

Case study 9.4.2: **Skills and Organisational Competencies for Managing Intangibles in Small Management Consultancies**

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Abstract Management consulting firms trade on the knowledge of their human capital to help develop and deliver solutions to client problems. Such firms generate value in two ways: by providing value to their clients and by providing value to owners and other firm members. Clients gain value through increased efficiency in exploiting their resources or through gains in market efficiency. Consultancy firms' gain value through delivering their services/products with cost efficiency and profitability, which help strengthen the financial success of their firm. Additionally, they gain value from firm knowledge/professional developments. The way consultancy firms create and deploy existing knowledge, support learning and the generation of new knowledge, has implications for recruitment and training, for current and future service/product definition and delivery and sustainability of firms' competitive performance. Hence, issues relating to the identification, management and measurement of intangibles pervade consultancy firm, client-consulting interactions in the production of the outputs, and effects on client firm performance.

This case is focused on a small management consultancy, which promotes itself as a 'virtual consultancy and training organisation'. It provides services through a membership of directors, and associates who are sub-contractors of the nominal organisation and are not exclusively contracted to it. The firm is mainly UK-based, with several associates based abroad, in France, the Netherlands, and the USA. Clients are located across Europe and in subsidiaries outside Europe. The firm's stated mission is to develop the performance of knowledge-based organisations through consultancy and training. Clients include professional practices (such as consultants, accountants and actuaries) and internal consultants and organisational functions (such as training, IT and HRM) in the telecom, banking and IT industry that provide specialists know-how to others.

We visit the firm at a time when the Managing Director is facing the issue of how to foster future growth of this knowledge-intensive firm.