

**MENDEL UNIVERSITY IN BRNO**

FACULTY OF BUSINESS AND ECONOMICS

**SELECTION CRITERIA OF MANAGEMENT CONSULTING  
SERVICES**

–

**USED BY COMPANIES FROM THE WOOD INDUSTRY**

**DISSERTATION**

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BRNO 2015

## **DECLARATION**

I declare that this work submitted for assessment was prepared on my own and is expressed in my own words. Any uses made within it from other sources, in any form directly or indirectly, are properly acknowledged at their point of use. A list of all references used is included.

I confirm furthermore that this thesis has not been submitted, in the same or similar form, for any university or institution in any country.

Brno, November, 2015

Signature: .....

Thomas Oriold

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Thomas Oriold

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## **PREFACE**

It was a long journey from the first idea to the final completion of this dissertation. This journey was only managed by the support of the people mentioned in the acknowledgements and by the fact that this topic is closely connected to the authors daily business and hence the untiring motivation to get a deeper insight and knowledge about the management consulting sector. How different management consultants and business managers think is highly important for acting in this business.

Highly versatile and often not transparent consulting services on the one hand and emerging economic difficulties and increasing cost pressure on the other hand force companies to professionalise their procurement processes concerning consulting services or to establish their own in-house consultants.

This comprehensive study is subdivided into three research parts. A literature research was the basis for continuative expert interviews which again provided the basis for the extensive manager survey, by far the largest part. Both the expert interviews as well as the manager survey concentrated on the Austrian market.

Interested target groups of this comprehensive study can be business managers, who get an overview about possibilities and potentials in terms of requests for service proposal contents, and consultants, who gain from this dissertation a better understanding of how customers think, what they require and how they choose consultancy firms, consultants and consulting services. This knowledge enables consulting firms to adjust their services, marketing and proposal preparation for a more efficient and successful acquisition, which increases the overall benefit for customer firms and hence also their managers.

Thus, a higher level of transparency of services provided by consulting firms can be an advantage for both managers and consultants. Such a transparency of contents and agreements can be the basis for a professional contract design and the basis for a highly successful consultation and cooperation.

## ABSTRACT

The objective of this study was the development of improved and more transparent proposals for Austrian customer companies of management consultancies. The aim was to identify criteria and proposal details which are important to managers in these customer companies in the wood industry, to identify the importance of these selection criteria and proposal details on a measurement scale, to determine customer segments, and finally to derive recommendations for consultancy companies on how to supply managers with appropriate information.

The majority of responding managers declared to be satisfied with the performance of received consulting services in the past. Most of them also stated that they are willing to fill in a requirements sheet prior to the preparation of proposals. By far the biggest influences on the managers' decision are had by the consultants themselves. Female managers clearly have other preferences than male managers. Differences between young and experienced managers have been revealed too. The results also show how the importance to managers in large and small customer firms differs. Most preferred by managers are lump sum agreements for consulting fees and period-end settlements for fees and expenses. The larger a company, the more frequently managers prefer a cooperation on a success fee basis. On the other hand the larger the company, the higher the fee rates that can be achieved by consulting firms.

On average, management consultants overestimate the achievable consulting fee levels and moreover the importance of many selection criteria which managers use to choose from different consulting providers. On the other hand consultants greatly underestimate the importance of many other selection criteria and proposal details. They also underestimate the importance of success fees, which are especially requested from larger customer firms with experienced managers.

**Key words:** *management consulting; business consultants; management; managers; consulting services; proposal contents; selection criteria*

## ZUSAMMENFASSUNG

Die Zielsetzung dieser Studie war die Entwicklung von verbesserten und transparenteren Angeboten für österreichische Kundenfirmen von Unternehmensberatungen. Die Absicht war die Identifizierung von Auswahlkriterien und Angebotsdetails, welche für Führungskräfte in diesen Kundenunternehmen in der Holzindustrie wichtig sind, des Weiteren die Ermittlung der Wichtigkeit dieser Auswahlkriterien und Angebotsdetails auf einer Größenwertskala und letztendlich das Ableiten von Empfehlungen für Beratungsunternehmen, wie Führungskräften die geeignete Information zur Verfügung gestellt werden kann.

