

# The Consequences of Client's Organizations on Management Consulting: Analysis of Consulting Projects in Belarus – an Experience Report\*

Volkmar Kreißig, Andreas Taffertshofer\*\*

Research on management consulting has often underestimated the influence of clients' organizations on consultation's consequences. A dominant research focus has interpreted management consulting as professional service and hence has concentrated on consultant-client relationships as analytical unit to understand management consultancy. However, recently, interest in examining the client side has aroused. Our case studies illustrate that client's organizations radically influence structures and functions of consulting projects.

**Keywords:** Management Consulting, Consultant-Client Relationship, Belarus, Systems Theory

JEL: L20, M16, P33

## Introduction – the shifting focus within the consultant-client relationship

Management consultancy has been of great fascination for academics, students, business journalists and practitioners alike for the last two decades due to its outstanding and anti-cyclical growth, and even more for its actual or assumed influence on management decisions and management concepts (Kipping/Wright 2013). Usually, the business is observed and defined as *professional service* (McKenna 2006; Kubr 2007; Løwendahl 2009). However, business journalists (O'Shea 1997; Micklethwait/Wooldridge 1997; Leif 2006; Glass 2006) and a critical management consulting research focus (Fincham/Clark 2002: 7; Alveson/Johansson 2002; Greatbatch/Clark 2005) have repeatedly supposed that consultants rely more on impression management, on reputation within alumni networks, or on sophisticated public relations management and other marketing maneuvers than on professional ethics focused on 'helping' (Schein 2002) and on highest standards of knowledge.

\* Manuscript received: 27.05.2014, accepted: 19.05.2016, 3 revisions.

\*\* *Volkmar Kreißig* (Corresponding author), Senior Herder Professor, Jägerschlösschenstrasse 14 (bei LoBe), 09125 Chemnitz, Germany. Email: vkreissig@gmx.net. Main research interests: Corporate governance and corporate responsibility, consulting, especially in Eastern Europe and in developing countries, labor markets and human resources, transformation economies and privatization.

*Andreas Taffertshofer*, Management Consultant, Am Moesl 8, 82418 Murnau, Germany. Email: andreas.taffertshofer@web.de. Main research interests: Welfare organizations, innovation.

Both, proponents and opponents of management consulting, share the common assumption that consultants actually held a superior position in the consultant-client-relation. Sturdy, for a long term, has researched what the “consultancy consequences” (Sturdy 2011) and the superiority of consultants (Sturdy 1997) actually are about (cf. Sturdy et al. 2009). The narrative records of Czarniawska and Mazza (2003) puzzled the image of the leading consultant and the following client. They pointed out that “not all management consultants are gurus, and that many of them are often treated more like witches than like witchdoctors” (Czarniawska/Mazza 2003: 269). Researching consultant’s socializations processes researchers (Anderson-Gough et al. 2000; Eichmann et al. 2008; Costas 2012) have elaborated that consultants are socialized with professional ethics directed rather to obey than to guide clients.

These contributions enabled a shift of attention from consultants to clients. Now we can ask: “How can we define the clients?” (Alvesson et al. 2009: 253). Research on the impact of clients on consulting results has so far concentrated on the client-consultant-interaction (Sturdy 1997; Fincham 1999; Nikolova/Deviney 2007; Nikolova et al. 2009; Kranz 2009; Scherf 2010). In line with Alvesson et al. (2009), however, we want to unpack the client, because we want to show that the influence of the client organization can be dominant regarding the results of management consulting. Maybe the dominance of the interaction perspective has so far hampered more detailed analysis of clients. Still somewhat committed to the interactive perspective even Alvesson et al. state that we “cannot understand clients without considering both parties and their relationship(s)” (2009: 254).

We will concentrate our analysis on the client side of consulting. On this side, however, we find usually an organization that frames consulting. Hence, we state that we cannot understand the consultant-client-relationship without considering the client’s organization. This article contributes to the questions how the client side can be analysed and what influence clients behaviour. Our analysis is twofold. Firstly we examine organizational structures that compose the positions of clients, consultants and as well as the overall consulting project. Secondly, we investigate organizational functions, which are connected with clients and its organizations.

### **Methodological approach and field access – participating observation as research method**

The case data were gathered by one of the authors in participant observation. This author held an active role in the projects (cf. van den Graaf/Rottenburg 1989; Bachmann 2009). As “complete participant” (Gans 1991: 87), the consultant had access to some front and back stage processes of the consulting. Respectively, the data are biased not only towards the consultant’s perspective, but

also to his specific contact possibilities that resulted from his role as consultant. A systematic triangulation of methods was not possible as this is usually expected in case studies (Yin 2013).

The consultant wrote down the raw data from memory in a hardly structured text, which formed the raw data for our analysis (cf. Waddington 2004: 156). Several feedback loops between consultant and co-author helped to complete and to evaluate the resulting analysis and interpretation.

