

Value of Consulting in Practice

MCA member case studies

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About the MCA

The Management Consultancies Association (MCA) is the representative body for management consultancy firms in the UK. Our 55 member companies comprise around 70% of the UK consulting industry, estimated to be worth £9 billion in 2008, employ more than 40,000 consultants and work with over 90 of the top FTSE 100 companies and almost all parts of the public sector.

The MCA's tough entry criteria and rigorous Code of Practice mean that MCA member companies are widely acknowledged to provide high quality services to their clients. Many of their achievements are recognised in the annual MCA Awards.

The MCA informs and influences public debate on topical issues, and provides authoritative data on the industry. It commissions research and policy analysis and represents the industry in discussions with government and other stakeholders. The MCA also facilitates networking and the sharing of best practice within the industry through events, publications and initiatives such as the Young MCA.

INTRODUCTION



Each year, dozens of the country's leading management consultancies enter their best case studies into the MCA's annual awards. The awards celebrate the highest standards of client service and delivery in the industry. They are keenly contested and greatly valued.

But case studies have many other uses as well. As you will see in this report, they explain the work that consultants do, and help us to understand its value. For many people – often looking at the industry from outside – it is case studies that help them to make practical sense of consulting.

At a time of economic difficulty and public spending constraint, it is more important than ever that management consultancy can demonstrate that it adds value for its clients and the economy as a whole. We also need to explain very clearly how this is achieved and how clients can work with consultancies to realise the best return.

The MCA's research has already enabled us to quantify the average return on investment for consultancy projects in the UK. And our model of how consulting works has identified three core factors that deliver that value – the knowledge that consultants bring, their experience of project management and delivery, and the skills of their people that are transferred into client organisations.

This report is the next stage in our efforts to explain and communicate these benefits. I know it will be of interest to our industry and will help in its work. Even better, I hope that clients and potential clients will also use it to guide their own thinking about consultancy and to ensure that they gain maximum benefit for their organisations.

A handwritten signature in black ink that reads "Alan Leaman".

Alan Leaman

Chief Executive
Management Consultancies Association



Background to the project

A recent MCA report, *The Value of Consulting*, set out to analyse the value that consultants add – to their clients and to the economy as a whole.

Quantifying this value has always been difficult: the nature and scope of consulting projects vary enormously and many do not yield benefits that can be easily or objectively measured. The MCA therefore adopted a three-pronged approach, analysing:

1. How much the consulting industry contributes to the UK economy.
2. How satisfied clients are with the work of consulting firms.
3. The value consultants add to clients during the course of their work with them.

Among the many findings in the report, the MCA calculated that the UK consulting industry spent more than £180 million on innovation in 2008, £85 million on training and £80 million on *pro bono* work for charities. The consulting industry also contributed £900 million a year to the UK balance of payments in the form of work carried out for overseas clients. From carrying out the largest single survey of client satisfaction ever undertaken in the consulting industry, we also found that 58% of clients are very satisfied with the work their consultants do and 41% are satisfied.

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Of the three questions we asked, the third – the value consultants add during the course of their work with clients – was both the most important and hardest to answer. From a wide variety of conversations with clients and consultants, we identified three critical ways in which consultants add value:

- They provide **specialist knowledge that helps clients take better decisions**. This may take several forms, from bringing know-how from other sectors or countries, to technical skills in specific areas. Knowledge from elsewhere and new sources of information provide clients with a more informed perspective; evidence gives them the confidence to act in difficult situations.
- Their **experience in project delivery** helps clients execute their plans more effectively and efficiently. Consulting firms can field teams of people at very short notice to help with new initiatives, giving projects momentum and internal credibility in their crucial early stages. They bring tried-and-tested methods of working which represent the collective experience gained from working on similar projects elsewhere and which help reduce the risk of failure.
- The **skills of individual consultants** improve the capability and teamwork of managers in client organisations. The skills of individual consultants to act as agents of change or to challenge long-standing assumptions may be crucial, but so too is their ability to offer unbiased advice and to handle sensitive organisational issues with tact and diplomacy.

