# Management Consultancy guidelines and Terms of Reference

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This is a draft consultation document, to be used as input to discussions around some form or Consultancy registration or membership scheme in the ITSM/PPM Industries.

This has evolved from initial discussions around the nature of such a scheme – pros and cons – involving industry consultants and AXELOS, the owners of the ITIL and PRINCE programmes.

This has been published initially via Slideshare and updated with input from across the ITSM community – via the BACK2ITSM pages. Many thanks to all who have provided feedback and input to the document.

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# 1 What is consultancy?

Consultancy[1] is the process of providing expert knowledge, guidance and resources, to deliver a specific result or outcome, or to solve a particular problem or challenge.

Usually this is delivered on a contractual basis from one organisation to another as a discrete commercial piece of work.

In some cases this can be delivered within the same organisation although usually this still involves a defined relationship or interaction between separate teams or functions - i.e. in large organisations.

## 1.1 Consultancy Value

The value of using an external / expert resource is to do one or more of the following:

- Provide expert knowledge and skills that are not available in house, to deliver a specific piece of work - review, procurement, restructure, project/programme

- Support decision making and direction using expert knowledge and external perspective - i.e. to advise on investment, service improvement projects, risk mitigation, business case development, organisational change management, performance improvement

- Use external and independent expertise to provide direction and guidance/validation around a particular issue - i.e. contractual disagreement, interdepartmental dispute, service/product failure

- Use an independent non-aligned party to facilitate and progress internal issues - to build consensus and momentum, communications, mentor key people, support a change programme

- Use industry-wide knowledge and experience to benchmark and understand the relative quality, cost and performance of an organisation

- Save time and cost on progressing any of the above by leveraging wider industry experience and knowledge - i.e. to avoid making costly and time-wasting mistakes

The term 'Management Consultancy' is used as the work is strategic and concerned with management issues - i.e. how to define and deliver success in an organisation - e.g. through leadership, policy, strategy, people, motivation, culture, structure and governance, as well as technology and process.

## 1.2 How does Consultancy differ from other types of work?

**Definitions**
In order to help clarify the consultancy role, it is useful to set out some clear definitions:

**Consultant**
*This is an expert resource provided to deliver and facilitate a specific analysis and/or qualified opinion, based upon a brief, proposal and a sales cycle.*

Consultancy is usually strategic and engaged to provide analysis, opinion and direction. This needs to be identified, defined and agreed in advance. This is a key distinction as a consultant should not simply be hired without some sales process and without a clearly defined set of objectives and deliverables.

The work is usually engaged and delivered on a short term basis – perhaps with ongoing periodic reviews and feedback.

The proposal should reflect discussion around the client needs and expectations, with a defined set of activities and expected outcomes. This should show the client that the consultancy organisation understands the challenges and needs from the client; whilst at the same time defining what sorts of activities will be carried out by the consultant(s) to resolve/mitigate these.

Consultancy is used effectively to provide external and expert perspective and guidance on behalf of the client organisation - so this is effectively extending the organisation temporarily with subject matter expertise in a particular field. Generally this delivers additional knowledge and skills plus also perspective and a non-aligned viewpoint, so can also be used to resolve internal debate and disagreement.

True consultancy should also commence with an open expectation around the options and recommendations that could result from the work - i.e. the expectation should\* be that the work will provide an objective review and recommendations that best service the interests of the client, **not** simply to fulfil an expected course of action or to follow a particular methodology or technology solution.

> *\* There are variations and exceptions to this is if e.g. the client has already made some decisions around e.g. approach and technology, and therefore the work required is to progress with this particular route (e.g. this could be to develop ITIL or COBIT processes, or to implement a particular toolset). This must be clarified, agreed and documented as part of the sales process and brief.*

Regardless of the expected approach, good consultants should always be prepared to make observations and recommendations that identify and serve the best interests of the client organisation (e.g. this may contradict the expected approach). This may be difficult, both for the client who may not respond well to their approach being challenged, and commercially for the consultancy organisation, where work may be changed or even cancelled.

This is an area where the consultant's skills in communications and influence come to bear - i.e. in order to use the best and most effective means to achieve this. In this and all other cases the consultant needs to consider and deliver that which is in the best interest of the client organisation as the guiding principle.

This is not only right for the customers but also in the long-term best interests of the consultant/consultancy organisation, where high ethical values and reputation are the foundation of their business. Consultancy businesses (whether one-man operations or multi-national practises) live and die on reputation.

## Contractor
*This is a hired external Subject Matter Expert resource, engaged to provide a particular function or project role within an organisation.*

Contractors are usually engaged to deliver against a strategy – i.e. providing experienced and skilled resources to implement a programme or project, or to deliver interim management and e.g. technical capability to plug gaps in the full time organisation.

