: Relations between the strategic and the control level of the IMC-model for Blueprint (Source: Fredrik Skålén)

In the most detailed level of the IMC-model, the work processes within each domain are broken down to great detail. The model not only describes the work that needs to be done, it also contains a number of milestones and gates with clear criteria’s for go/no go decisions as well as detailed descriptions of the responsibilities and deliverables of each persons/actors in the change process. A number of tools are also available to help the employees or managers through many of the tasks in the IMC-model.

The example in Figure 9 show a sample of tasks, milestones and gate reviews that different actors has to perform for the development of the IT Services of Blueprint (bottom part of the
The figure also shows how these activities relate to higher levels in the IMC-model.

Figure 9: Example of responsibilities, tasks and gates in the execution level and their relations to the control level and strategic level in the IMC-model (Source: Fredrik Skålén)

Apart from tasks, deliverables, gates and responsibilities at different levels of details as the above figure illustrates, the IMC-model also contains tools and guidelines for the performance of many of the detailed tasks as well as planning and scheduling tools that the manager can use to get an overview of the status of the project. Since the content of the IMC-model is made unique for every change project, the model
can work as a powerful tool for a manager who has limited experience of managing change.

**Evaluation of the IMC-model**
The evaluation of the IMC-model was made from two perspectives. First, the model was measured against existing change management theories in order to analyze whether the IMC-model follows a logic and concept supported by the theories. Secondly, the IMC-model was evaluated by two of the managers responsible for Blueprint. Interviews with the managers responsible for Blueprint were made in order to evaluate the IMC-model. The interviews were semi-structured and aimed at identifying the most positive and negative aspects of the IMC-model and to discuss about the causes and effects of those aspects. The existing change management theories and their relation to the IMC-model were also discussed with the managers. The conclusion from that discussion should however not be taken too seriously since it is unclear how much and detailed knowledge the managers have of the theories.

**Comparison with change management theories**
Many of the existing change management theories are overlapping and share some information. It is therefore repetitive to strictly compare the model against all aspects of all theories. Therefore, the main theories were chosen for the analysis.

**IMC-model vs. Lewin’s theories**
The IMC-model contains all elements of Lewin’s (1941) general stages unfreezing-changing-refreezing. Attention to the first phase, unfreezing, was given by involving large parts of the organization in the design and testing of the new system which makes the employees aware of the need for change and the benefits of the new system. The second stage, change, was aided by the focus on training and a phased roll-out plan which sequentially introduces the IT-system into different parts of the organization.

The six main reasons that Lewin found to explain why people resist change are all, in one or more ways, managed by the IMC-
model. The first reason, “direct costs”, is managed by the fact that a number of performance indicators are used in order to measure and control the change process. One of them is the costs for certain processes in the organization. Each performance indicator has an expected development during the change process and some cost-related indicators are often expected to increase while others are expected to decrease. By communicating the developments of each indicator, the increase of some costs should be expected and considered normal. This knowledge may make it easier for many people to accept some increasing direct costs.

The other reasons in Lewin’s theory are primarily managed by the IMC-model’s focus on communication and secondly by the concept of IMC that makes the organization’s own managers responsible for driving the change process (in comparison to conventional management consulting where the consultant is a more active part of the change process. The focus on communication decreases the “fear of the unknown” since it makes the new expectations, and the ways that people should prepare in order to meet them, clear to the employees. This also helps when “breaking the routines” since the consequences of old habits are made clear in the same time as the results from adapting the new role patterns are highlighted and encouraged.

The IMC-model’s focus on communication together with the high involvement of the organization’s own managers contests the factors “saving face”, “incongruent systems” and “incongruent team dynamics” in a similar way; by focusing on the clarification of the organizational processes, the resistance to change is reduced and the importance of adapting to the new organization is made more apparent. The high involvement of the managers makes them responsible for identifying old routines and they ways they need changing, with guidance by the IMC-model. In comparison with a management consultant, the organization’s own managers are much more experienced with the details of their own organization and have a better prerequisites for the identification of critical resources, political behaviours and potentially incompatible control systems and team behaviours.
**IMC-model vs. Kotter’s theories**

Another model that was discussed is Kotter’s (1995) eight-step model which well summarized the phases of a change process and the major errors that organizations make when managing a change process.

The first and most critical step in Kotter’s model, “establishing a sense of urgency”, was identified as being somewhat difficult for the IMC-model to deal with. One reason for this is that clients often approach management consultants for change management support when the change has already been discussed for some time in the company. It is then a risk that some employees and managers have already developed a resistance which is more difficult to change at later stages when the IMC-model is introduced. This problem is however recognized to be a common problem for all types of management consulting and not typical to IMC. The IMC-model does, at the earliest stages, contain procedures that the managers can use to establish a sense of urgency. The procedures are focused on identifying measurable performance indicators in the organization that are affected by the change. The performance indicators should then be compared to the market situation, for example using formulations such as “the change will increase the product development lead time by 8 %. Not being able to change our current lead time will cause competitor X to take over the technology leadership in our market”. In the interviews it was recognize that IMC could have an advantage over conventional management consulting since the IMC model makes the managers of the company develop these kinds of statements (with guidance from the model) which would seem more credible than if external management consultants presented the same statements.