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In order to put a value on these benefits, the MCA asked clients whether they judged the value added by the consultants to be more than their fees, around the same as their fees or a multiple of their fees. Of the people we interviewed, only a tiny proportion said that the value had been less than the amount paid to the consultants. Most said that the value added had been a multiple of the fees paid, ranging from twice the level of fees paid to more than 20 times. The average was ten times the fees paid.

Putting this information together with the client satisfaction survey, the MCA believes that the 1% of clients who said they were unsatisfied would be likely to say that the consultants cost more than the value they added. The 41% who described themselves as satisfied are also those who would rate the value added as equivalent to the fees paid. The 58% who said they were very satisfied would see the value as a multiple of the fees paid.

Combining the findings of our client satisfaction study with the information we gathered on the extent to which consulting firms added value over and above the fees they charged, has enabled the MCA – for the first time – to put a figure on the value added by the UK consulting industry to its clients. MCA member firms earned £6.33 billion in fees in 2008. As the MCA's membership accounts for an estimated 70% of the UK consulting industry, this puts the size of the total industry at just over £9 billion. Our research suggests that the benefits of using consultants were equivalent in value to around £56 billion to UK clients in 2008.

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However, figures on a page tell only part of the story. The full extent of the value consultants add – and the sheer diversity of the ways in which they do – can only be understood by looking in detail at what consultants do. The purpose of this report is to do just that: to provide examples that illustrate the many and varied ways in which consultants add value. All come from entries submitted to the MCA's annual Management Awards, which are based on stringent standards, including the endorsement of the client organisations.



Demonstrating value:

*...specialist knowledge
to take better decisions*

Technical knowledge – in its widest sense – lies at the heart of much consulting work. One in two consulting projects is triggered by the need for specialist skills not available in a client organisation. By bringing knowledge from outside the client organisation, consultants help clients have a more informed perspective; better, more reliable and timely data gives clients the confidence to make difficult choices. The result is better decision-making, allowing clients to seize new opportunities and avoid potential pitfalls.

Case studies

LCP Consulting with Rieber and Son

Rieber and Son (Rieber) is a Norwegian £500 million food manufacturing business with facilities and customers across Europe. Increasing product complexity and rising raw material costs led the business to seek help from LCP Consulting in identifying business and supply chain improvement opportunities. The success of the year-long project is clear – a new way of sales and order processing, and supply chain metrics implemented by the joint team have significantly contributed to a 20% reduction in finished goods inventory and a 35% reduction in the value of product scrapping over a 12 month period. This has been achieved against a background of 'business as usual', with strong sales growth and an improvement in customer service. Key to success has been the fact-based approach adopted by LCP, helping provide Rieber with a completely new perspective on how they could view their supply chain and therefore control and run their operations. According to Jørgen Wiig, the managing director of Rieber's TORO division, "this is one of the best projects that we have undertaken, it was delivered on time, on budget, and the new process for sales and order processing is now the TORO way of doing things."

Tribal with Parentline Plus

Winner of MCA Customer Engagement Award, 2010

Parentline Plus is a national charity that works on behalf of and with parents. When the charity wanted to offer their services to an additional 50,000 hard-to-reach parents of teenagers, while simultaneously reducing the cost per individual contact from around £25 to £10, it turned to Tribal to help. Tribal orchestrated a consultation process involving Parentline Plus, parents and other stakeholders and, using the output from this together with experience gained from other similar projects, developed a unique online portal (www.gotateenager.org.uk) which gives parents the opportunity to post their own experiences, advice and questions to support each other in a forum-style environment. It includes private messaging, articles, blogs and message boards to provide a virtual school gate environment. As a result, Parentline Plus was able to reach an additional 86,500 parents and reduce the cost per contact to £5.77.

