

Information Technology Consultancy: An empirical study of select organizations in Bengaluru

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Abstract

The consulting business represents an interesting dilemma. It has enjoyed tremendous growth in the past two decades, exceeding that of many professions. According to most predictions, the consulting industry will continue to grow in the range of 15-20% per year. Whether involved in restructuring the business, implementing new systems, developing staff, changing procedures, or bringing new products and services on line, consultants are being asked to assist organizations in a myriad of ways. Companies are fervently seeking consultants for their external perspectives and expert opinions, hoping these consultants can provide solutions to improve their business.

Keywords: Role, Opinions, Strategy

1. Introduction

A consultant can be an individual operating as a one-person consulting entity or part of a larger consulting organization. The number of one-person consultants is difficult to pinpoint although the actual figure is estimated to be quite large. Statistics for the past year hover around 20 million for the solo individuals working alone (Bick, 2001). Many of these solo practitioners are actually consultants, providing advice, assistance, and council to organizations.

The number of consulting firms is also quite large and can range from a loosely organized group of two or three consultants to giant firms, such as Accenture and Price Waterhouse Coopers. Both of these firms have over 50,000 consultants and hold the distinction of being the top two consulting firms in the world in terms of number of consultants.

So in order to understand how to drive efficiencies, we need to analyze the business processes underlying an IT or

Business Consultancy. For the purpose of this analysis, we have broken down the process into the following areas:

- Business Planning
- Pipeline Management
- Scheduling & Resource Management
- Project and Service Delivery
- Time capture
- Expenses management
- Customer Billing
- Reporting & Analytics
- Workflow

It Consulting Roles

There are several roles involved with an IT project and an understanding of these will help you understand how the parts fit together into a reasonably coherent whole, consultants are often sold into the business analyst of project management role, because it is these that link the IT to the business.



Fig 1: Who does what in IT consulting?

Review of Literature

1. Nick Butler (2008) ^[1] brings to light the field of management consultancy knowledge by describing the formation of its objects, concepts, and diverging theories. He explores that the worldwide management consultancy industry is estimated to be worth over \$300 billion annually. Its importance, in terms of the global economy, cannot be overestimated. In the thesis, he addresses the question as to what is management consulting by drawing on the work of Michel Foucault and applying his diagnostic method to the field of management consultancy knowledge. Managerial advisory services take place in a variety of operational areas, such as business strategy, human resources, manufacturing, marketing, and finance. But there is a type of knowledge that remains the same for all management consultants, irrespective of the specific operational area in which they work. This knowledge is found in the practitioner literature for management consultants and takes the form of prescriptive guidelines for dealing with managers in the client organization.

Some practitioners have begun to suggest that these prescriptive guidelines can be used by managers as well as consultants. Instead of dealing with their subordinates in the traditional way, managers are now being told to act as „their own consultants“ in relation to their „clients“. This means that management consultancy knowledge is changing the way we understand the function of modern management.

2. Lew Sauder (2010) ^[2] opines that early in my consulting career the firm Consulting is a broad term that covers a multitude of professional services. It runs the gamut from large, high-profile management consulting firms providing strategy consulting to Fortune 500 companies to an individual providing a temporary service to a sole proprietor. There are consultants for virtually every industry; healthcare, banking, retail, manufacturing, etc. All have industry specialists, and almost every industry has sub-industry specializations. For instance, in manufacturing, there are specialists in automobile, heavy equipment, food manufacturing, etc. There are also industry generalists who provide professional services to all industries in areas such as human resources, information technology and marketing.

3. Adrian Payne ^[3] examines the *value creation process* as it applies to the management of customer relationships, with the aim of providing practical guidance for enhancing customer value and thus shareholder value. Value creation can be viewed as one of five key cross-functional processes that together constitute the Strategic Framework for Customer Relationship Management (CRM) The value creation process is a critical component of CRM as it translates business and

customer strategies into specific statements of what value is to be delivered to customers and, consequently, what value is to be delivered to the supplier organisation.

Sample

A Sample of Four IT consultancy firms and Client firms are chosen consisting of 124 respondents

Tips for the Clients

Consulting is a two-way process and clients can utilize proven best practice to get the most out of their consultants:

1. Only use consultants where necessary, to supply skills and input which is not available internally.
2. Develop a clear business case for the use of consultants which provides qualitative and quantitative details of the expected benefits.
3. Ensure your own staff understand why the consultants have been brought in and the contribution they will make.
4. Involve your staff in the process, working side by side with the consultants, so that they acquire the skills to carry out similar work by themselves in the future.
5. Review the work completed by the consultants against the original business case.

Reasons to Hire Consultants

It is worthwhile to consider why this industry has seen such incredible growth and why it has actually been so successful. Drucker (1979) suggests management consultancy is an extraordinary and indeed truly unique phenomenon. He suggests two reasons why the industry exists. First, management skills, techniques and knowledge are best learned through exposure to and experience with many different companies in many different industries.

The typical executive, however, lacks this kind of exposure. As Drucker notes, “He works with the same organization-or at most, with very few. He lacks exposure and cannot gain it. Nor can he simulate it.” Consultants, on the other hand, transcend organizations and thus gain exposure. Second, Drucker observes that executives yearn for objective insights into their management problems.

