

The changing face of public sector consulting

Consultancies fulfil a variety of tasks for the public sector, explains **Fiona Czerniawska**

Ian Probert, a management consultant with Mott MacDonald, has been focusing his attention on an unlikely area – records management. Probert is part of a team delivering improved productivity within a key central government corporate services department. “This department has more than five million case records,” says Probert. “By making incremental systems changes, we’ve been able to reduce re-keying and duplication, as well as improve throughput.”

Probert has a Tesco-like philosophy: every little helps. “If we can replicate the savings we’ve found elsewhere in corporate services, then the overall benefits will be substantial,” he says. “Everyone has a support service function, but not all think about the operational impact that activities such as records management can have. That’s where we come in.”

There are three main reasons why organisations use management consultants – and the public sector illustrates all of them. The most important reason is to gain access to specialist skills. A recent survey by the Management Consultancies Association showed that almost half of all consulting is driven by this. Moreover, almost a fifth of consulting projects result from managers wanting access to a tried and tested methodology. Faced with a new set of challenges, they want to work with people who have been there and done that. “We brought some specific expertise and a structured way of doing things,” says Probert.

Ann Gammie’s work at HM Revenue and Customs points to the third reason for using consultants. Gammie works for ER Consultants, a firm specialising in organisational design and change management, which HMRC had commissioned to design and run a programme to build leadership skills across two major department-wide projects. “To start with, the participants listened to us politely but made it clear that they didn’t think we could teach them much,” Gammie recalls. “But it rapidly became clear that there was confusion about the scope of the projects they were working on. We used a combination of techniques – project mapping and systems thinking – to show them how their work would have further ramifications. The value we added was to challenge their assumptions and provide a fresh viewpoint.”

Gammie’s experience also highlights how consulting in the public sector has changed. In 2002, nearly a half of all consulting work in central government was IT-related. By 2005,

this proportion had shrunk to just over a fifth. Instead, central government departments are buying more human resource, change management and financial consulting. Help in managing massive change programmes now accounts for almost a third of all consulting.

At Hewlett Packard, Fiona Lawson-Smith has seen this shift first-hand. For the last year, she has been involved in a project to replace almost all the technology used by a department. What began as a series of discrete IT projects rapidly evolved into a single, more

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integrated initiative. “The focus at the outset was almost wholly on technology,” she recalls, “but it became clear that the impact on the people working in the department would be vast.”

Training needs had to be identified; a new business case had to be pulled together to ensure the benefits of the original projects would not be lost as they were rolled up into the bigger programme; project management skills had to be strengthened. All this meant the role of HP’s team changed, too. “Our role is much more facilitative,” says Lawson-Smith, “ensuring the department is in a position where it can deliver the benefits. We’re not doing things for them so much as helping them help themselves.”

However, the shift in the work consultants do has brought its own challenges. In particular, it can be much harder to associate tangible, measurable benefits with this kind of work. While IT consulting usually results in a new system being implemented, the output of a change management project, while just as important, may be less visible.

In this context, three things become hugely important. “The first is that public sector clients use consultants who have complementary skills,” says Gordon Wilkinson, the managing director of Capita Advisory Services. “Throughout the civil



Whitehall: Government departments are increasingly seeking human resource, change management and financial consulting

service, I’ve encountered excellent people who are talented, experienced and thoroughly knowledgeable about their work. So it’s important, as a consultant, to bring something new. Consultants are rightly resented if people think they’re simply replacing existing staff.”

A second factor is that consultants, having been brought in because they have specialist skills, invest time and effort transferring those skills to the civil servants they work with. Eugene Sullivan is responsible for a team of consultants from RSM Robson Rhodes, which has been working with the risk assurance division of a major department. The project is part of a larger initiative aimed at transforming the department’s finance function. “We’re working in a variety of ways,” says Sullivan. “In some cases, we’re undertaking the work ourselves; in other areas we’re advising the in-house team; and we also bring forward best practice from other government departments and the private sector. But the most important outcome is that by working together on a partner-

ship basis, there is a mutual transfer of skills and experience.”

The extent to which a consulting firm is chosen for its complementary skills and the seriousness with which it approaches knowledge transfer both come down to governance. “Consulting projects go well if their governance goes well,” says Gordon Wilkinson at Capita. “If it’s not clear who is in charge, deci-

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sions won’t get taken or the wrong decisions will be made. Any organisation that brings consultants in without clearly understanding why it’s doing so or what it seeks to gain will find it very difficult to get value from consultants.”

Indeed, getting value from consultants will be the subject of a report by the National Audit Commission, due to be published in December this year. Suppliers, too, should be involved in those discussions about how to get best value from consultants. Perhaps the trend in public sector consulting that worries consultants most is the extent to which procurement rules have made it hard for both sides to sit down and explore options before the work is specified in detail. Those procurement rules may well need to change as the face of public sector consulting changes.

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