KPMG with the Royal Bank of Scotland

Winner of MCA Business Strategy Award, 2010

In common with most global organisations, The Royal Bank of Scotland Group (RBS) depends on a large and extended network of business partners, third parties and customers. This extended enterprise environment presents a number of risks for such organisations. RBS was aware of an ever-increasing number of emerging risks and concentrated regulatory focus on data security. Given the changing environment and increased threat of data loss, RBS was determined to remain at the forefront of the financial services industry's response to data security and asked KPMG to help them demonstrate its approach externally across the industry. KPMG did this by mobilising a global team of over 400 individuals in just a few days, setting up operational hubs in four regions and creating a dedicated call centre in South Africa. Using its expertise in data security, KPMG was able to carry out comprehensive reviews into the data security of 360 of RBS's third parties in the space of just five weeks. As a result of this programme, RBS was able to demonstrate its continued focus and robust approach to data security.

Case studies

Trinity Horne with Yorkshire Water

Most people think that going green is expensive, but Yorkshire Water is helping show that it is possible to save money and the environment at the same time. With help from Trinity Horne, the company carried out a complex analysis of the variables affecting its use of chemicals and power in producing clean water and as a result, identified savings over £2 million per year and a smaller carbon footprint. Trinity Horne immediately realised that Yorkshire Water's continuous processes and fixed equipment would benefit more from a statistical analysis of drivers and opportunities. Moreover, simple analysis was unlikely to uncover the complex relationships within these processes and could even have been misleading. "Yorkshire Water has many highly capable and numerate people," says Trinity Horne's Donal O'Hehir, "but conventional analysis only gets you so far, and a more robust approach was required. There was a huge volume of data about energy and chemical usage, going back over a long period of time, but the problem was how to distil from it some genuine insights into the way water treatment plants worked. We were looking for small changes which, if magnified, could save money and power."

The immediate benefits of the project have been savings identified in power consumption. "Depending on various environmental factors, the planning algorithm will save us up to £2 million a year in fuel costs," says David Owen, Yorkshire Water's Optimal Planning Manager. "On top of that, there is the environmental benefit - which we estimate at 10,000 fewer tonnes of CO₂ released per annum. Trinity Horne showed us that you can - with data, knowledge and ingenuity - find genuine savings in operations such as these. We started with just a hypothesis: Trinity Horne helped us prove it."



Demonstrating value.

...more effective and efficient execution

Over the past 20 years, clients have increasingly turned to consultants for help in making things happen. For organisations where resources are scarce or already stretched, consultants provide not only the expertise, but also the momentum and planning skills to ensure that new initiatives, especially the biggest and most complex ones, can be implemented as quickly and successfully as possible.

Consulting firms can marshal dedicated teams of people to work on projects in order to create momentum and ensure that the work involved is completed as quickly as possible. Their implementation methods, combined with experience from elsewhere, means that they can significantly increase the likelihood of success.

Case studies

“We started with a blank sheet of paper and three months later had a fully-fledged asset management business. We simply couldn’t have done this without Navigant’s help.”

Hassan Elmasry, Partner, Franchise Partners

Navigant Consulting with Independent Franchise Partners Winner of MCA Outsourcing Consultancy Award, 2010

There aren’t many clients who take out advertisements in the Financial Times and Wall Street Journal to thank the firms they have worked with, but that is precisely what Independent Franchise Partners LLP did in August 2009, in recognition of the help it had received in setting up its business. Some of the most critical support came from consultants at Navigant Consulting who, in just five weeks, designed and implemented the interim systems and processes Franchise Partners needed to launch in the middle of June 2009. The same team developed and implemented a permanent solution, based around outsourcing as many of Franchise Partners’ non-investment activities as possible. This resulted in a ground-breaking deal, signed with Northern Trust in September, which secures Franchise Partners’ long-term commercial objectives. “We started with a blank sheet of paper and three months later had a fully-fledged asset management business,” says Hassan Elmasry, a partner at Franchise Partners. “We simply couldn’t have done this without Navigant’s help.”