The second step, “creating a powerful guiding coalition”, was identified as the step most incompatible with the IMC-model. The reason is that this step is about creating the support from the CEO and other key personnel in the company. This is, as the first step, somewhat beyond the frames of influence of any consultant since it depends of the nature of the client
organization. Most often, a decision to change the organization comes from the higher management in the company, and then the management support is naturally not a problem. But the incompatibilities with the IMC-model appear when it is a middle, or lower manager that has initiated a change and contacts a consultant for a project which does not require higher management approval. Getting the support from the highest management is then much up to the manager that initiated the project and can not be guaranteed by any consultant. Again, this problem seems to be one common for all change management consultants and comes from the politic situation inside the clients own organization. The remedies that the IMC-model uses for this is much the same as when establishing a sense of urgency; aiding the manager with the collection of facts that aids him motivating the change effort.

Kotter’s third step, creating a vision for the change, is well covered by the IMC-model. In the model used for Blueprint, the first two phases of the IMC-model (Define, Analyse) were much concerned about the development and formulation of a vision and the vision statement as well as the development of a communication plan for that vision.

The fourth step, communicating of the change vision, is also well covered by the IMC-model. As mentioned above, much attention is given to the creation of a communication strategy for the change vision. The formulation and quality of the strategy, vision and vision statements are secured by being a part of one of the first milestone/gate requirements that has to be made. Reviewed and accepted before the change process can continue to the next phases.

The fifth step, removing obstacles to the change vision, is also covered in the IMC-model. One way this is done is by actively analysing and monitoring the levels of acceptance and support of the change model. The focus is on identifying those individuals who do not concur with the change process so that their opinions (which are often valuable) can be considered when possible. Also, the communication and involvement of those individuals should be adapted to minimize their resistance. Secondly, organizational barriers to change is identified by
measuring the efficiency of many organizational processes and their development during the change in order to minimize bottlenecks and other sources of inefficiency such as unnecessary re-work, unclear tasks and responsibilities, insufficient information, unclear communication channels etc.

The sixth of Kotter’s steps, systematic planning and creation of short-term wins, is effectively managed by the structure of the IMC-model. The IMC-model is deliberately built up with a number of clearly defined processes with gates and milestones that must be passed before proceeding to the next phase. This makes it easy and efficient to identify when critical steps in the change process have been taken and attention is given in the model to recognize these achievements in the organization in order to create a feeling of progress and to effectively turn the focus from one stage to the next.

The seventh step, the importance of not declaring victory too soon, is managed by the last phase in the IMC-model which focuses on controlling the change after it has been formally implemented. The model recognizes that an organizational change is not completed once the procedures has been re-written and people have been re-organized, trained and given sufficient tools to perform their new functions. It is necessary to have a separate phase in order to monitor the performance of the new organization and the people’s comfort with it. Once the new ways of working is perceived as natural and as “the way things are done here”, can the change effort be declared complete.

The last step in Kotter’s theory is about anchoring the change in the corporate culture. This is managed by the same means as the previous step. Attention is given to the employees’ perception of their jobs (and the organization) as following a natural and efficient flow. Evaluation of this perception and other measures of efficiency is performed regularly during and after the change process so that necessary fine-tuning of the change and organization can be made.

**IMC-model vs. Carnall’s model**

Also Carnall (2003) has communication, and especially clear communication of the change vision, as a main factor for change
management success. It is important that an “Enabling Infrastructure” is set up in the organization that facilitates learning, development, support and change leadership. Extensive and structured communication is important in order to facilitate this. As already mentioned in the analysis of Kotter’s model, the IMC model focuses on communication and increases the impact and credibility of the communication by the transferral of responsibilities to the managers in the organization. Carnall also mention the importance of clarifying the governance and accountability for the change. This has partly to do with clear communication but also about the formalization of tasks and responsibilities. The IMC-model has development of responsibilities as a relatively early phase and the responsibilities (and need for communication between them) are built in into the Execution level of the model (see Figure 9).

The bottom part of the figure shows a process flow diagram over a “swim-lane” background. Each lane represents a responsibility and the position of the tasks in the process flow diagram indicates the responsibilities for each task. Need for interaction between different responsibilities is then indicated by the connection between those blocks in the flow diagram. Some tasks or activities (meetings, informative sessions etc) can span over many lanes, i.e. responsibilities.

Carnall also mention the use of Balanced Scorecards in the change process. Balanced scorecards is a technique originally developed by Robert Kaplan and David Norton in 1992 as a concept for measuring a company’s activities in terms of its vision and strategies, to give managers a comprehensive view of the performance of a business. The IMC model uses balanced scorecards as a way to link the performance of the change process to the change vision. This is especially important for the “establishing of a sense of urgency” which is highlighted both in Kotter’s and Carnall’s models.

Manager’s evaluation of the IMC-model
Interviews with the managers responsible for Blueprint were made in order to evaluate the IMC-model. The interviews were semi-structured and aimed at identifying the most positive and
negative aspects of the IMC-model and to discuss about the causes and effects of those aspects.