Die Mehrheit der teilnehmenden Führungskräfte erklärte, mit der Leistung der in der Vergangenheit erhaltenen Beratungsdienstleistungen zufrieden zu sein. Die meisten von ihnen gaben auch an, dass sie bereit wären, vor der Angebotserstellung ein Anforderungsformular auszufüllen. Den größten Einfluss auf die Entscheidung der Führungskräfte haben bei weitem die Unternehmensberater selbst. Weibliche Führungskräfte haben klar andere Vorzüge als männliche Führungskräfte. Unterschiede zwischen jungen und erfahrenen Führungskräften haben sich auch gezeigt. Zudem zeigen die Ergebnisse, wie sich die Wichtigkeit für Führungskräfte zwischen großen und kleinen Kundenunternehmen unterscheidet. Meistens sind Pauschalpreise für die Beratungshonorare und Periodenabrechnungen für die Honorare und Spesen bei Führungskräften bevorzugt. Je größer das Unternehmen, desto eher bevorzugen Führungskräfte eine Zusammenarbeit auf Erfolgshonorarbasis. Andererseits, je größer das Unternehmen, desto höher sind die erreichbaren Honorarsätze für Beratungsunternehmen.

Durchschnittlich überschätzen Unternehmensberater das Potential der erreichbaren Beratungshonorarhöhen und zudem die Wichtigkeit vieler Auswahlkriterien welche die Führungskräfte zur Entscheidung zwischen verschiedenen Beratungsanbietern verwenden. Andererseits unterschätzen Berater die Wichtigkeit vieler anderer Selektionskriterien und Angebotsdetails. Sie unterschätzen auch die Wichtigkeit von Erfolgshonoraren welche besonders von größeren Kundenunternehmen mit erfahrenen Führungskräften nachgefragt werden.

**Schlagwörter:** *Unternehmensberatung; Unternehmensberater; Management; Führungskräfte; Angebotsinhalte; Auswahlkriterien; Beratungsdienstleistungen*

## ABSTRAKT

Cílem dizertační práce je předložení transparentních návrhů pro zlepšení práce rakouských firem zabývajících se manažerským poradenstvím. Cílem je identifikace kritérií a detailů návrhů důležitých pro manažery těchto zákaznických firem fungujících v odvětví zpracování dřeva, definovat důležitost těchto kritérií výběru a návrhů a to na měřicí škále, určit zákaznické segmenty a v závěrečné fázi navrhnout doporučení pro konzultační firmy, týkající se způsobu poskytování odpovídajících informací uvedeným manažerům.

Většina manažerů, kteří reagovali na výzkum, potvrdili spokojenost s poradenskými službami nabídnutými v minulosti. Mnozí z nich rovněž potvrdili, že jsou ochotni vyplnit dotazníky v rámci šetření. Nejvyšší vliv na rozhodování manažerů měli dle výzkumu poradci. Manažerky měly odlišné preference od manažerů. Rovněž byly potvrzeny rozdíly mezi mladými a staršími manažery. Výzkum rovněž potvrdil rozdíly v případech manažerů z velkých resp. malých firem. Z pohledu manažerů nejvíce byly preferovány u smluv za konzultační služby paušální platby časově omezené. Čím větší firma byla, tím více její manažeři preferovali spolupráci založenou na výši odměny na bázi dosažených výsledků. Na druhé straně, čím větší firma, tím vyšší odměnu mohla konzultační firma požadovat.

V průměru poradci nadhodnocovali potenciál možných plateb za konzultační služby a navíc i kritéria, která manažeři volí při svém výběru konzultačních firem. Na straně druhé konzultanti značně podceňují důležitost plateb založených na úspěšných výsledcích požadovaných zejména velkými firmami se zkušenými manažery.

**Klíčová slova:** *manažerské poradenství; obchodní poradci; management; manažeři; poradenské služby; obsah návrhů; kritéria výběru*

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## **LIST OF ABBREVIATIONS**