Xantus Consulting with a global FMCG company

Earlier this year, over a condensed period of five months, including just six weeks of intense negotiations, Xantus successfully renegotiated a vast, global outsourcing deal on behalf of a global FMCG company. The contract was signed on time, achieving significant savings in year one which will rise further over five years. The new contract, which is closely aligned to the company’s business strategy, specifies a differentiated service model. This is important as it has enabled the company to secure the service improvements it needed without having to increase its costs. The new contract also delivers substantial flexibility to change what is being delivered over time, if the requirements change or the service does not deliver as expected. The company looked to Xantus to provide the rigour and tried-and-tested methodologies to enable it to achieve its challenging programme objectives. “In addition to market and sourcing knowledge, Xantus brought a work ethic and cultural alignment that significantly enhanced the overall solution and ensured successful delivery to time and budget,” said a spokesperson from the company. Xantus is now nine months into a further engagement at the company, as part of a multi-million pound transformation programme, to bring to life the new opportunities that have been created.

Arup with Dubai Airport

Dubai Airport's T3 is approximately one million square metres, roughly three times the size of Heathrow Terminal 5, and almost one kilometre long. It is the world's single largest terminal building, featuring 26 gates, 162 check-in counters, 88 self-service kiosks, 31,547m² of retail and restaurant space, and two hotels. T3 can accommodate 30 million passengers annually but when an additional concourse opens in 2011, the entire airport will be able to serve 65 million passengers per year. Dubai Airports needed to turn this huge, newly constructed, static facility into a fully functioning, dynamic airport terminal that operated smoothly from day one. To add pressure, T3 was happening in the wake of a number of airport opening disasters which had caused lasting reputational damage to the parties involved. T3 was under the global media's microscope. "Operational readiness was the biggest single objective that could have defined success or failure," comments Paul Griffiths, chief executive of Dubai Airports. Over two and a half years, Arup's Operational Readiness Activation & Transition team managed every step of Emirates' and Dubai Airports' move into this massive new facility – taking it from a \$4 billion construction project to a fully operational airport terminal. Central to the successful opening of T3 were two key elements of Arup's programme. First, the successful activation of any airport or terminal facility requires collaborative working amongst all stakeholders (operators, airlines, contractors, consultants, government bodies, etc), and Arup worked with the multiple stakeholders involved in order to bring the project to a successful conclusion. Second, the trials programme consisted of more than 60 different operational trials over six months and included the largest ever single advanced trial, involving over 4,000 public volunteers and 13,000 bags. As a result of this work, the airline successfully completed the four-step transition to the new airport seamlessly and on time, under the gaze of the world's media, on 11 November 2008.

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Paul Griffiths, Chief Executive, Dubai Airports

Atos Consulting with The Global Fund

Winner of Best Public Sector Project and MCA International Award, 2010

The Global Fund to Fight AIDS, Tuberculosis and Malaria is an international institution that invests the world's money to save lives. It attracts and disburses resources to fight three of the world's killer diseases. Having been formed in 2002 under special arrangements with the World Health Organization, by December 2008 the Global Fund needed to become an independent organisation. This move to autonomy was vital to the future ability of the Global Fund to do its work in the most efficient, flexible and appropriate way. When Atos Consulting arrived, the Global Fund had just over seven months and an immovable deadline to take its staff out of the familiar confines of the United Nations and into a new stand-alone organisation. Delivering a programme that usually would have taken 18 months, Atos Consulting overcame cultural, logistical and technical challenges to create a new organisation, with: new administrative, finance, procurement, HR and technology systems and functions; 33 new employment services; and the smooth transfer of all 420 staff. All this was done without impacting the organisation's ability to disburse funds.