We are well aware that methodological rigor in gathering data is not too high. There are two arguments that might balance these shortcomings. Firstly, case studies of problematic consulting projects are still rare. But we think that scientists just as practitioner's could learn more from tricky projects and unfeigned descriptions. Therefore, against methodological concerns, we believe that the presentation of problematic consulting projects is a valuable contribution to research on consulting. To reflect on failed projects was made easier by the fact that the projects including follow-ups back already around 5 years (cf. Kühl 2007). Secondly, interpretations and findings were relatively intense challenged to achieve external validity. During several feedback loops the analysis was checked and rechecked by the consulting practitioner. Therefore, our interpretations may be realistic and "interesting" (Davis 1971) for both of interested in this study – consultants and researchers.

As mentioned, above we use a "functional method" of explanation (Luhmann 1964; Schneider 1992; Knudsen 2010). By this method we can interpret organizational structures as solving of organizational problems on one side. Functional explanations have faced a lot of plausible critique, if they rely solely on predefined functional categories (as in the structural functionalism of Parsons 1971). On the other side, functional interpretation must avoid pure empiricism that tends to ascribe functions by ad-hoc criteria. To avoid both functional determinism and functional empiricism we concentrate on how actors themselves try to find out what functions were actually fulfilled (Knudsen 2010: 12-13). Interestingly, the consultant and other actors observe for this purpose primarily face-to-face interactions.

We explain the focus on personal interactions as analytical tool of practical investigations by the theory of organizational interactions (Kieserling 1994; 1999: 349-371). The basic idea is simple: personal face-to-face interaction in organizational settings can stage deviations from official organizational presentation with much more complexity than for instance written statements. At the same time, everything what is said and what is concealed must be observed regarding its consequences for the framing organization. This specific tension between personal interaction and formal organization enables complex involvements of tact, gossip, irony, strategic expression of passions and many other forms of indirect communication (Kieserling 1999; Luhmann 1999: 331-372). Since "unaffected

attendance would be sufficient” in formal organizational interactions (Kieserling 1999: 365, our translation), the affected “presentation of self” (Goffman 1959) is all the more an incident that reveals background information that cannot be expressed directly. Hence, our analysis and interpretations of some organizational functions that were fulfilled, although the projects officially failed, are based on reports of such indirect communications, for instance the expression of embarrassment and the noticeable refusal to communicate personally (particularly within the first case study “Refine-Tec”) or the obvious non-discussion of relevant decisions of the client (particularly within the second case study “Nu-Trade”).

The case data were derived from consulting projects that a single German consultant conducted in two different German enterprises between 2005 and 2007. Follow-ups were made between 2010 – 2013. The consultant had been active for about 10 years in East Europe, Belarus, Russia and the Ukraine in projects of official development assistance. Clients based their preliminary assumption of consultant’s abilities on these former activities. Then the clients evaluated their suppositions in personal interviews. The observed enterprises tried to expand their business activities into Belarus (and partially also into Russia and the Ukraine). The enterprises are labelled anonymous as Refine-Tec and Nu-Trade. Originally we had more case studies as shown. Connected with the limited space in this journal we have chosen only two typical examples.

Refine-Tec was a former medium-sized manufacturer of equipment for mineral oil processing and other chemical high-pressure arrangements. Now it is one of the leading German companies in this field of activities. The firm wanted to gain a foothold at the Belarus market. Since orders from Belarus couldn’t be generated in the past, the consultant was hired.

With more than 70 billion Euros turnover, Nu-Trade was and is a large-sized trading company. This commercial firm tried to find a plant for producing in Belarus organic juices and baby food, which could be sold tax-free direct on the former eastern bloc markets. After these plans did not meet with success, unexpectedly got in faltering, the consultant was contracted for help.

**Table 1: Clients and discussed plans**

Firm (anonymous.)	Refine-Tec	Nu-Trade
Industry sector	Chemical high pressure arrangements for the mineral oil processing	Production and trade of food (organic juices and baby food)
Subject of consulting	Acquisition of new Belarus customer	Takeover of a Belarus company to produce organic foods

## **Analysis of structures and functions – consultant's position is integrated in clients' organizations**

*Refine-Tec: Fictional goals mobilizing the Moscow office*

*The sales consulting focused on final programs*

Mediated by the German chamber of commerce, the management of Refine-Tec met the consultant on several occasions and meetings assessing his experience, skills and contact networks regarding Belarus. The chamber of commerce funded 50% of the costs for rather short time of 20 consulting days. Refine-Tec did not want to extend this scope on its own expense. Instead, a follow-up project was declared as an option if the consultant would substantially procure sales orders.

The goal (*final program*) was to procure sales orders in East Europe and especially in Belarus. The Belarus state group for gas and oil refinement and production awarded orders by public tender procedures. Additionally, the consultant should improve the order rate in local fair appearances. Supplementary the sales staff of Refine-Tec had to share their commissions with the consultant, if he latter had significantly assisted in a successful sales project.

Conditions of the consulting project had been agreed with the junior-CEO of Refine-Tec. However, the senior-CEO made the relevant decisions in internationalization projects. He was the actual client and head of the consulting project. A continuing illness of the senior-CEO severely complicated the communication with the top-management.

*Well-defined conditions, but ill-defined final programs*

The sales activities of the respective department were far less focused than the seemingly clear final description in the consulting contract initially suggested. Weak communication channels accompanied the ill-defined final programs of the sales department to the firm's management. Between management and sales department binding agreements hardly ever took place. Action priorities were somewhat discussed within the sales department, but overall the salespersons respectively the consultant were individually responsible to identify sales opportunities within the Belarus state group.