The work is usually engaged on a full time temporary basis. Generally this involves the contractor providing skills and resources to the client organisation as part of that organisation, for a limited period.

There is often confusion between **Consultancy** and **Contracting** – here are some generic differences:

| Consultancy | Contracting |
|---|---|
| Strategic | Tactical |
| Short term/ongoing | Full time /temporary |
| Positioned as external input | Positioned as short term internal resource |
| Defined deliverables/outcomes | Role-based |
| Sold on a proposal for delivery outcomes | Sold on cv and interview for person |
| Often come with tools | May have to be provided with tools |
| Consultants should leverage existing IP or be creating IP | Often consumers of IP |
| Often assume project and outcome risk | Typically do not assume risk |
| Should be leading customers to outcomes | Can contribute but are rarely in leadership role |
| Should spot politics but rise above | Often have to work within the politics of an organization |

**Trainer**
*This is a Subject Matter Expert hired to deliver training courses – skilled and qualified both in the subject and in the process and delivery of training.*

**Mentor/coach**
*This is a role whereby one experienced Subject Matter Expert provides specific and personal support to a role based practitioner – usually on an ongoing basis*

A **Mentor** will usually provide specific role based support – e.g. to a Service Desk Manager

A **Coach** will usually provide more generic career-based and personal development support.

**All of the above** roles can of course be combined and delivered by the same individual. It is essential to be clear on the commercial and delivery expectation of each role – i.e. how this is sold, as the expectations of delivery will be different.

## 1.3 What are the main areas of work delivered?

**Pre-Sales**

Consultants need to be involved in the initial sales process – clients need to feel comfortable with them, plus also it's important that the consultant is involved in assessing the requirement and actually writing some parts of the proposal.

The consultancy role is itself close to the sales profile in that it involves identifying clients' needs and (successfully) proposing and delivering suitable solutions back.

**Proposals**

Proposals can vary significantly in format and relative importance – there is a tension between showing that this piece of work is something that 'you've done before' (so experienced, and therefore having templates to demonstrate that) and for providing a bespoke and personalised proposal, which speaks directly to the client's issues.

For consultancy organisations this reflects a resource issue around the time taken to prepare and produce proposals. Ideally most proposals should include both elements – i.e. some 'copper plate' content, with specific content around the client's needs and proposed solutions for them. Usually a first proposal can contain a lot of detail about the company etc, although subsequent proposals may simply be 1 page or even emails.

The proposal provides the prospective client with a clear example of how you work – so the quality, relevance, accuracy and presentation must be of a high standard – who would hire a consultant that gets your name wrong? or proposes to Company X? Spelling and grammar and the validity of the proposed solution for that organisation also shines a light on the sort of quality and service that might be provided – so this must be right first time.

**Engagement**

Consultants need to be able to engage and build relationships and credibility very quickly, in order that their recommendations are accepted and trusted with maximum impact.

Engagement should also be used to proactively clarify the approach and methodology to be used and deliverables expected – plus any other clarification required minimising the risk of misaligned expectations for all parties.

**Statement/Scope of work**

Clarification of Scope of work and Deliverables is a vital part of this process, as well as the obvious essential elements of relationship building on the first few days of work.

This may be similar to the proposal but crucially will have different and more exact logistics, names and expectations of delivery around it – it should be drawn up as a separate summary document and agreed by both parties. This should include:

- Consultant(s) expected
- Client contacts
- Dates of work (onsite)
- Tools and methodologies used
- Client requirements
- Expected deliverables
- Sign-off details
- Delivery dates
- Costs and constraints
- Reporting and review details

## Risk

It's also useful to carry out initial and ongoing Risk Assessment - of the client and project. This can help to identify potential challenges and plan mitigation early and before issues happen – and certainly help the consultant to respond more quickly if issues arise. This might simply take the form of a tacit maturity assessment of the client's project team,their skills relevant experience and also availability, which will all help to improve risk mitigation.

## Discovery

Any piece of consultancy work requires some level of initial fact-finding – usually clearly defined as such, so participants understand that this work is part of a consultancy exercise.

This usually involves **interviews** of key stakeholders – across all related areas – in order to gather information, build some personal rapport and also prepare those individuals via discussion for some potential change. Participants should be prepared in advance for these meetings.

**Data Gathering** - also the consultant would collect a number of documents, files, reports, organisational charts etc. in order to build up a bank of data to support their investigation. For e.g. ITSM this would include SLA reports, process documentation, Service Desk reports, Customer feedback reports, sample knowledge articles, skills matrix, organisation charts, strategic plans, service models, Service Catalogue etc.

