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Meta-Consulting:
Idea, Functions and Limitations
of a New Business Model in the Consulting Market

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*“There is even a market, not yet filled by business consultants
and ‘guru’ books, regarding ‘how to handle consultants’ –
meta-consultancy. Is this ever going to stop?”
(Sorge and van Witteloostuijn 2004, p. 1208)*

Does meta-consulting exist?

The introductory quote of Sorge and van Witteloostuijn stems from a critical essay on the “(Non-)Sense of Organizational Change,” and in this context the quote itself is meant ironically or even cynically. Nevertheless, observations of developments in consulting practice reveal that such meta-consultancies have indeed already emerged. Examples of this could be found in different consulting markets: Consulting Intelligence and Leverage Intelligence Consulting operate in the US market; Arkmedia and Fulcrum are based in the UK market; Cardea is located in Switzerland, and Consulting Research and Meta Consulting Center are examples from the German market (Brown 2007; Gloger 2006; Mohe 2006; Stern 2005).

What is the overall idea of meta-consulting?

Meta-consulting is a new business model that has positioned itself at the interface between clients and consultants and aims at supporting client firms in their dealings with consultancies. Thus, it could be understood as a form of “consulting consultancy” – or, in other words, a kind of consultancy that involves advising clients on the topic of consultation itself. Meta-consulting offers client companies help to increase the transparency of a client firm’s internal consulting landscape, reduce their consulting expenses, and maximize the overall usefulness of consulting (Brown 2007; Gloger 2006; Mohe 2006).

Why do meta-consultancies exist?

The emergence and development of meta-consulting has benefited from the following four circumstances:

- *Intransparency of the consulting market:* from the perspective of the client, the consulting market appears to be particularly intransparent. “Uncertainty about the sustainability of the consulting firm, its professional background and status, and the qualification of its staff leads to a reduction in market transparency” (Glückler and Armbrüster 2003, p. 273). Additionally, management consulting is not a profession in the classical sense (Fincham 2006; Gross and Kieser 2006); therefore there are no reliable criteria for clients that could guarantee certain standards. This makes it difficult for clients to find the “right” consultant for the “right” problem.
- *Intransparency of the companies’ internal consulting landscape:* it is not just the consulting market that appears intransparent. The same could be said about the internal consulting landscape in many client firms (Mohe 2007). In many cases the internal consulting landscape appears to be fragmented and unsystematic: in such cases there is hardly any information or documentation on what consulting firms the client firm had previously worked with, why consulting services were acquired, which consultancies worked on what projects, which costs accrued through employing a consultancy, and how useful the consultation was. This argument is supported by empirical studies, in which managers were asked to state their evaluations concerning the internal consulting landscape of the company: 77.6

percent of those managers perceived the internal consulting landscape of their company at least as mainly intransparent and characterized it as “heterogeneous,” “pell-mell,” “chaotic,” or a “consultants’ nuisance” (Mohe and Höner 2006). If this company-wide transparency is lacking, the consequence is an uncontrolled diffusion of consulting projects and consultancies within the company. This can result in consultants offering the same project to different divisions within the company, and in the risk that the company wastes bundling potential.

- *Failed consulting projects:* consulting projects as such are not successful a priori. On the contrary, there are several accounts of failed consulting projects (Mohe and Seidl 2007). Some authors suggest a failure rate between 25 und 50 percent (Czander 2001), others estimate that 80 percent of all consulting interventions fail (Zackrisson and Freedman 2003). Even consultants acknowledge that “despite all our efforts – and good intentions – many of our techniques and interventions fall well short of their desired goals” (Warren 2004, p. 347). However, it is not enough to search for the reasons of failed consulting projects only on the consultants’ side as clients are also responsible for the success of consulting projects. As Czerniawska (2005, p. 4) writes: “Maximizing the benefits that consultants can bring is never going to be a one-sided process: it’s absolutely true that there are many areas where consultants can be criticized, but it’s equally true that the way clients sometimes behave makes the situation worse.” The extensive use of consultants (and failed consulting projects) puts pressure on management from (internal and external) stakeholders to demonstrate its “professional” conduct towards consultancy. Against this background, it is interesting to note that empirical studies reveal that some client firms have already developed an awareness of dealing more professionally with consultancies (Bäcklund and Werr 2005; Haferkamp and Drescher 2006; Lindberg and Furusten 2005; Mohe and Höner 2006; Mohe 2005; Reifenscheidt 2007; Werr and Perner 2005; 2007).

What do meta-consultants do?

On the basis of our own experiences (Mohe 2006; Mohe et al. 2006) and informal interviews with clients and meta-consultants, two fields of expertise can be distinguished. On the one hand, meta-consulting offers clients specific functional expertise. In the role of the expert, it offers knowledge of the field, methodological

expertise, and practical experience to improve clients' dealings with consultancies. On the other hand, meta-consultants serve as "sparring partners" to management. This role of reflection can be associated with process and systemic consulting approaches, whose goal is, above all, to help the client help herself or himself and, more specifically, to initiate processes of self-reflection.