During the interview, the most common change theories above were discussed and related to the IMC-model. Both managers agreed that communication was a key issue in change management and agrees above all with Carnall’s theory about extensive and formalized communication and with Kotter’s eight-step model.

The managers also agree that the IMC-model has the potential to address the most common issues in those change theories, mainly on the following aspects:

- Formulation of a change strategy.
- Formulation of a communication strategy.
- “Establishing a sense of urgency” with the evaluation, and communication, of key performance indicators and their relation to the market.
- Planning of short term goals.

While the managers’ evaluation of the IMC-model versus the change theories were mainly positive, one area was identified where the IMC-model was believed to be less effective by one of the managers and “of no use” by the other. This was Kotter’s second step, “creating a powerful guiding coalition”. It was believed that personal goals and politics among managers in the organization was a important factor that determined whether individual managers would support the project or not. This makes negotiations difficult and a change model plays a small role in those negotiations. A second reason why Porter’s second step was not supported by the IMC-model was that the top management group often already is aware of the information that the IMC-model highlights in its communication plan, i.e. key performance indicators, the organization’s performance in relation to competitors etc.

The interview was also focused on finding positive and negative aspects on the IMC-model which is not necessary linked to any change management theory, but rather from the managers own experience. The discussions about these aspects during the interview are summarized below.
Positive aspects from the interview

The four most positive aspects of the IMC-model are

1. Planning is made easier and faster.
2. Tracking of the change process is made easier.
3. Communication is made more efficient.
4. It increases the awareness of the company’s performance.

The planning of the change project is made easier since the IMC-consultants make an evaluation of the company when the change model is customized for the actual change project. Therefore, much of the planning is already built in to the IMC-model but it is still the manager’s job to review and approve it, as well as making necessary adjustments. “Nevertheless, the main part of the planning which is the gathering and structuring of sequential high-level information is already done which saves a lot of effort”, one of the managers said.

The plan, together with measurable performance indicators has been identified as helpful for the tracking of the change project’s status. Detailed status reports can be produced with help from the IMC-model and the reports contain both qualitative and quantitative information. The reports do not only give a good overview of the current status but can also be compared with previous reports (much because of the measurable performance indicators) to analyze trends and the historical development. A positive side effect of this was described by one of the managers as the motivating effects this has on the staff when the actual performance can be seen.

The simple fact of actually having a communication strategy drastically improves the quality of the communication within the change project. The interviews revealed that without the IMC-model, no formal communication strategy would probably be made and communication would have been on an ad-hoc basis and of less quality and quantity. One manager admitted that the initial reaction when the IMC-model was presented was that it was focusing too much on communication but that had changed when the strategy was developed. The communication strategy, which promotes planned communication, had made
communication easier and the manager had felt that he had a better feeling of how the change effort is perceived among the employees.

The fourth positive aspect of the IMC-model, increasing awareness, is much linked with the other identified aspects above, especially the IMC-models increase of communication quality and the ways it visualizes the performance of change projects. But one manager highlights that it is not only the change process that benefits from the tracking of performance indicators; the information used to measure the change project can also be used for evaluating and monitoring other aspects in the organization. The implementation of the IMC-model works as a source for organizational learning as knowledge of, and focus on performance measurement is introduced.

**Negative aspects from the interview**

The four most negative aspects of the IMC-model are

1. Not enough flexibility.
2. Not complete match with the IMC-model and company-specific needs.
3. Excessive trust on the IMC-model can cause managers to not realize problems not covered by the model.
4. Good leadership and management skills are still more important than the IMC-model.

The first negative point concerns the IMC-models lack of flexibility and was agreed to be the most serious limitation of the model. The IMC-models have different levels of detail. The most detailed level, the execution level, contains detailed information about tasks, responsibilities and relationships. This level of detail was perceived by the managers as useful since it gives hands-on guidance in the change process in the same time as detailed tasks can more easily be delegated and explained to less experienced people in the organization. The problem that both managers mentioned turns up when the situation of the change project drastically changes. This kind of changes can come from changed directions from higher management, changes in key-personnel or extreme and unforeseen
developments in the change process such as a strike. When this happens, the IMC-model has to be adjusted according to the new organizational environment. Since the IMC-model is developed by a consultant, it is evident that this kind of modifications can not be done within the company. The consultant will therefore have to be called back to alter the model which could lead to additional costs and time. This problem was realized as being serious if it is not possible to make any agreement about heavily discounted and timely updates of the model. If updated when needed, it is agreed that the IMC-model is a powerful tool for change management, but a finger of warning was raised by the managers saying that if the model is not updated to match new requirements, it could lose all its value. This would definitely have serious impact on the model’s credibility on the market.

Secondly, it was noted that it might be difficult for an external consultant to adapt a change model perfectly to fit the client’s organization and requirements for the change project. An external part can simply not get all information about how an organization works from doing studies. On the other hand, the IMC-model is developed together with the client’s managers and will therefore not only rely on the consultant’s judgements. The IMC-model was perceived as overcoming this problem better than conventional management consulting since the managers in the company play a more active role.