During the project the consultant realized that. At the same time a Moscow sales office was formally responsible for the sales activities in Belarus too. However, this office had until then failed to procure any sales orders. Thus a new salesperson with an impressive record of success during his previous employment was engaged. Together with this salesperson and occasionally with additional salespersons from the German headquarters the consultant formed a new sales team.

Commissions up to 5% of order's values belonged to the action-leading programs of all sales persons. In addition, a successful sales person usually became project manager on site and then could dispose of additional budgets. The Moscow sales office frankly refused any cooperation with the consultant. In Moscow the consultant was perceived as a controlling representative of the German enterprise management. It was no help that he actually never transmitted any confidential information to the Refine-Tec management. Nevertheless, the consultant didn't let these conflicts stop him. As privileged communication way to the Refine-Tec-top-management was used caused by absence of the CEO a trusting cooperation of the consultant with the new sales person.

This new sales person called for a strategic change at Refine-Tec. The company should develop from a specialist to a full service supplier to reduce dependence on other leaders and partners of project consortia. The reputation of the new sales person as successful and experienced specialist on the Belarus market lent some weight to this claim. However, this strategic option was never considered by the top-management, but within the sales department arguments unfold and led to considerable feuding.

#### *The Belarus chemistry state group: a hyper-complex customer*

The Belarus firms of the state group had gathered self-confidence and economic power on one side. On the other side; the Belarus oil and gas economy was in state possession still and accordingly led centralist, strong influenced by the economic powerful administration of the Belarus president. Information, behaviour and self-presentations of Belarus chemistry group managers were contradictory. Some claimed to be not involved in any decision process despite their formal functions. Their positions would be unsettled and dependent on the sheer unlimited influence of the presidential administration. Contrary, a salesperson of the client assumed that managers actually had "somewhat" or even "decisive influence". Others delayed or hampered any decision and presented a pompous behaviour. Some of the group managers asserted to hold decisive authority and offered putatively important information and assistance. Without offering any securities dealing with strategic decisions in the future investments, they expected considerably commissions or advantages from the German side.

Over and above this incalculable situation, some powerful Russian investors aimed at the takeover of different group parts in Belarus. Under these circumstances, the question could not be answered to whom any commissions had to be paid to influence or even to start the decision process within the state owned group. Formerly important personal contacts of the new sales person were already in pension or has been displaced to positions without influence. Due to these recent developments, the new sales person could not repeat his former success.

Within 20 consulting days the consultant likewise failed to decipher the actual decision processes within the decision making pyramid of the state owned group. Almost 15 consulting days had been used for visits and presentations Refine-Tec at the state group management and at single companies, but no sales orders could be procured. Hence, the consulting project failed regarding its final program and no follow-up project was established. Finally, Refine-Tec repositioned responsibility for sales activities in Belarus at the Moscow office again.

### *The overstraining of persons as structure type*

The sales and distribution department's personnel bore the brunt of the uncertainty how in still transforming Belarus sales orders could be procured. Refine-Tec's management expected from the consultant that his former personal contacts and experience would be sufficient. These consultant's abilities would have just to be motivated. So the client focused almost exclusively on providing incentives. With this structuring the client duplicated the existing structure of the sales department. However, the consultant's contacts were of no great value within this industry. Alike, the new sales person had to experience that the value of contact networks and industry experience was moderated by his new position at Refine-Tec.

We can assume up the structuring as follows. The future oriented final program was highly generalized. Accordingly, uncertainty could hardly be absorbed. There were much more concrete past oriented conditional programs, particularly commissions and incentives for sales. But they aimed almost entirely at the motivation of the consultant. The consultant's was highly motivated but his industry experience and contacts could not be sufficiently developed within short 20 days. Alternatively, the consultant tried to strengthen communication channels. This succeeded with the new sales person, but failed horizontally within the remaining department personnel and vertically with the top-management.

### *Consultations latent function of mobilizing existing sales resources*

There was no statement by the management of Refine-Tec why the option of a follow-up consulting project was not activated. Not even any review meetings were offered. Neither the always-cooperative sales person could explain why the management so suddenly broke off any contacts. In a friendly meeting the new sales person said that "just everything was embarrassing".

The embarrassment and the management's strange reaction call for explanation. At least, the existing sales personnel had continuously failed for even longer times and that was never answered with dismissals. The non-interaction with the Moscow office was most striking, since cooperation here looked initially most promising. The scant communication with other sales persons within the depart-

ment could soon be interpreted as rivalry. While the disagreement within the German sales workforce was limited due to differing sales regions, the conflict with the Moscow office was more manifest.

With the completion of the project it turned out that the consultant could not apply his abilities and networks as planned. During the project term, nevertheless, his formal position served as a competence fiction (Luhmann 2000: 203-204). The management of Refine-Tec had ascribed required competence to the consultant. The Moscow office could not evaluate whether the consultant actually held sufficient personal experience, networks and abilities. It had to suppose that this competence really could be there. Hence, the consulting project created a competition situation between the Moscow sales office and the new sales force consisting of the consultant, the new sales person and, at times, other sales staff. Probably this competition mobilized the Moscow salesperson to put more effort in his task. At least the management had communicated that there are alternatives to the Moscow office that could be rapidly engaged if appropriate. Hence, we conclude that latent function of the consulting project was *to mobilize the existing resources at the Moscow office*.