## Analysis

After discovery the consultant is then expected to review and analyse the data and finding and produce recommendations for action. These are usually strategic and in line with the business objectives of the client – they can also include tactical short term recommendations (quick wins) to effect some short term progress and build client confidence

Reporting content usually includes:
- Management Summary
- Analysis – SWOT/impact/Gap Analysis/Current State Analysis/SMART
- Issues and impact
- Strategic recommendations
- Tactical recommendations (quick wins)
- Options – do nothing/alternatives/SWOT of recommendations – pros and cons
- Proposed Way Forward
- Route Map/ planning
- Business Case/ROI
- Appendices:
- Data from analysis
- Interview data/verbatim
- Relevant industry information/benchmarking etc.

## Presentation/facilitation

Consultants may need to present their findings in several different settings and to various stakeholders in different formats.

This includes the need for some 'stage management' – ie where issues have been discussed but there is a need to discuss or review them with certain audiences and forums.

**Decision support**

Consultants should provide analysis, ideas, recommendations although clients ultimately decide on action – consultants build initial relationships as 'trusted advisors' and can help and influence clients in their decision-making.

**It is here (particularly if decisions result in further consultancy work or other work for the consultancy company) that the credibility and ethics of the consultant are paramount – and they must visibly and actively be seen to pursue the best option and outcome for their clients**

**Project consulting**

Once initial discovery and analysis is complete and a programme of work is defined, consultants may then operate in project / interim / project management / delivery / trainer / mentoring mode as part of that project structure.

This can involve a number of tasks and deliverables and is a clearly defined project/programme mode rather than a reflective/consultancy one.

Consultants who operate mostly at a strategic and true 'consultative' level also tend to be engaged to deliver 'project consulting / project QA'.

This tends to be at a steering level and provides the opportunity for the consultant to feed back at a strategic level on progress, issues, direction, change etc.

This also fits with the 'trusted advisor' role and is a useful addition to consultancy offerings, which also helps to reduce risk and ensure project success.

## 1.5 What sort of capabilities are required?

**Who would be suitable to become a consultant ?**

There are some key capabilities required that some people will fit easily and other less so. Many successful people who have worked in delivery or management roles might aspire to become consultants, however the skill-set needed is an additional/different set of capabilities which do not fit or suit everyone.

Becoming a good teacher requires additional management, motivation and psychological skills beyond simple competence and qualification in a particular subject.

Similarly good consultancy is not just about having a qualification or being an 'expert' in a specific topic. Qualifications, related work experience and expert knowledge are of course essential requirements for consultants, but this is not all:

Successful consultants also require additional skills:

- Exemplary communications and influencing skills
- High emotional IQ (ability to read people and react to changing situations)
- Presentation and facilitation skills
- Multiple writing styles
- Commercial nous
- Practical logistical skills to get things done effectively – e.g. planning

Above all, management consultants must have high levels of professionalism and ethics, in order to fit their clients' requirement for a 'trusted advisor', and also for themselves to maintain sustainable business and revenue through reputation and track record.

An important requirement is the need to be a good facilitator to get results and to make progress for the client - so tact, diplomacy and great interpersonal and influencing skills are essential.

This also extends to the need to be able to stand back and let others take the credit for success - the value of consulting is not to provide someone who outshines everyone as an expert, but to deliver improvement by being the catalyst for change for the client.

There is also a lifestyle element that must be considered - i.e. the work is irregular and requires a lot of varied travel and work away from home, all of which must be taken into account to fit in with personal family life and needs.

**How do you become a consultant?**
Big consultancy firms tend to recruit graduates out of university and train them to be 'corporate' consultants, whereas smaller firms and independents tend to be made up of experienced practitioners who have moved over to consultancy.

Crossover between these 2 main areas does happen but is not common.

Many practitioners moving to consultancy tend to either set out on their own – which is risky as this also requires new skills in sales and business management – or 'try out' various options of contracting before going full-on into business.

Many potential consultants are 'spotted' and offered roles when clients by consultancy forms who see the potential and key personal attributes/characteristics – which the individual may or may not be aware of.

*Consultancy is a challenging role and works well for some people but not for everyone.*

*Networking and industry involvement is an essential part of assessing an individual's need and potential to become a successful consultant.*

# 2 Consultancy guidelines – Key Elements 1 page guide

**Justifying the day rate** - <u>adding value</u>, knowing that that's expected to build credibility and image, providing insight and joining up the gaps, creativity, empowerment (expected and taken), giving experience and advice, overcoming the 'drug dealers/selling your watch back' image

**Job skills, currency and knowledge** - 'hands-on' and industry experience - expected. Empathy and 'coal face' stories trusted and accepted. Should be aware of, display knowledge and understanding of new trends and practises, technologies, ways of working,

**Additional expectation of skills & knowledge** - meeting management, workshop facilitation, analysis and information gathering, industry (market) knowledge, awareness of related roles in (IT) or area of work, awareness of clients business, awareness of management concepts and practises, HR, sales, marketing and finance practises.