The third negative aspect that was identified during the interview can comes when managers take the model too seriously and stop to think critically and use their own judgement and experience. The nature of the IMC-model might make it tempting to do so since the model’s level of detail is high. It is important to know that, although many detailed tasks and processes are shown in the model, it is crucial that own experience and management skill is used to judge whether or not all details of the model should be followed strictly. This connects with the fourth negative aspect which was found during the interview. The managers own brain is the most efficient tool when managing change. That is why the IMC-model is a guide, not an instruction manual. But the fourth aspect has also a slightly different meaning: Even when the details in the IMC-model are correct and according to the
manager’s conception, the IMC-model alone will not make change happen. It is still the manager who needs to gather information, write memos, talk to, and motivate people and the importance of the manager’s experience and leadership skills should not be underestimated.

6.2. External Analysis

The external analysis relates to the second part of the theory chapter, the industry analysis. The concept of IMC will be analysed following Porter’s five-force model.

Rivalry among existing firms

The management consulting industry shows a fragmented picture with various segments and player groups (Recklies, 2001). There are numerous consultants in almost all fields and there are therefore many different definitions and classifications of management consultants. A classification between different types of actors in the management consulting market has been made by the research firm Research and Markets (2006) as follows:

- Large Consulting firms
- Small firms / Boutiques
- Sole Practitioners
- Internal Consulting Organizations

Apart from this classification, many established consulting firms are involved in the formation of strategic alliance, mergers, and takeovers (Visscher, 2006).

Over the last decade, the management consulting industry has been growing, and continues to grow, at twice the rate compared to the world economy and often much faster than some technology sectors (Dennis, 1997). A reason for the growth in the management consulting industry is the increasing growth and globalization of other industries, especially related to technology and IT. This turbulence in many industries generates uncertainty and requires different approaches to leadership and organization development which in turn generate more and new
markets for the management consulting industry (Simon, 2001). Another effect of industry growth, new technologies, increased uncertainty and turbulence is that it opens up for new niche markets within the management consulting industry. A trend which is noticed by Research and Markets (2006) is that the small management consulting firms are particularly successful in exploiting areas which are new, specialized and/or suddenly emerging.

The type of rivalry among existing management consulting firms is also linked with the entry barriers of the industry because it is easy for newcomers to compete with reputed and highly experienced firms and individuals. The low entry barriers and the fact that there are no defined qualifications that allows people to call themselves management consultants makes it easy for non-serious actors to enter the market (Visscher, 2006). This can be potentially devastating for the clients and can cause great confusion and the clients must be able to judge whether the consultant is able to perform the job or if he is simply a charlatan with badly thought-through solutions.

When comparing the conventional management consulting with the concept of Indirect Management Consulting (IMC), some interesting observations can be made concerning the nature of the rivalry between the competing firms. One clearly positive effect of the IMC-concept is the lower price. The lower price comes, as discussed previously, from the possibility to use a high degree of standardization when developing IMC-models for new clients. The other reason for the lower price lies in the very nature of the IMC-concept; that more responsibility and work is transferred to the client.

Another effect of the IMC-concept is the way the quality of the organizational change process increases by the managers increased role in the organizational change process. The increased responsibility, effort and drive by the managers. The concept of IMC transfers some work to the managers which traditionally was within the responsibility of the management consultants. Increasing the role of the managers in a change process increases the quality and credibility of communication (Kotter, 1996; Higgs and Rowland, 2001) and also increases the
quality of planning and decision-making which are important factors for successful change implementation (Rubenowitz, 1994; Mintzberg, 1979; Dipboye et al., 1994; Buchanan, Claydon and Doyle, 1999). Even though most change management theories support the concept of transferring work to the responsible managers, these benefits are far from obvious for everyone and many potential clients could have doubts that the concept of IMC generates better quality than traditional management consulting. Communicating this message is therefore of crucial importance when presenting the IMC-concept to potential clients.

On the other hand, there are two factors that, compared to conventional management consulting, can be considered negative. The first is that the IMC-model provides a slightly less customized solution compared to a change model driven by a management consultant. This is mainly because of the IMC-model’s relatively high degree of standardization and also to some extent because of some work is transferred to the clients. The second factor is a negative effect from transferring some work and responsibility to the client. Some clients might not feel enough secure to take on more responsibility for the change while a client with a high workload might prefer a solution where the management consultant spend more time to actively manage the change. This negative aspect of IMC comes from the transfer of responsibilities to the client, which also has the positive effects described above. It is important to be aware of both the positive and negative aspects of the same service so that the clear and convincing answers can be given to doubtful clients and so that their uncertainties can be considered and reduced.

**Threat of new entrants**

Much of the literature about the management consulting industry point in the same direction, i.e. that big consulting firms grow bigger every year, and because of the low entry barriers, new consulting firms are established every day, resulting in a growing number of small firms Clark, 1995; Gilley and Eggland, 1989; Simon, 2001).
A major reason for this is, as explained above, that new opportunities arise from the turbulent and globalized industry environment and that small firms are often better at exploiting the new markets that then emerges. This can be described as an external market factors that makes it favourable for small firms to emerge. There are also internal factors within the management consulting industry itself that makes it possible for many new firms to enter the market. The most obvious factor comes from the relatively low impact of scale economies coming from the very nature of consulting firms as being service providers. The capital requirement is limited and small consulting firms can emerge with a minimum of investment (Visscher, 2006). Benefits of scale is low and comes mainly from the ability to spread overhead costs such as membership fees, data base access, subscriptions, office space and incidentals.