Empirical research confirms that clients turn to outside consultants primarily for new ideas, proficiency, and impartiality/objectivity (Gattiker and Larwood, 1985).

McKinsey & Company suggests six reasons why hiring an external management consultant makes sense in many situations:

1. They provide competence not available elsewhere;
2. They have varied experience outside the client;
3. They have time to study the problem;
4. They are professionals;
5. They are independent; and
6. They have the ability to create action based on their recommendations

Analysis of variance between it related and other consultancy

The ANOVA test is applied for the variables IT related and other consultancy from sample respondents. The ratio of the variance is calculated among the means to the variance with that of the variables. The corresponding results are as under Table 1.

¹ Doctor of Philosophy; at the University of Leicester; by Nick Butler; School of Management; University of Leicester October 2008.

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Table 1: Analysis of Variance between It Related and Other Issues N=219

Source of Variation	Degrees of freedom	Sum of squares	Mean sum of squares	Variance ratio
Between IT related	3	1956.17	652.06	0.7793 ^{NS}
Between Management related issues	1	976.88	976.88	1.1675 ^{NS}
Others	3	2510.22	836.74	-
Total	7	5443.27	-	-

NS: Non-significant (Source: Primary Data)

Analysis & Interpretation

The ANOVA test IT related and other issues indicate existence of non-significance. The influence of IT related or other issues on the consultancy services is found to be insignificant.

Regression analysis between consultancy services and independent variables

The Table 2 indicates the impact of selected independent variables with Consultancy services availed by respondents.

Table 2: Regression analysis between consultancy services and independent variables N=600

Independent variables	With IT Consultancy		
	Reg. Coeff. (b)	Std. error of Reg. Coeff (SEb)	't' Value
Expertise	-1.7528	0.5017	3.49**
Team of Advisors	0.1925	0.5109	0.38 ^{NS}
Sustainable and Competitive Advantage	0.0840	0.1920	0.44 ^{NS}
Review and Analysis	1.2850	0.2674	4.81**
Performance Improvement	-0.0070	0.2597	0.03 ^{NS}
Transformation	-0.1436	0.2745	0.52 ^{NS}
Value Addition	1.7321	0.2544	6.81**
Review and Analysis	-0.8258	0.2671	3.09**

* Significant at 5% level, **Significant at 1% Level, NS: Non-significant, (Source: Primary Data)
 R² Value = 75.92, F-Value = 8.71**, Constant (a) = 38.15

Analysis & Interpretation

The result indicate that out of eight selected variable five variables viz., Expertise, Team of Advisors, Sustainable and Competitive Advantage, Review and Analysis, Performance Improvement, transformation, value addition, review and analysis found significant impact on the value of IT consultancy of respondents. The result also shows that 75.92 percent of variation in the IT consultancy of respondents could be explained by four variables showing significance.

Further the existence of significance established by the test (F=8.71** P<0.01)

Classification of respondents based on time spent on it consultancy

The likely purchases done by the teenagers is identified under various categories of goods. The responses are collected on a Five-point scale, the responses are recorded in the table 3 and shown in the figure 4.9 respectively.

Table 3: Time spent on it consultancy

Type of IT Consultancy Services	Responses (N=124)					Average
	Very likely	Likely	Can't say	Not interested	Not at all interested	
Personal	53.3	28.5	13.0	5.2	0.0	86.5
Financial Analysis	7.5	19.5	22.0	20.0	31.0	50.5
Auditing	47.0	32.5	12.0	6.3	2.2	83.2
Systems Analysis	18.5	45.3	25.0	8.0	3.2	73.6
Market Research	17.5	36.3	20.5	10.7	15.0	66.1
Product Design	10.0	45.3	22.3	8.8	13.8	65.8
Long-range Planning	45.3	35.5	16.5	1.7	1.0	84.5
Organisational Effectiveness	34.8	17.5	11.0	20.5	16.5	66.8
Safety	9.3	23.0	21.7	23.0	23.0	54.5
Human Resource Development	16.5	20.3	20.8	21.7	20.7	58.0
Operations Management	26.3	25.3	20.2	10.0	8.2	66.3
Scientific Research	64.8	24.0	3.3	1.8	6.3	87.9
Health and Safety	13.8	31.0	30.8	10.3	14.3	64.0

F - test = 59.86**, ** Significant at 1% level,
 Source: Primary Data

Analysis and Interpretation

Majority of the respondents inclined and showed significance interest on scientific research (87.9%) followed by Personal (86.5%), Long Range Planning (84.5%), and Auditing (83.2%). Further lower response was indicated on Financial analysis (50.5%), Safety (54.5%), Human Resource

Development (58.0%) and Health and Safety (64.0%). The results of F-test establish that there is significant difference in the amount like to spend on different type of IT Problems (F=59.86**, P<0.01).

Conclusion

Consultants are put in situations that require fast thinking and will not get flustered with difficult questions or confrontational situations. A firm wants to know that if you are in this situation you will not back down. At the same time, they want to ensure you won't respond confrontationally and potentially damage a client relationship. Information Technology sector is very fast changing and subject various environmental changes.

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