A detailed clarifying of actual expectations and competences was not necessary and would have been even contra-productive for this mobilization function. The consultant and the client would have realized that it is a hardly convincing fiction to procure sales orders within 20 days when a specialized sales person in Moscow and an entire sales department in Germany had failed doing so for some hundreds of working days. The commissions and incentives draw off attentions from the unrealistic project goals to the much more concrete condition programs and to the motivation of the consultant. The fiction that the consultant actually could attain sales orders within 20 days was necessary to plausible challenge the Moscow office. Therefore, we think that all clarifying meetings were – consciously or unconsciously – omitted to secure the latent function of mobilizing Moscow by fiction.

### *Illegal foreign currency at Nu-Trade*

#### *Relying on consultant's abilities and agreeing upon open ends*

Nu-Trade, a German food manufacturer and food-trading venture, had invested in a Belarus canning plant. With the help of the consultant the stumbling investment should be turned around. The consulting duration was not fixed. The consulting project should last as long as necessary. A public funding application was not possible due to the large firm size of Nu-Trade.

The consultant had no special knowledge about the food business. Nevertheless, during a project of official development assistance the consultant had trained local insolvency specialists in managing and restructuring of state owned enter-



prises for the Belarus Ministry of Economy. He thereby knew fair purchase prices for insolvent enterprises in Belarus. The client had already invested 250.000 EUR for the insolvent, technically antiquated plant including employee's occupation guarantees. That was far above any realistic market prize. Experienced in economic behaviour in Belarus and East Europe, the consultant supposed that the Belarus production manager had misappropriated cash for his personal enrichment.

The consultant further presumed that the investment had evaded the Belarus foreign currency legislation and had been taken from foreign profits before taxation. These illegal actions were at least a plausible explanation that the client had not appealed to legal remedies in court. The consultant asked the client whether Nu-Trade was solvent enough to probably book the entire investment as financial loss. After some hesitation the client – the CEO of Nu-Trade – agreed upon this possibility. Thereby, the consultant made clear that he could not guarantee a successful turnaround and that the client was still responsible if the investment could not be retrieved.

The consultant was authorized to decide autonomously how the investment budget could further be allocated. Even in case of a complete loss of the investment, the consultant should be further engaged to find suitable locations for a production plant and/or commercial subsidiaries of Nu-Trade in Eastern Countries but close to EU borders (Belarus or Ukraine).

### *Internationalization as a 'personal' project of a patriarch owner*

Although having invested a considerable amount, the client was not sure if the acquired plant should be restructured into a production plant, a commercial establishment, or both or none of them. To find alternative locations in Belarus or in the Ukraine was also not excluded. If the location Brest would turn out to be appropriate as a production plant, the client had decided to produce natural baby food and organic juices. More generally Nu-Trade searched a location close to the EU external borders to serve Belarus, Russian, former eastern bloc and new EU markets. Nu-Trade wanted to combine local advantages, i.e. low taxation, with short transits to the EU.

The client was principal, CEO and general manager and main owner of Nu-Trade in personal union. At Nu-Trade he was characterized as a patriarchal leader. Accordingly, he often acted as self-sufficient decision maker. Concerning with the assignment of tasks to a former Belarus military officer as manager of the acquired plant the CEO had have no communication with the other responsible managers and co-owners of Nu-Trade.

The first meeting of client, consultant and Belarus manager took place in Minsk. The manager introduced himself as a former Soviet army officer. During his for-

mer activities in Belarus, the consultant had experienced several times ex-officers' modes of operation with seriously bad results. Usually they hardly disposed of economic and technical specialist knowledge, behaved work-shy and imperious and often developed even high criminal energy. Hence, the consultant had massive doubts whether the manager's competences and motivations would be appropriate.

A site inspection revealed that plant and equipment, in which was directly invested already much money, were in organizationally and technically catastrophic conditions. Buildings had gone to ruin, production facilities had become outdated and defective, energy and water supply did not work. It was not clear if the water quality met the EU standards for food production. Presently, the production of juices and baby food was impossible. Furthermore, the German Nu-Trade-CEO had guaranteed the employment and existing labour contracts of 17 low qualified employees of the plant. Though labor costs were relatively low, the employees could not do any more than clean up. To be able to produce here again, a basic modernization of the buildings, of the production technology as well as of the energy and water supply was necessary. Moreover, qualified personnel had to be recruited and trained.

The investment had been deposited as cash on a bank account. The Belarus manager was authorized for all money transfers on this account. This manager had suggested this *modus operandi*, which the CEO of Nu-Trade had agreed upon. Nevertheless, this approach was again an illegal act according to the foreign currency legislation of Belarus.

In the meantime, the account balance had considerably decreased without recognizable project progress. Now the manager suggested an investment in apple plantations to independently produce juice in the long-term. In addition an off-shore company should be founded in the Baltic States to which the investment could be transferred. It was easy to foresee that these supposed transactions would once more contradict the foreign currency and investment legislation of Belarus and that further cash of Nu-Trade would have been 'drained away'.