Case studies

CSC with Anglian Water

Geographically the largest water company in the UK, Anglian Water serves six million business and domestic customers, supplying over a billion litres of drinking water every day. The company makes a vital contribution to the health and wellbeing of communities across the East of England, and has the legal obligation to deliver excellent service to all domestic customers, even if they do not pay their bills. Bad debt is a long-term problem for the industry, as they are not allowed to terminate supply to non-payers. CSC was asked to help Anglian reach best-in-class status for debt management; they devised and delivered an innovative approach that combines a specialist debt management application with the existing ERP system. This was an industry first, resulting in a £2.5 million reduction of forecasted bad debt, a 14% reduction on 2007/08 write-offs. The result is a more flexible and sensitive system, enabling contact centre staff to be more proactive, patterns to be spotted early for rapid intervention and immediate savings to the bottom line. This combination of technology innovation and business expertise promises to make them one of the very best in the industry for debt management (in terms of Ofwat tables), within three years.

AMTEC Consulting and Hitachi Consulting with the RAF

Programme Future Brize is a £340 million programme to establish Brize Norton as the RAF's centre for air transport and air-to-air refuelling operations, and significantly reduce costs through the closure of RAF Lyneham. In a turnaround project, AMTEC Consulting and Hitachi Consulting addressed the key programme management components required for a successful outcome. These included: ensuring programme stability; providing visibility of current project status; and transferring skills. The result is that the Future Brize programme now has the structure, governance and momentum needed to succeed. With the programme back on track, cost savings are projected at £23 million per annum, morale is high and people aspects (such as the impact on RAF families) are a top priority. "Not only did the AMTEC/Hitachi team provide focused and professional advice in order to put this programme onto a proper structured footing, but they also engaged enthusiastically with their RAF counterparts to provide essential, real-time support on a daily basis", said Air Commodore Paul N. Oborn CBE RAF, Programme Future Brize Director. "Their energy and motivation helped to revive a struggling programme and gave the RAF team the tools and the confidence to take this programme forward with vigour."

"Not only did the AMTEC/Hitachi team provide focused and professional advice in order to put this programme onto a proper structured footing, but they also engaged enthusiastically with their RAF counterparts to provide essential, real-time support on a daily basis."

Air Commodore Paul N. Oborn. CBE RAF, Programme Future Brize Director



Demonstrating value:

...more capable managers and teams

Consultants don't just deliver value at the corporate level. The MCA's research has shown that the skills consultants bring, and the role they play, are at least as important as their knowledge and ability to execute. As objective outsiders, consultants are able to remain detached from the internal politics that can cloud many organisations' vision, acting as catalysts for change, challenging the status quo, or simply being able to identify clear and simple solutions to long-standing, complex issues. Passing on these skills to the people with whom they work is an important part of the legacy consultants leave behind.

Case studies

SFL Ltd with PJH Group

PJH Group was founded in 1972 in Bolton, Lancashire. Today, it has sales of £170 million and is an integral part of a global business providing bathrooms, kitchens and appliances to leading retailers in the home improvement market. The company became part of Globe Union Group of Companies in April 2007 – with global sales of £460 million. In January 2009, the company approached SFL for assistance in strengthening its leadership team and ensuring that its management were performing at their optimum level within the prevailing economic recession. In any endeavour of this kind, there is a need to create a safe and supportive environment in which managers can truly express their fears, concerns and biggest challenges. This can only be achieved through a process of effective external consultancy that provides the necessary objectivity. By using SFL, PJH was able to create an accurate picture of the strengths and weaknesses of the current management team, successfully identifying the challenges it faced, and determine the best approach for implementing appropriate solutions. Development activity with the company began in March last year. The business continues to perform well with sales up 12% on the previous year. Anecdotally, there is evidence that behaviours within the business have changed with more managers displaying transformational behaviours and acting as role models to their teams. The management team feels more confident in its ability to take the business forward through the recession and take full advantage of market opportunities.