Against this background we can distinguish four functions of meta-consultancy, or rather four reasons why client firms would engage a meta-consultancy:

- *Providing orientation and acting as broker:* meta-consultancies are specialized in observing consulting markets and their recent developments. Thus, meta-consulting can provide information about suppliers of consulting services and about new trends and products in the consulting industry, and in that way give clients some orientation within that industry. Additionally, meta-consulting can fulfill the role of a broker who supports the selection process or even conducts this process on behalf of the client.
- *Coaching and moderating:* the empirical study of Ernst (2002) reveals that staffing a project team is a "tactical element" so far as consultancies are concerned. For example, when consultants select personnel on behalf of the client company, they take care that they pick people who do not question the project aims (e.g. because of own career motives). This should guarantee that prior problem definitions (made by the consultants) will not be modified. Meta-consulting can help make such staffing patterns visible to the client, and thereby restrict the consultants' power. Additionally, meta-consultancies can take a coaching role to support the project teams (e.g. with measures of team development) or operate as moderators in case of conflicts between clients and consultants.
- *Controlling and clearing:* meta-consultancies can provide support by tidying up the internal landscape of client firms, e.g. they can help identify consultancies with which the client has worked in the past, evaluate finished consulting projects, or conduct satisfaction rankings for the previously engaged consultancies. Additionally, meta-consulting can provide client firms with certain tools and techniques to improve their dealings with consultancies. Examples of this are consultants' scorecards (Phillips 2001), as well as so-called consulting infobases or consulting handbooks, which guide the internal managers in their dealings with

consultants through all phases of the consulting process (Mohe 2006; Mohe et al. 2006).

- *Observing and promoting reflection*: meta-consultancies can position themselves as a second-order observer (cf. Luhmann 2005). This requires that meta-consultants slip into the passive (but not unimportant) role of an observer who reflects his or her observations back into the client system. By enriching his or her observations with specific questions, and thus setting the reflection process on the clients' side into motion, meta-consulting can help detect the “blind spots” of the client system. In its turn, this may help the client to scrutinize the ingrained habits evident in previous interactions with consulting firms, and to break out of internalized routines.

What are the limitations of meta-consultancies?

A second look (from a rather academic point of view) at the model of meta-consulting reveals that the concept on which it is based presents several inherent problems. These are:

- *The crux of meta-expertise*: meta-consultants promise client firms a better selection of their consultants. Problems appear because neither the client nor the meta-consultant can really know what the expert (consultant) knows. Due to information asymmetries both clients and meta-consultants share the same problem as they cannot evaluate a priori the knowledge that the consultant claims to possess (cf. Kieser 2002; Starbuck 1992).
- *Infinite regress*: “Even if another expert were employed to evaluate the consultant, who is to say that his evaluation is correct?” (Mitchell 1994, p. 335). This quote is helpful in that it shows that the model of meta-consulting sets no logical end point. Strictly speaking, clients would need a meta-meta-consultancy for selecting/evaluating a meta-consultancy, a meta-meta-meta-consultancy for the selection/evaluation of the meta-meta-consultancy and so forth. Thus, the idea of meta-consulting leads inevitably to an infinite regress.
- *Illusion of rationality and delegation of responsibility*: because of stakeholder criticism client companies try to create the impression that their dealings with consultancies are based on rationality. The engagement of a meta-consultancy may help to build up “facades of rationality” (Nyström and Starbuck 1984). The pure claim of having engaged “objective and professional” meta-consultants, e.g. for the

selection of consultants, helps to suppress any suspicions of careless use of consultants and to create a sense of immunity to criticism. Thus, client firms can misuse meta-consultancies to give their dealings with consultancies a patina of rationality. At the same time meta-consulting can be employed to reduce the managers' responsibilities. In extreme cases, managers can use meta-consultancies to attest expectations of rationality.

- *Counteracting the “real” motives of clients*: in certain projects consultants fulfill latent or unofficial side-functions, which “are usually not explicitly included in contracts” (Kieser 2002, p. 214). For example, when consultants help their clients to legitimize already made decisions, neither the client nor the consultant has a serious interest in disclosing these activities (Ernst and Kieser 2002; Kieser 2002). Because such functions can only be fulfilled if they remain hidden from the audience, the question arises whether clients really want more transparency in their consulting activities. Thus, the meta-consultant's aim of increasing the transparency of the internal consulting landscape could counteract the “real” motives of clients.

Is the model of meta-consulting able to survive?

An empirical (not representative) study of the German Journal *ManagerSeminare* reveals that managers would primarily engage a meta-consultancy in order to build up expertise in dealing more “professionally” with consultancies, and to post-process and evaluate consulting projects (see Table 1).

Table 1: Situations in which managers would use a meta-consultancy

Situation	Percentage
Build up expertise in dealing more professionally with consultancies	58 %
Post-process and evaluate consulting projects	51 %
Support the process of selection of consultants and contract negotiations	37%
Support in cases of problems arising during a consulting project	21%

Source: *ManagerSeminare* 2006, p. 23.

Currently, only a few meta-consultancies exist, which may explain why in practice potential clients as well as researchers are (still) hardly aware of their existence.

However, there are some signs that the meta-consulting model could establish itself in the consulting market. This model should be able to survive, if

- client companies foster an awareness of the need to deal more “professionally” with consultancies, and make an effort towards that end
- the trend for rather anonymous, arm’s-length relationships (Richter 2004; Werr and Styhre 2003) continues
- client companies purchase more standardized consulting services (or: consulting services as a “commodity”, cf. Kipping 2002)

On the other hand, it may be difficult for it to survive, if

- managers prefer close relationships with certain consultants (“repeat business”, cf. Glückler and Armbrüster 2003)
- managers perceive meta-consulting as a controlling body for their consulting activities
- client companies develop their own meta-consultancies, and build the required capacities and competencies needed for these in house (Haferkamp and Drescher 2006; Robker 2004).

It will be interesting to observe how the model of meta-consulting develops in the future and whether it will have any part in changing the rules in the consulting industry, as well as in the relationships between clients and consultants.

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