### *The legalization of the investment and recommendations for turnaround*

As a first step the consultant arranged the check of the water quality. The analysis showed that the water was absolutely adequate to the production of food. At the same time the consultant tested the import process of basic food ingredients. Since there were very complex customs regulations the test was advisable to determine efficient lot sizes. Having evaluated water quality and lot sizes, the site proved to be appropriate for food production.

Now urgently the investment transfer had to be legalized. Acting upon the advice of the consultant the client recruited an experienced and certified Belarus

woman lawyer. With her help the investment money was once more but now legally transferred. Thereby Nu-Trade regained direct access to the money and now could more effectively control the Belarus manager's investment activities. Obtaining this direct control, the Belarus manager significantly changed his behaviour getting more and more rude and uncooperative. Additionally, the manager employed lawyers on his own account to develop judicial chicanery. The Belarus manager was not more cooperative to the consultant, the CEO-client and his contracted woman lawyer.

The consultant advised the CEO to replace the former soviet officer as soon as possible with a competent and trustworthy new manager. The client – Nu-Trade-CEO – took note of concrete proposals of suitable persons without reaction. Instead, he found “on recommendation of his local chamber of commerce” a “Russian speaking lady” with again unclear competences to be the new manager. By and by it turned out that this lady was motivated by personal concerns absolutely unsuitable to manage the turnaround and construction of a new company better than the old former soviet officer.

With regard to the low qualified employees, the consultant recommended to transfer this staff into a non-profit-organization serving the local municipality free of charge. Thereby problems of cooperation with more qualified personnel could be avoided. Besides, the goodwill of the municipal management could be ensured. However, the client neither realized this staffing concept.

### *The dismissal of the patriarch and the end of the consulting*

After fierce arguments within Nu-Trade's management about the risky investment, the principal- “patriarch”-CEO was suspended. Officially due to health problems he moved into the supervisory board. The production could not yet start but a main office had already been successfully established in Brest/Minsk. The decision of Nu-Trade to establish a new production and trade subsidiary in Belarus was not revised. However, the new management at Nu-Trade terminated the consulting project and cleared expended consulting days. Considering the consultant as confidant of the former principal, the new management withdrew from further cooperation.

Accidentally, the consultant met again with the new Nu-Trade-CEO a few years after. The interaction between both proceeded relaxed and friendly. The new CEO reported that, this Belarus trade and production daughter firm has realized an investment volume amounted to 12 million Euros successfully. The consultant's most central recommendations showed very successful (frequent presence of the German general manager on site, appointment of a trustworthy manager, close collaboration with the regional authorities). A high return on investment was expected and realized.

### *Weak alternatives to personnel structures*

Apparently the consultant had commenced appropriate steps. Nevertheless, the new German management abandoned the collaboration. The consulting project failed though it had developed prosperous. Again we try to explain the failure despite success by the combination of structures and functions within the client organization.

The client – Nu-Trade-CEO – remarkably relied on persons to absorb the uncertainties related to the internationalization project. He equipped the consultant with high autonomy. The consultant used his autonomy to stress horizontal communications to a lawyer and to other experts at Nu-Trade. But his attempt to strengthen the vertical channels to the client was of no success. Actually the client – the Nu-Trade-patriarchic-CEO – hardly ever acted upon the consultant's advice. The final programs (i.e. founding a subsidiary trade and production firm close to the EU borders, producing organic juice and/or baby food, founding a trading office etc.) all were formulated just as possible options but not as definite goals. If the Brest plant would be appropriate, then juice and baby food should be produced. Thereby the consultant could start to prove the appropriateness of the site's infrastructure. The main tasks concerned, the legalization of the investment and the smooth replacement of the former military soviet officer by a highly qualified manager, were realized. Both tasks were not based on the client's strategies but on the consultant's experience, which absorbed the major part of uncertainty. There were no special incentives aiming at the consultant's motives. Summing up we can illustrate the structure composition of the consultant's position as follows:

### *The consultant as compliant resource for client's conflict*

Obviously the client – Nu-Trade-CEO – was in a heavy strategic conflict with the remaining management of Nu-Trade. The client's person in general and particularly his modes of operation were highly controversial. Some of his actions were clearly illegal and were not agreed by other managers at Nu-Trade. Finally, he was dismissed and, obviously to save faces, transferred to the supervisory board. To legalize the investment was opportune for the client in the conflict situation but he never renounced such methods. Contrarily, the client was continuously prone to dubious suggestions, for instance the again illegally money transfer to Baltic countries by the Belarus manager.

Regarding this situation within Nu-Trade's top management the consulting project's function was to serve as *compliant resource in the client's conflict*. Presumably the client-CEO prevented actively any communication between the consultant and the remaining management. The friendliness between consultant and the new CEO allows the conclusion that, in the remaining management, nobody had known what the consultant had actually advised and achieved. The

question of continuation or cancellation of the consulting project could not be discussed since there had never been any communication channels established. That's why the consulting project was suddenly terminated although its progress had been very promising. The new management of Nu-Trade reinvented the wheel by going the same steps the consultant already had advised. The consultant's inputs were probably very applicable.

Particularly the strengthening of vertical communications and agreements on final programs could have effected a project completion more appropriate to its achievements.