Hay Group with Maidstone and Tunbridge Wells NHS Trust Winner of MCA Change Management in the Public Sector Award, 2010

In October 2007, a damning report from the Healthcare Commission criticised Maidstone and Tunbridge Wells NHS Trust (MTW) for failing to deal adequately with outbreaks of *Clostridium difficile* infection. The report censured the Trust's governance and management overall, saying that it was failing to meet national targets and comply with core standards. The new executive team called in Hay Group to help them turn the Trust's leadership and culture around. It knew what it wanted to achieve but was initially unclear about how to get there. With the help of Hay Group's specialist knowledge and fresh perspective, the Trust has now turned around its management thinking, clarifying roles and responsibilities, ensuring accountability from board to ward, and agreeing a strong shared vision of how the components of the organisation should work together. The Trust believes this approach to be the key to its current success and for its future sustainability. A year on, the Trust now has one of the best records for infection control in the South East; it is meeting national targets and standards on waiting lists and A&E waiting times; patient care has been dramatically improved; and its underlying monthly financial deficit has been halved.

KPMG with The Home Office (UK Police Forces)

KPMG's pioneering work has improved police performance, enhanced customer satisfaction and identified over £100 million of operational efficiency savings across fifteen UK forces. By streamlining activity, reducing bureaucracy and releasing officers onto the beat, forces are responding successfully to calls to offer better value for money and better service to the public.

The integrated teams comprising KPMG, Home Office and police personnel examined front line policing processes, quantified key issues and designed and implemented practical improvements that could be delivered quickly to bring immediate benefits. These include new ways of responding to calls from the public; new approaches to recording and investigating crime; greater speed and efficiency in dealing with those in custody; and more effective and efficient ways of capturing and processing intelligence. Most importantly, their training and coaching has given police officers and staff the skills and self-belief to independently deliver further performance improvement projects without external support, generating additional, sustainable benefits and even greater value for money.

The Berkeley Partnership with Xerox

In June 2008, Xerox was in the middle of the largest and most far-reaching programme of change it has ever undertaken, transforming all aspects of its high-volume indirect business, selling to small-to-medium-sized businesses through a network of distributors and re-sellers. This first phase alone was hugely ambitious in scope, covering virtually all business processes from sales through distribution to service and finance. It impacted the day-to-day activities of more than 3,200 Xerox employees, 16,000 distribution partners and 65,000 customers. With the programme well underway but having missed some key milestones, Xerox realised it needed additional energy and expertise to get it across the finishing line. The company asked The Berkeley Partnership to help them get the project delivered. Berkeley came with strong recommendations from other clients who had struggled with similar challenges. Augmenting Xerox's Programme Leadership team with a handful of experienced consultants, Berkeley was able to help Xerox create a high performing and focused team that overcame many challenges and setbacks to deliver the first phase of the transformation on schedule. As a result, Xerox Europe will be able to function more efficiently and cost-effectively. In addition, it will become easier to deal with, thanks to much simpler, faster and cheaper-to-execute order placing and tracking, supported by an enhanced call centre experience.

The Value of Consulting Series

In January 2010, the MCA launched its Value of Consulting Series – which aims to demonstrate the value that the consulting industry brings to clients and the UK economy as a whole. The campaign, which runs throughout 2010, comprises a number of initiatives:

- The **Value of Consulting Report** was launched in March 2010. This report, based on pioneering research of around 1,800 users of consulting services, found that the majority of projects in both the public and private sectors generate financial returns of between two and 20 times their cost. The report provides a simple yet meaningful and authoritative way to quantify the value consultants add, to both their clients and the wider economy, and forms the basis for the rest of the Value series.
- This report, **Value of Consulting in Practice**, demonstrates the value of consulting using live examples of case studies from MCA member firms.
- Further activities and publications are planned for this autumn.

Subscribe for updates

You can subscribe to receive updates throughout the year on the Value of Consulting Series by registering on our website. Go to mca.org.uk/value/subscribe

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