A second factor that also origins from the management industry itself is the lack of formal approvals and requirements for a firm to be able to call itself a management consulting firm. Gilley and Eggland (1989) even go as far as to state that “the only real requirement for being a consultant is six dollars for business cards”.

Some researchers that go deeper into the ways the management consulting industry is structured can often find other factors that work as entry barriers in the industry (Glancey, 1998; Washburn, 1996). Many clients have found difficulties to determine whether small consulting firms are serious or not or if they have the competence that is needed to perform a job. Therefore clients have started to find value in choosing firms that are connected to one of the large umbrella organizations for management consulting firms, for instance the European FEACO (Fédération Européenne des Associations de Conseils en Organization). These umbrella organizations have strict requirements on their members and the annual fees are often high (Kumar, 2000; FEACO, 2006). By employing consultants from one of these organizations the client can be sure to get experienced and competent consultants. This, however, does not only act as a barrier for less serious consultants. It makes it more difficult for new consultants to enter, regardless of the
competence, if they do not have the experience required for entering the umbrella organization.

The degree of product differentiation is high in the management consulting industry with a large range of specializations. This is also a source of low entry barriers (Porter, 1980) and many small consulting firms can be successful in specializing in a narrow field that is not covered by any of the major consulting firms (Weiss, 2004).

Another entry barrier, typical for new and inexperienced consultants, is the lack of a portfolio of references. Management consultants are normally called in to a company to aide the client through critical processes of high strategic importance. Therefore it is of high importance to be able to show the clients concrete examples on similar jobs with successful outcome. The lack of experience can therefore be devastating for the new consultants and many starters either choose to join an established consulting firm to gain some years of experience or choose to discount their first clients or perform jobs on pro-bono basis (Holz and Zahn, 2004; Weiss, 2004).

**Substitutes**

According to Kumar (2000), there is an increase in the threat of substitutes, as accounting firms, law firms and other professional bodies are providing management consulting services as part of their mainstream service. These organizations consider consulting to be a new “hunting ground” to expand and develop new, and old, product lines.

Another substitute which has been described as being the most serious substitute is identified by Research and Markets (2006) and exists within the clients’ own organizations. This substitute is simply the client’s own choice to deal with the numerous activities within strategy, organization development and other typical “consultant jobs” by themselves using existing resources in the own organization. Some companies, usually large and global, have gone as far as having internal departments with specialists (often staffed by previous management consultants) acting as consultants within the own organization (Research and Markets, 2006). These internal consultants have an edge over
the conventional management consulting firms because they know the business, products and processes in their own company as well as they already have established contacts within the company (Lacey, 1995). On the other hand, the internal consultant does not often have as many resources such as databases and consultant networks as the large consulting firms do. Therefore the large consulting firms still have a reasonable chance of getting jobs from these organizations, especially if the job is complex or within a specialized area that the internal consultants are not familiar with. But the smaller consulting firms with similar, or even fewer resources or networks than the internal consultants are more likely to find this competition difficult. The concept of internal management consultants, and its impact on the management consulting firms, is however mainly limited to the competition against large organizations. Having internal consultants within an organization imposes overheads which makes internal consultants a luxury that only the large organizations can afford.

A substitute worth special attention is the companies in the e-learning business. Even if the management consulting industry is different from the one of e-learning, they share some common traits. While management consulting is aimed at providing external competence for solving strategic problems in the client’s organization, some e-learning is focused on giving the client the competence of solving these problems themselves. It should also be noted that e-learning is a more potent substitute for IMC than for conventional management consulting. This is because the concept of IMC gives the client the guidance and resources to lead the change project himself, which makes it similar to services offered by e-learning firms. While IMC and e-learning are more similar in the ways knowledge is transferred than compared to conventional management consulting, some major differences exist between IMC and e-learning. An IMC model is custom made for a particular project and provides detailed guidance in how to manage the change process and the characteristics for that change effort. An e-learning solution would, like any other means of teaching, provide general information about change management and the information would not be adapted to any specific situation. The relationship
between conventional management consulting, IMC and e-learning is summarized in Figure 10.

![Figure 10: Positioning of conventional consulting services, IMC and e-learning (Source: Fredrik Skålén)](image)

**Bargaining power of buyers**

The buyer’s power and influence on the consulting market is increasing (McCarthy, 1994; Porter, 1979). Buyers are increasingly demanding more from consulting firms and are becoming more sceptical of management trends and opportunists seeking to exploit their organizations through mediocre consulting services (Washburn, 1996).

Another way that buyers are expressing their bargaining power is that they are increasingly jockeying between competing management consulting firms (Sharma, 1997). In this kind of situations, Porter (1979, 1980) and McCarthy (1994) express that there is a need for consultants to develop unique and original methods to gain a competitive advantage over other industry participants. The level of turbulence in the industry that has emerged from the increased globalization, industry growth, technical achievements and uncertainty can also influence the strategic capabilities that lead to success within that industry (Ansoff, 1988).
Buyers can also express their power by developing, or threatening to develop, the resources internally and hence combing their bargaining power with Porter’s other force about substitute services (Research and Markets, 2006).