### **DISCUSSION: one-sided structuring and functional idiosyncrasies**

The case studies have revealed one-sided compositions of consultant's positions. Both projects at Refine-Tec and Nu-Trade suffered from an overemphasis on the consultant's person but on different sub-structures of persons. Interestingly, the crisis of so far disregarded structure elements caused the sudden cancellation of the projects. In both cases the communication channel to the client was hardly developed. To prevent or, at least, foresee the possibility of such sudden deaths it could be promising for both – consultants and clients – to analyse the structural composition of the consultant's position within the client's organization.

Alternative structures can discharge or replace failing structures. If a final project cannot be achieved as desired, consultants and clients could deliberate to compensate failed ends with an orientation on e.g. expertise. Reliable programs or communication channels can master alike crisis of the personnel structure type. The consideration of alternatives structures early enough may help to overcome a project crisis.

However, our analysis of organizational functions revealed that a structural failure might not mean a functional failure. At Refine-Tec the cancellation of the project without any closing meetings and mutual evaluations may have increased the functional effects. Any the fictions used in this project would surely have defeated the mobilization of the respective sales office.

Alike the client – CEO of Nu-Trade – could not afford to disclose what function the consulting project actually served during his conflict with the remaining management. Since the difference between structures and functions appeared so strikingly within these case studies we applied some ideas of Niklas Luhmann systems theory of organizations (1973; 1988; 1999; 2000; 2005). This theory is essentially applicable to distinguish organizational structures and functions.

Our functional interpretations were based on the consultant's and the participant's own observations. It turned out that practitioners rely primarily on the contents or avoidances of personal face-to-face interaction, if they try to understand what is actually going on in the client's organization. We think that the in-

**Table 2: Structural compositions and organizational functions**

	<b>Refine-Tec</b>	<b>Nu-Trade</b>
<b>Primary structures</b>	<i>Conditional programs</i> i.e. commissions and incentives aiming at the motivation of the consultant	Consultant's <i>abilities</i> to deal with illegal modes of operation in Belarus
<b>Complementary structures</b>	<i>Horizontal communication channels</i> to a newly recruited sales person and at times with sales department; consultant's experience in Belarus	<i>Horizontal communication channels</i> to a newly employed lawyer and at times to other experts of Nu-Trade; conditional program that there will be production on site, if appropriate
<b>Disregarded structures</b>	<i>Final program</i> of procurement of sales orders in Belarus was too general; <i>vertical communication channels</i> to the client and to other managers were weak	<i>Final programs</i> were numerous but just vague options; <i>vertical communication channels</i> to the client were weak and completely missing to the remaining management
<b>Functions served</b>	<i>Mobilizing</i> the official sales office in Moscow	Consultant as <i>compliant resource in the client's conflict</i> with the remaining management at Nu-Trade

interpretations of the organizational function are plausible approaches to explain the sudden terminations of the projects despite their unsuspecting progresses and promising achievements. Moreover; the case analysis has shown that practitioners alike orient themselves by means of distinguishing organizational structures and functions. In this sense some of conclusions of Luhmann's basic ideas revealed its practicable relevance.

Finally, we have to answer our initial research question: "How the client side can be analysed and what influence clients behaviour?" concerning the consequences of client's organizations. Firstly, the consulting projects in our cases were strongly structured by clients and their organizational positions. In our cases, the consultant was never thoroughly informed by the clients. So the consultant was not able to structure the projects appropriately. Even more, both clients kept the consultant at bay and never established close, confidential relationships. The consultant was able to add new structures where he was allowed but never in contest of the client's autonomy. Secondly, the projects served organizational functions although or even because the projects formally failed. Above all, if organizational taboos were concerned, e. g. conflicts, informality, illegality etc., the corresponding functions were rigorously kept latent – even if rewarded with embarrassing interactions. Thirdly we hardly find evidence that the consultant controlled the project's consequences or – as we termed it – the organizational

functions. Partly this was impossible because the functions were kept latent and the consultant only eventually received spare information about what was going on behind the scenes. More importantly, we think that the consultant was engaged just *because* he would control neither progress nor function of the projects.

In short, our findings suggest that the client-consultant relationship is mostly coined by the client's position and current situation within the client's organization. Usually literature concerns consultations consequences on advised managers (Alvesson 2009; Sturdy 2011) but we found the vice-versa-direction of effects much more compelling. Clients actively controlled, befogged and even deduce the consultant. Consequences were determined by client's organizational structuring, urgent problems and (less attractive) alternatives of problem solving. Our findings correspond to former qualitative case studies (Mingers 1996; Iding 2000; Rottenburg 2002; Kühl 2007). The results are particularly amendable to claims that management consultancy is or should be a (developing) profession where much attention concerns the designing of the consulting project (Exner et al. 1987; Kubr 2007; Scherf 2010).

If consultant's consequences on clients are secondary to client's influence on organizational functions, then we should revise the question whether management consulting should be understood as nascent profession (like certified public accountants, tax counsellors etc.). Probably consulting is better understood as a profane business that often serves latent organizational functions. The disillusioning metaphor of an unnamed consultant also suggests this interpretation: "We consultants work on demand. In a sense, we are all call girls. Or, if you do not like the metaphor, we are like children: when mummy calls, we go and do as told." (Czarniawska/Mazza 2003: 274). As call girls and children do not control their functions for matrimones and families in our case studies the consultant neither controlled his functions for the client's organizations. Such kind of disillusioning could be indeed valuable for the dazzling industry of management consulting.