**Professionalism** – must be exemplary - setting the aspirational tone and example. Timekeeping, dress, personal ethics, work rate, 'can-do', engagement, mutual respect, appropriate interaction at all levels, caution with words when needed, not doctrinaire, doing what needs to be done to achieve success

**Stage management** - NLP & EIQ. Ensuring that the right messages are heard and understood, staging questions, discussions when necessary, anticipating issues and outcomes, reminding all parties of their expected actions and also warning them of potential outcomes.

**Commercial awareness & focus -** Consultancy and sales are on the same skill scale - always 'selling', initial work particularly. Sales and objection handling - knowing and following the company position and approach, supporting the brand, identifying and following through on opportunities and issues, being aware of commercial impact of what you are doing - on clients and company. Transparency and integrity. Use sales people for commercial input/discussions. The 'company line' opinions on ITIL etc. and how these relate to sales and commercial focus

**Communications skills -** written and oral must be excellent, with all levels of people, comfortable, professional, positive, careful, assertive. Independent, non-aligned, questioning, devil's advocate, provide wider perspective. Get buy-in. 'I told you so', 'who sold you this?' not acceptable

**Reporting and written skills -** every report is different, but they all need a management summary, they don't all need pages of version control; getting the key messages to the right people in the appropriate language and style, using clear and simple language, technical details and analysis when required, knowing your audience, grammar and spelling, simple clear presentation, bullits and layout, 'white space', picture says 1000 words, be bold when required, always get proofed and sense checked, avoid negative personal references.

**Personal drivers and focus –** Focus on getting the objective and job done – for the best client outcome, influencing, allowing the client to take the credit, assertive but not dominating. Personal focus and interest will vary in terms of project lifecycle - either high-level strategy, and influence, then move on, or take lead to make change happen.

**Self-awareness** – you must know your strengths and weaknesses – they will all be exposed and utilised. Sometimes the chemistry just isn't there - it happens to all of us. What do we do in these situations - try and engage, review Comms style and approach. Don't sit on it – escalate and consult.

# 3 ITSM Consultancy Code of Practice:

For agreement and sign-up by (approved/registered) ITSM consultants

**ITSM Consultants should:**

1. **At all times work to further the best business outcomes and interests of their clients.** This should include the need to deliver some challenging messages for the organisation and individuals where necessary. Consultants should not promote specific products, tools, vendors or frameworks (e.g. ITIL) without clearly defined business reasons for doing so.

2. **Operate transparently as either independents, or as part of a particular organisation's approach** (e.g. tool vendor, managed service provider). Independents must disclose any commercial alliances as part of their sales approach. Vendors selling consultancy must provide clear boundaries around what their consultants deliver and how this relates to their products and services.

3. **Work to a defined and agreed brief/scope of work with their clients** that contains (1) objectives (2) scope and (3) deliverables. (This can be e.g. 1 page)

4. **Develop and use tools and techniques as much as possible outside of ITSM to provide business-level skills and competencies to their clients** – e.g. business analysis, solutions selling, marketing and communications, teambuilding, coaching and mentoring, influencing, teambuilding, workshop and presentation facilitation, business case development, financial analysis, time and motion studies, report writing, technical writing, process mapping, organisational change management, procurement, contract negotiation…

5. **Use a variety of frameworks, tools and techniques in their consultancy work as appropriate for their clients** – e.g. ITIL, COBIT, SDI/HDI, PRINCE, BCS, PRISM/SFIA, ISO…, OBASHI, Gamification/simulations, KCS, Lean, Agile, Kanban…

6. **Continually update their skills and formal qualifications as above**

7. **Continually develop their knowledge of the industry, tools and techniques** – e.g. ITSM Tools market and licencing, managed services providers, new methods, industry debates, qualifications, certifications, awards…

8. **Engage with the industry to improve understanding and currency of trends**, as well as to develop and promote themselves e.g. via established media channels, social channels, events and conferences, webinars, publications and papers, forums and membership organisations…

# 4 Reference

SFIA can be used as a model for consultancy skills in ITSM.
www.sfia-online.org

There is a standard BS EN 16114:2011 which aligns with ITIL and COBIT (and others) and includes a Consultancy skill, described at 3 levels, as well as several other skills core to good consultants. Details:
http://shop.bsigroup.com/en/ProductDetail/?pid=000000000030212204

Peter Brooks has written a comprehensive guide to consulting in the ITSM space:
http://www.tsoshop.co.uk/bookstore.asp?Action=Book&ProductId=9780113313914

This publication provides a commercial and practice based approach:
http://www.icca.org/content/how-run-consulting-business

In the USA, the tax bureau (IRS) specifically defines some of the differences between contractor/temp-employee and consultant. Check out the common law rules here:

http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Independent-Contractor-Self-Employed-or-Employee