**Bargaining power of suppliers**

The very nature of management consulting as a service leave the suppliers in a relatively weak bargaining position, especially when compared to other industry such as manufacturing or retail industries (Porter, 1980). Nevertheless, bargaining power of suppliers do exist in the management consulting industry although as the relative importance and dependence of bought or rented goods and services are less prominent as in many other industries. The management consulting firms, or independent consultants, might need rented office space, bought-in marketing services, travel services, legal advisors, IT-systems, data base access, incidentals etc. Large consulting firms such as McKinsey, Accenture and Arthur D. Little can often be seen having offices on prominent addresses. This is expensive and cannot be afforded by most small firms. The same goes for marketing services where large firms often advertise on reputed TV channels and on Roadside billboards, airports and other high-cost / high exposure locations. An example of this is Accenture’s recent campaign where Tiger Woods is posted on a majority of the Paris subway stations. There are obviously differences between large and small firms in the amounts of advertising costs that can be allowed to spend, but there are also differences between the way large and small firms handle the supplier’s bargaining power. Small firms, particularly one-person consultants, often have no choice than to use outside suppliers of legal and financial advisors and marketing services. The larger consulting firms can often reduce the risk of supplier dependence by setting up in-house marketing departments and hiring accountants, lawyers and other support functions.

Another kind of supplier power typical for the management consulting industry is identified by Research and Markets (2006) within the industry’s increasing salary levels. The management consulting industry is a knowledge-intensive industry and the ability to attract top-talent employees is
necessary for the maintenance of high quality levels and reputation (Research and Markets, 2006).
7. **Conclusions and reflections on the IMC model**

The aim of this chapter is to conclude the research questions and to give further insight and reflections about some aspects of the IMC model. Because this study is made partly for my personal decision which is whether or not I should start up a business within IMC, much of the reflections will concern mainly two areas: (1) A critical reflection about the idea itself and the market that I am about to enter and (2) the insecurities in starting up a business in a new an unproven field of expertise.

7.1. **Research questions**

- What competition does the IMC-concept face in the existing market?

The concept of IMC is new and unproven. It has not been possible to identify any company that is based upon, or uses a similar model as a major method for the implementation of organizational change. On the other hand, the absence of a model similar to the IMC-model does not exclude the presence of competing companies. A company that builds its business based on the IMC model faces competition mainly from conventional management consulting firms and, secondly from firms offering e-learning solutions. The management consulting firms are a particularly threatening since their methods of managing organizational change projects are more conventional and well known that the methods that follow the IMC-model.

- What is the potential and feasibility for the IMC-model in the field of organizational change management consulting?

There is no single answer to the question if a model for organizational change management is successful or not. The IMC-model has shown many strong points but also some weaknesses. Among the weakest points is that the model relies
to a high extent on the skill and personality of the organization’s own managers. An example is that the model does not provide much support for a user in a middle management who sees the need for change but does not have the buy-in from the top management. Support from top management is crucial for a successful change project, but if the support is not there, the middle manager can not get much help from the IMC-model when convincing the top managers of the importance of the project. While many of the IMC-model’s negative aspects are common also for conventional change management consulting, many of the model’s positive aspects are unique. The main positive aspects comes from the fact that the model makes the organization’s own managers more active in the implementation process than what is the case when conventional management consultancy is used. This has positive effects on the communication and organizational performance measurement, which are important elements in the change process.

- What are the barriers that a new company faces when entering this market?

Typically, the entry barriers for a management consulting firm are low, much because the business is service oriented and does not require much capital. This is also the case for a new company which focuses its business on the IMC-model. The model itself seems to be a potent concept when compared to the traditional ways that management consulting is conducted. This, together with the low price of the service, gives the IMC model a clear benefit. However, one serious entry barrier exists: - The reluctance for managers to use a new and unproven concept. This is a threatening barrier which could make it daunting for a new company to enter the market. The exact impact of this barrier has not been described in the analysis chapter since the fact that the IMC-model is unproven on the market makes it more a subject of speculation than objective analysis. This entry barrier will therefore be further reflected upon in this chapter.
7.2. Entering the market

Initial scepticism
The internal analysis as well as the response from the managers in the company shows that the IMC concept has many good advantages and that it indeed seems to be a feasible concept. Regardless of that, it might not sure that it is a concept that will be well received on the market.

My experience from the studies in the company is that people who have been introduced to the concept of IMC and has a good understanding of it (or has a good understanding of organizational change management in general) seems to be more positive to the concept than those who are new to it. A reason for this seems to be that it requires a certain amount of change management knowledge in order to see how the model can give a good result. A second reason might be that one of the main advantages of the IMC concept (the transfer of work to managers in the client’s company) might seem initially counterproductive; Since the purpose of a management consultant is to aid the managers, isn’t the transfer of work back to the managers a return to the initial starting position? This, in combination with the model being a new concept has revealed much scepticism. Although this dilemma can be answered by referring to change management theories (see “Evaluation of the IMC-model”), the scepticism should be taken seriously. First of all, the model is tested on a limited scale in only one organization. Secondly, the existence of that scepticism might be a serious obstacle when marketing the service.

