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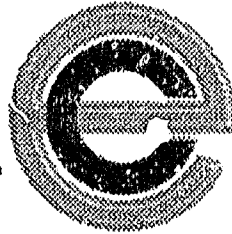
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E-Commerce Implications for Management Consulting

Much has been written about the e-commerce market available to consultants. Large firms and small boutique firms alike have discussed how to get in on a market that is growing daily. But how can a small or medium sized management consulting firm benefit from the same technologies and business process reorganizations that are renewing their clients?

Background:

The management consulting industry is one based on a transfer of knowledge. Management consultants provide objective information, advice and guidance to clients on a wide variety of management and general business issues and, when requested, assist in the implementation of their recommendations. Their core competency is assisting management in problem solving. They add value by being able to use their expertise and ability to access information more effectively than their clients. Consulting outputs are information in the form of studies, advice and recommendations.

There are major differences among consulting firms. Distinctions can, of course, be drawn on the basis of their size and geographic reach but factors such as organizational structure, degree of specialization, level of technology usage and ability to assemble teams can be important as well. Some firms have expertise in one or many fields of management (e.g. human resources or finance) while others may work in one particular sector of the economy (e.g. agriculture,

telecommunications) and still others specialists in holistic issues (such as change management or electronic commerce).

Technology usage:

According to a recent report by Industry Canada, (*Enabling Technologies and Trade in Business and Professional Services* management consulting firms tend to be on the cutting edge of enabling technologies use. "Even consulting firms without a technology-related practice", the report states, "are finding electronic accessibility to clients a must and corporate websites an important tool for enhancing credibility".

Consultants have traditionally been heavy users of communications and computer technology. In undertaking projects, management consultants often rely on technology to acquire and manipulate information. Consulting firms are also likely to use a wide range of software tools to manage their projects, track their contacts and time billed, manage their documents and present their findings.

In addition to the obvious "foundation" technologies of phones, computers and fax, management consultants as a whole tend to be heavy users of local area networks (LANs), e-mail and the Web. Wireless communications are also heavily utilized. The use of options such as web-based client feedback, Intranet, electronic billing, video conferencing and groupware however, appears to be in the minority outside of the largest firms.

So what are the specific potential benefits of electronic commerce to a management consulting firm?

Efficiencies can be gained across the spectrum of a firm's operations, but perhaps it is best to approach the use of e-comm for consultants in relation to three of the major trends that are affecting the management consulting industry: Increasing client expectations, mergers and acquisitions and the emergence of the Internet economy.

Increasing client expectations

Over the past few years, there has been evidence of increasing pressures from clients. Some clients perceive that the costs of consulting are too high, some want more follow-through for their money (expecting more consultant involvement in the implementation stage) and others have even litigated when projects don't work out the way they expected. Moreover, competitors are emerging from non-traditional sectors, adding consulting services as added value for their clients.

Since there are traditionally no intermediaries between the consulting firm and the client that can be squeezed for more profits, firms must find new ways to create efficiencies and add value for the client while maintaining the interest of their consultants and the profitability of the firm.

Mergers, acquisitions and alliances

In an effort to add more value and expand their service offerings, firms of all sizes are aligning with other firms (either in formal arrangements or loose partnerships) and taking on expertise where they can find it. In fact, *Consulting News* has predicted that 2000 will see a "Hollywood movie model in play, where various consultants are pulled together for a specific job and then disbanded after the work is done". How are firms to balance an individual and common presence under this model and how are they to share information among partner firms? Can e-commerce provide solutions?

The Internet Economy

The emergence of the Internet economy has also affected the management consulting field. E-competitors such as Razorfish are offering services around e-commerce issues, taking part of a potentially lucrative consulting market. Moreover, client firms are using the Internet more frequently and are, increasingly, expecting more for less and more for free.

The application of e-commerce technologies and methodologies can assist all of the following areas.

Product Promotion & New Sales Channels

Many firms have already discovered that the Internet offers a relatively inexpensive method of promoting their service. A June . 99 overview by *Consultants News* showed that every one of the top 50 consulting firms in North America had an active website. Certainly many small and most medium sized Canadian firms have followed suit but smaller firms should realize that Internet-savvy clients may start to expect more from their on-line presence than merely an electronic brochure.