## References

- Alvesson, M./Johansson, A.W. (2002): Professionalism and politics in management consultancy work, in: Clark, T./Fincham, R. (eds.): *Critical consulting*, Oxford: Blackwell, 228-246.
- Alvesson, M./Kärreman, D./Sturdy, A./Handley, K. (2009): Unpacking the client(s): Constructions, positions and client-consultant dynamics, in: *Scandinavian Journal of Management*, 25, 3, 253-263.
- Anderson-Gough, F./Grey, C./Robson, K. (2000): In the Name of the Client: The Service Ethic in Two Professional Services Firms, in: *Human Relations*, 53, 9, 1151-1174.

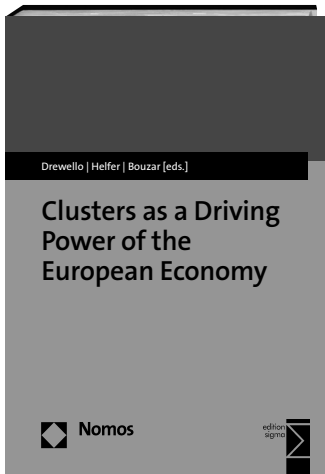
- Bachmann, G. (2009): Teilnehmende Beobachtung, in: Kühl, S./Strodtholz, P./Taffertshofer, A. (eds.): *Handbuch Methoden der Organisationsforschung*, Wiesbaden: VS Verlag für Sozialwissenschaften, 248-271.
- Costas, J. (2012): "We Are All Friends Here": Reinforcing Paradoxes of Normative Control in a Culture of Friendship, in: *Journal of Management Inquiry* 21,4, 377-395.
- Czarniawska, B./Mazza, C. (2003): Consulting as a criminal space, in: *Human Relations*, 56, 3, 267-290.
- Eichmann, H./Hofbauer, I./Strohmer, S. (2008): "Man braucht sehr hohes Energieniveau". Zum Arbeitsalltag von UnternehmensberaterInnen. Berlin: edition sigma.
- Fincham, R. (1999): The Consultant-Client Relationship: Critical Perspectives on the Management of Organizational Change, in: *Journal of Management Studies*, 36, 3, 335-351.
- Fincham, R./Clark, T. (2002): Introduction: The Emergence of Critical Perspectives on Consulting, in: Clark, T./Fincham, R. (eds.): *Critical consulting*, Oxford: Blackwell, 1-18
- Gans, H. J. (1982): The Participant Observer as Human Being. Observations on the Personal Aspects of Fieldwork, in: Burgess, R.G. (ed.): *Field research*, New York: Routledge, 80-93.
- Glückler, J./Armbrüster, T. (2003): Bridging Uncertainty in Management Consulting: The Mechanisms of Trust and Networked Reputation, in: *Organization Studies*, 24, 2, 269-297.
- Goffman, E. (1959): *The Presentation of Self in Everyday Life*, Garden City: Doubleday
- Greatbatch, D./Clark, T. (2005): *Management speak: Why we listen to what management gurus tell us*, London: Routledge.
- Kieserling, André (1994): Interaktion in Organisation, in: Klaus Dammann (ed.): *Die Verwaltung des politischen Systems*, Opladen: Westdeutscher Verlag, 168-182.
- Kieserling, A. (1999): *Kommunikation unter Anwesenden: Studien über Interaktionssysteme*, Frankfurt a.M.: Suhrkamp.
- Kipping, M./Kirkpatrick, I. (2013): Alternative Pathways of Change in Professional Services Firms: The Case of Management Consulting, in: *Journal of Management Studies*, 50, 5, 777-807.
- Kirkpatrick, I./Muzio, D./Ackroyd, S. (2013): Professions and Professionalism in Management Consulting, in: Kipping, M./Clark, T. (eds.): *The Oxford handbook of management consulting*, Oxford: Oxford University Press, 187-205
- Knudsen, M. (2010): Surprised by Method – Functional Method and Systems Theory, in: *Forum Qualitative Sozialforschung / Forum: Qualitative Social Research*, 11(3), Art. 12, <http://nbn-resolving.de/urn:nbn:de:0114-fqs1003122>.
- Königswieser, R./Exner, A. (2008): *Systemische Intervention: Architekturen und Designs für Berater und Veränderungsmanager*, Stuttgart: Schäffer-Poeschel.
- Kranz, O. (2009): *Interaktion und Organisationsberatung: Interaktionstheoretische Beiträge zu Profession, Organisation und Beratung*, Wiesbaden: VS Verlag für Sozialwissenschaften.
- Kubr, M. (2007): *Management consulting: A guide to the profession* (4. ed., reprint.), Geneva: International Labour Office.
- Kühl, S. (2001): Systemische Organisationsberatung – beobachtet, in: Bardmann, T.M./Groth, T. (eds.): *Zirkuläre Positionen 3*, Opladen: Westdeutscher Verlag, 221-226