In one way it is comforting that people get increasingly positive to the concept the more they learn about it, but I see the initial scepticism as a serious threat. My belief is that it will be difficult and time consuming to educate potential clients so that the initial scepticism is overcome. Referring back to the analysis of the rivalry among existing firms and entry barriers, a portfolio of successfully executed projects seems to be of crucial importance. If I would proceed to start a new company, without further references, using an unproven change management
concept, the strategy for overcoming this entry barrier would have to be of highest priority.

**Pricing issues**

Before the company has built up a portfolio of executed projects, many of the benefits with the IMC model might be lost: One example is the low prices compared to conventional management consulting. The need for an organizational change is often derived from changing market requirements or the need for making the organization more cost efficient. The success of the organizational change can therefore be a matter of the company’s survival and is often of highest importance. In this case, few companies would probably take the risk of trying an unproven concept and would not consider the lower price as being an attractive alternative. The benefits of lower pricing would therefore be lost.

**Risks and legal aspects**

Another problem with the IMC model could come from the basic concept of transferring some of the work and responsibilities for the change project to the managers in the company. This concept is, as described previously, one of the key concept of IMC which enables the lower price and the higher organizational acceptance of the change (compared to conventional management consulting). The problem could be a fact if conflicts occur between the manager in the company (the client) and the consultancy company who provides the IMC-model. If the manager does not take the time to lead the change model, or if the guidelines in the model are not followed, the change is not likely to be successful. In this kind of scenario it would not be likely that the client takes on the responsibility and it would be easy for him to claim that it is the model itself that is bad. Proving him wrong would be difficult if not impossible. This could lead to costly refund claims or, even worse, claims for lost time, decreased efficiency etc. Protection against this kind of problems is possible by the use of disclaimers and limit-of-liability clauses. To efficiently protect against the majority of legal issues would however need considerable consulting of
lawyers which, for a start-up company, could mean significant costs. I believe this is an area that needs to be well thought-through before entering with a start-up company in this business. The ways that this is managed could have a significant impact, not only by the means of bare legal protection, but also by the means of the attractiveness of the product as an over-protectionist approach to the legal aspects possibly could lead potential clients to feelings of suspicion and the belief that the consultant company does not take any responsibility for its actions. On the other hand, neglect could lead to devastating claims and lawsuits.

When thinking of the legal aspects of consulting, it could be useful to reflect back upon the definition and meaning of the word consulting:

*Consulting: Providing professional or expert advice.*
-Merriam Webster’s Dictionary

*Advice* is central in the definition. A consultant should not be responsible for the actions of the client. A consultant provides advice and in some instances may produce a product or a tool, such as the IMC-model. However, a consultant is no longer consulting when he is compensated for or manages the resources of the client. If a consultant is responsible for results, he has become an employee in mindset and his advice is no longer based on what is best for the client on a long term, but has evolved into acting on his best interest short term. A consultant should therefore be judged based on the appropriateness of the advice he provides, and the client is responsible for the results.

The above definition reminds us that it is impossible to consult with someone who cannot act upon the given advice. Consulting is something done to build skills, provide insights, or develop positions or strategies. If you are engaged in sharing wisdom with anyone and everyone without discriminating between true users and others, then you are communicating in the way that street-corner evangelists do, hoping to convert someone to their
way of thinking. That is not consulting. Consulting must address specific business or organizational needs and be targeted to someone who can act upon it. Avoiding the clients who can not act upon your advice is the best legal protection in contrast to forcing the ideas to someone who does not have the skill, interest or time to use the model, and that are likely to be dissatisfied when they discover that. Being preventive and identifying bad clients early on in the sales phase is important, but being certain of each client’s interest and capabilities is impossible.

Regardless of how the company is protected legally, I believe it is important to establish a good relationship with an attorney or legal advisor. Everything can not be planned and protected up front and, surely, a new starter in the management consulting industry will need to consult a legal expert several times for various issues as special contracts, employment conditions for eventual expansions etc.

**Networking**

Legal advisors are not likely to be the only service needed for a new consultant company. When starting up a company alone, I believe that it is important to be able to get access to outside knowledge easily and efficiently. If time is spent to establish a good relationship with experts from different field, this will likely pay off later when the need arises. Apart from legal advice, the needs for a new starting company could include accounting and financial matters, insurances, banking etc. Good relations with persons within these fields can make it possible to get fast expert advice. But it is not only important to have a network within the professional areas where services are likely to be bought. It is also important to have a network with people, experts and non-experts, who can give a second opinion, evaluate ideas, act as a sounding board or simply give support.

**7.3. Starting up a consulting business**

When looking back to the five-force analysis of the IMC-model as the basis for starting up a consulting business, indeed the
model has many advantages and could seem highly competitive in comparison with other more conventional consulting methods on the market. Other aspects of the analysis, and the discussions above, reveal that there are other parts of the model, such as its novelty and the scepticism associated with it, that counteract many of the positive aspects found in the five-force analysis (and in the functionality of the model itself). Since the findings of this study do not unanimously favour the IMC-model as a competitive model for a new-starting consulting business, how should one be sure that a company based on the idea would be successful? –Without trying there will never be an answer.