Vancouver-based Ference Weicker & Company (www.fwco.com) is a general management consulting firm that has also designed and developed a number of leading-edge Internet based products including the Interactive Business Planner used in the Canada Business Service Centres. In addition to the usual contact and overview pages, they have developed a "Virtual Library" which provides

electronic access to a range of papers, reports and other publications they have prepared.

In this new environment, a small company's reach can be expanded around the world and around the clock.

One such application is the online marketplace offered by the U.S. based firm, Pengroup (www.pengroup.com) provides an automated process which allows clients to specify consulting project requirements and not only identify firms (using automated or personalized search services) but also evaluate the skills and experience of the firms using capabilities profiles and comparison reports and then qualify the firms using client satisfaction data, competitively selecting the best-matched firm(s) for the specified project.

Customer Service & Relationship Building

Website interactivity can go even further, allowing firms to offer their current clients the ability to access more transactional services through automated electronic means at any time. Thus the client's needs are met and the firm is able to focus on more value-added services.

For example, the Hay Group (www.haygroup.com), one of the world's largest human resources consulting firms, has made it their e-commerce philosophy to provide their clients with on-line tools, products, and services to meet their "people needs." In doing so, they have admitted that some needs will require the support of a "live" consultant, while others are "do-it-yourself". Clients are offered the option of carrying out simple transactions (such as purchasing and completing an employee attitude or a compensation survey) on-line.

Another example is Ernst & Young's on-line consultancy, called Ernie, (ernie.ey.com) which is designed to offer cost-effective accessibility to Ernst & Young's consultants via the Internet and thus reinvent, "how business knowledge flows from consultant to customer". The site offers two main sides: a "service" section where client questions are routed to an appropriate E&Y professional - who prepares a response and delivers it via the Internet - and a

"Supertools" section offering online tools for, among other things, software selection and supply chain diagnostics

While smaller firms may not have the technological expertise to offer such advanced services, they can find other ways of increasing their value proposition to clients and maintaining valuable contact using the Internet. A firm's approach can be as simple as listing email addresses for all their consultants or as

advanced as allowing clients to share experiences with other using a moderated chat room.

Partnering and Worksharing

Large consulting firms with a large geographic presence are able to offer standardized services to large, equally disperse, clients. Smaller firms now can do likewise using Internet technologies. They can create new alliances with complimentary service providers wherever they may find them and go after contracts that they might not have considered in the past because of prohibitive travel costs or time constraints.

For example, small firms that hold the licensed rights to a specific methodology for a specific geographic region can link up virtually with each other to approach larger clients that are geographically disperse but require a standardized approach. They can create their own Intranets - or use free work sharing sites such as - to compare notes and keep track of projects. To save on travel costs, they can use webcasting and conferencing technologies to meet virtually.

As part of its ongoing expansion of professional development offerings, the Canadian Association of Management Consultants (www.camc.org) has already introduced its members to on-line interactive seminars with the use of webcasting technology provided by Instigo (www.instigo.com). Groups of firms can do likewise, learning together as a larger "virtual" firm.

Conclusion:

Management consultants are typically well educated and technology friendly. Firms of all sizes are under competitive pressures like never before and are adapting to increase their value proposition to clients.

Large firms are increasingly using groupware that allows their practitioners in all locations to access corporate data documenting, for example, past assignments, best practices and other "overhead" items.

Consultants of all sizes are using technological advances to promote themselves better and have faster, more valuable communications with clients. We have not even mentioned here such e-commerce areas as procurement and recruiting but it is clear that, in areas as varied as travel, office supplies and staffing, management consulting firms can look to e-commerce applications to realize some of the substantial cost savings their clients are experiencing as the e-commerce evolution continues.



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- strategis.ic.gc.ca/SSGF/sc01648f.html - Enabling Technologies and Trade in Business and Professional Services
- www.fwco.com - Ference Weicker & Company
- www.pengroup.com - Pengroup
- www.haygroup.com - The Hay Group
- ernie.ey.com - Ernst & Young
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