- Kühl, S. (2005): Organisation, Intervention, Reflexivität: Auf der Suche nach einem Beratungsparadigma jenseits von zweckrationaler betriebswirtschaftlicher Beratung und systemischer Prozessberatung, in: Seidl, D./Kirsch, W./Lindner, W. (eds.): Grenzen der Strategieberatung, Bern: Haupt, 353-365
- Kühl, S. (2010): Ächtung des Selbstlobs und Probleme der Kompetenzdarstellung, in: Kurtz, T./Pfadenhauer, M. (eds.): Soziologie der Kompetenz, Wiesbaden: VS Verlag für Sozialwissenschaften, 275-291.
- Ledeneva, A. V. (1998): Russia's economy of favours: Blat, networking, and informal exchange, Cambridge: Cambridge University Press.
- Løwendahl, B.R. (2009): Strategic management of professional service firms (3. ed., 2. impr.), Copenhagen: CBS Press.
- Luhmann, N. (1964): Funktionale Methode und Systemtheorie, in: Soziale Welt, 15, 1, 1-25.
- Luhmann, N. (2000): Organisation und Entscheidung. Opladen: Westdeutscher Verlag.
- Luhmann, N. (2005): Allgemeine Theorie organisierter Sozialsysteme, in: Luhmann, N. (ed.): Soziologische Aufklärung 2 (5th ed.), Wiesbaden: VS Verlag für Sozialwissenschaften, 48-62.
- Micklethwait, J./Wooldridge, A. (1997): The witch doctors: Making sense of the management gurus, New York: Times Business.
- Mingers, S. (1996): Systemische Organisationsberatung: Eine Konfrontation von Theorie und Praxis, Frankfurt a.M.: Campus.
- Nikolova, N./Devinney, T. (2007): The Nature of Client-Consultant Interaction: A Critical Review, in: Working Paper Series, No. 2007/3, Sydney: University of Technology, School of Management.
- Nikolova, N./Reihlen, M./Schlafner, J.-F. (2009): Client-consultant interaction: Capturing social practices of professional service production, in: Scandinavian Journal of Management, 21-27.
- Parsons, T. (1971): The system of modern societies, Englewood Cliffs: Prentice-Hall.
- Scherf, M. (2002): Beratung als System: Zur Soziologie der Organisationsberatung, Wiesbaden: Deutscher Universitätsverlag.
- Scherf, M. (2010): Strukturen der Organisationsberatungsinteraktion: Objektiv hermeneutische Untersuchung zur Professionalisierungsbedürftigkeit der Organisationsberatung, Göttingen: Vandenhoeck & Ruprecht.
- Schneider, W.L. (1992): Hermeneutische Einzelfallrekonstruktion und funktionalanalytische Theoriebildung. Ein Versuch ihrer Verknüpfung, dargestellt am Beispiel der Interpretation eines Interviewprotokolls, in: Hoffmeyer-Zlotnik, J.H.P. (ed.): Analyse verbaler Daten, Wiesbaden: VS Verlag für Sozialwissenschaften, 168-215.
- Sorge, A./van Witteloostuijn, A. (2004): The (Non)Sense of Organizational Change: An Essay about Universal Management Hypes, Sick Consultancy Metaphors, and Healthy Organization Theories, in: Organization Studies, 25, 7, 1205-1231.
- Sturdy, A. (2011): Consultancy's Consequences? A Critical Assessment of Management Consultancy's Impact on Management, in: British Journal of Management, 22, 3, 517-530.
- Sturdy, A./Werr, A./Buono, A. F. (2009): The client in management consultancy research: Mapping the territory, in: Scandinavian Journal of Management, 25, 3, 247-252.

- van den Graaf, J. M./Rottenburg, R. (1989): Feldforschung in Unternehmen: Ethnographische Explorationen in der eigenen Gesellschaft, in: Aster, R./Merkens, H./Repp, M. (eds.): Teilnehmende Beobachtung, Frankfurt a.M.: Campus, 19-34.
- Waddington, D. (2004): Participant Observation, in: Cassell, C./Symon, G. (eds.): Essential guide to qualitative methods in organizational research, London: Sage Publications, 154-164.
- Wimmer, R. (1992): Organisationsberatung: Neue Wege und Konzepte, Wiesbaden: Gabler.
- Yin, R. K. (2013): Case study research: Design and methods (5. edition.). London: Sage Publications.

## European Cluster Days



### Clusters as a Driving Power of the European Economy

Edited by Prof. Dr. Hansjörg Drewello,  
Marisa Helfer und Madjid Bouzar

2016, 299 pp., pb., € 59.00

ISBN 978-3-8487-2429-1

eISBN 978-3-8452-6588-9

[nomos-shop.de/25236](http://nomos-shop.de/25236)

This volume contains selected contributions from the European Cluster Days 2015, which took place in March 2015 in the European Parliament in Strasbourg. Almost 400 experts and researchers enjoyed an excellent opportunity for meaningful dialogue at the conference. Could clusters become the growth engines in the European economy?

To order please visit [www.nomos-shop.de](http://www.nomos-shop.de), send a fax to (+49)7221/2104-43 or contact your local bookstore.

All costs and risks of return are payable by the addressee.



**Nomos**