Commonly heard in the consulting business as well as in many other fields is that you have to be in it full-time and give it your all if you want to succeed.

This is true, to a certain extent. Two persons, competing in the same field with the same skill, methods and experience are likely to be unequally successful if one takes the work less seriously and the other works harder and longer. On the other hand, there are alternative ways to look on this when thinking about starting up a new business and, especially, using new and relatively unproven methods. You have to be serious about the work in order to succeed, but that does not have to mean that you have to obsessively sacrifice all other interests or even all other sources of income.

The concept of a second career is not only common for people who cannot support their lifestyle with only one source of income, but also for people who have certain skills or interests that they are willing to pursue outside of their day-to-day working hours. Some people may perform work outside of their regular job because they feel an “itch” that they are not able to scratch with their current employer, others might have found opportunities to share their expertise by lecturing or writing books. Regardless of what is chosen as a second career, it is likely that the external work does not give as much income in financial terms as it would have done if he or she had worked full-time with it. On the other hand, the financial income is not the only way to measure success and other values, such as the
feeling of accomplishing something by oneself or increased freedom, can give a feeling of success and fulfil the needs of a high-quality life. One benefit of undertaking work while still being employed is the security of a steady income from the regular work. This security can be highly relevant and interesting when thinking about starting up a new company. When the new company is focussed on a new model and all uncertainties that come with it, the attractiveness of this security is becoming increasingly intense. Keeping the normal work while starting up a consulting business as a second career is like sailing with a lifejacket on – if the winds are good one can enjoy a great ride but if disaster strikes, one can be sure to not go down with the ship.

Starting up a consulting business while still having a second career will not allow enough time to seriously compete with established consulting companies in terms of turnaround and the number of annual clients. Nevertheless, the security of a second career would be a great chance to find out if the concepts work on the market. With a second job, it is possible to find a few first clients for the IMC-model and refine and evaluate the model thoroughly. That is likely done best with only one, or a few clients in order to allow sufficient time to the development and refinement of the IMC-model and its workflow, interactive elements, tools etc. Again, as a second career, this can be done without the urge of generating too much income. If the consulting business would have been the only source of income, chances are that short-term needs of generating income could make it tempting to work with too many clients simultaneously and to finish the jobs too early and thereby not allowing enough time for the development of the work methods and gaining thorough experience from the first clients.

Another benefit of starting up a consulting business as a second career is that it is possible to seek out different kinds of clients, or partners, which would have been difficult if the new company would have been the only source of income. In the early phases of the company, when the functionality and
value-creation of the IMC-model is still relatively unverified, it could be useful to actively search for parties that are willing to assist in the development of the tool in the same time as being the source for reference that can be used in future projects. The partners could be potential clients that are willing to work with the IMC-model and take an active role in the feedback process, evaluation and further development of the tool. This kind of partnership would need considerable time and resources of the client in exchange of letting them use the model free of charge. Another kind of partnership could be with companies that are providing complementary services which are near, but not directly competing with the services provided by the use of the IMC-model. For example, this could be e-learning providers which could have expertise and resources which are relevant to the IMC-model. As shown in the External Analysis (Figure 10), there could be many synergies with e-learning providers (and also with conventional management consulting firms) and the development of cooperation or partnership for mutual learning and/or resource sharing could be an attractive solution for a new starting company.
8. Reflections on the method and future studies

There are many aspects to consider when starting up a business. Since this is a business which is focussed on a new concept which has not been tested on the market, much emphasis has been on the actual functionality of the model. I was given the opportunity to follow a live change management program, “Blueprint”, and compare the model against that program. The opportunity to discuss the model with the managers of a company that were already busy with a change program gave many interesting inputs on the functionality of the model. However, since Blueprint was already an ongoing project when this study was conducted, it was not possible to practically use the IMC model for the change implementation; instead it gave the opportunity for comparison and discussion. If Blueprint would have been fully implemented with the IMC-model it would have been possible to actually see the effects of the model which would have given more information to the study. A first project where the IMC-model is fully implemented is therefore recognized as valuable for evaluation purposes and will be the first recommendation for future studies.

This study was meant to give a first outlook on the functionality of the model and an idea of the barriers that a new entrant would face that starts a company focussed on the IMC-model. Since the functionality of the model was still not clear, it was considered too early to reach out to potential clients and actively question them about the interest for services focused on Indirect Management Consulting. At some stage before launching a business, it will be essential to have a dialogue with potential clients and other stakeholders and make a full-blown market analysis that would give a confirmation of the client’s view on IMC, the size of the market and possible partners. This is therefore my second recommendation for future studies.

My final words will be that it is important to bear in mind that there are many ways to start up a new company in the consulting industry. For example it can be done by starting full-scale with a
high-risk venture or by taking the time to refine the model and slowly generate a reference portfolio on the side of a regular employment. The goal of this study was to provide insight of the present market and the functionality of the concept, and although this is now clearer, I will not go further in describing the ways to start up a company and bridge the present situation with the future; the way to start a business can only partly be answered by further studies, it will to a high degree remain a question that can only be answered depending on the personal situation and preferences of the entrepreneur himself.
9. References