BDU	“Bundesverband Deutscher Unternehmensberater” which means “Association of German Management Consultants”
bmwfw	“Bundesministerium für Wissenschaft, Forschung und Wirtschaft” which means “Federal Ministry for Science, Research and Economy”
CAPI	Computer Assisted Personal Interviews
CATI	Computer Assisted Telephone Interviews
NACE	“Nomenclature Européenne des Activités Économiques” which means “European Classification of Economic Activities”
ÖNACE	extension of NACE (abbreviation for “Nomenclature Européenne des Activités Économiques”) on the national level in Austria
PAPI	Paper-and-Pencil Interviews
RIS	“Rechtsinformationssystem” which means “Legal Information System” of the Federal Government in Austria
WKÖ	“Wirtschaftskammer Österreich” which means “Austrian Federal Economic Chamber”
WKS	“Wirtschaftskammer Salzburg” which means “Economic Chamber of Salzburg” and is part of the “Austrian Federal Economic Chamber”

# 1 INTRODUCTION

Services offered by management consulting companies are versatile, often not transparent and poorly comparable for managers of customer firms. Finding the right service offer or even consulting firm is often a challenge for companies which need support in specific fields, departments, processes or projects. In these times companies in general are facing a challenging situation of emerging economic difficulties and increasing cost pressure. They are searching for ways to cut costs and enhance benefit. Requirements for the transparency of consulting services in terms of scope, quality, benefit, success and sustainability have increased. Therefore particularly larger companies have professionalised their procurement processes for these services and focus more and more on objective criteria in selecting consulting firms, consultants and consulting services. Also the institutionalisation of in-house consultants or even in-house consulting units, especially in larger companies, has increased the competitive pressure on consultancy firms and forced them to professionalise.

Consulting services in Austria are diverse. The wide range includes management consulting, functional consulting and interim management. The consulting business in Austria varies from other countries. One huge difference is the Austrian trade regulation, which defines requirements of qualification and access to the market. The number of members in the management consulting business has been subject to an incredible growth rate over the recent years and is, combined with all economic challenges mentioned above, a huge challenge for each single consulting firm and consultant.

Improved transparency for managers during the selection of consultancies can influence the competitive advantage for consulting firms. There could also be a different effect on smaller consulting firms towards large established and well-known consultancies. The knowledge of existing success factors and suggestions on how such transparency could look like should especially help smaller consultancy firms to use these implementations as a competitive advantage. Managers have to be able to assess and compare required services prior to assignment. Due to this reason a proposal needs to comprise all important information for a proper basis for decision. On the other hand the daily business of consultants

should be dominated by conducting services instead of establishing proposals for services. The knowledge about what information and details are essential in which situation and for which customer group helps management consultants to save time during preparation and managers to save time during comparison and decision.

This comprehensive survey was subdivided into three parts. The main part of this research was an online manager survey, which reflected the opinion of Austrian managers in customer firms on management consulting services. The basis for this manager survey were assumptions made from the outcome of twelve interviewed management consultants in Austria by using structured interview guidelines. The information which was necessary to formulate and execute these expert interviews was obtained from holistic literature research.

The final results provided sufficient information to publish recommendations and implications for marketing management, which aims to be a tool for consulting firms and consultants. These results also give managers in customer firms an overview about what is important to know when looking for consultancies.



## **2 OBJECTIVES AND RESEARCH QUESTIONS**

### **2.1 MAIN OBJECTIVE**

The main objective of the entire study was defining a concept of improved and more transparent proposals of consultancies for Austrian customer firms, when they have to select the right consulting firm, consultants and consulting services. The sum of all actions performed by consulting firms should provide customers with a more transparent picture for their purchasing decision. The aim was to achieve key success factors for an effective presentation of a clear proposal and hence a competitive advantage for both consultancy companies and customer firms.

### **2.2 SECONDARY OBJECTIVES**

Secondary objectives for the entire study were

- to identify preferences in terms of selection criteria and proposal details for consulting services from the perspective of managers which work or used to work for Austrian companies in the wood industry,
- to identify the importance of these selection criteria and proposal details on a measurement scale,
- to identify customer segments from their views, experiences and preferences, and
- to derive recommendations for consultancy companies on how to supply managers of customer firms with the appropriate information.

### **2.3 RESEARCH QUESTIONS**

These objectives lead to the following research questions:

- Which are important selection criteria for consultancy services for managers with a wood industry background?  
→ Hypotheses 1 and 2
- Which are important proposal contents for these managers experienced in the wood industry?

→ Hypothesis 3

- Which are important accounting details for the managers' purchasing decision?

→ Hypotheses 4, 5 and 6

- Which selection criteria and proposal contents are important to which segment of manager or customer firm?

→ Hypotheses 2 and 3

- Does the viewpoint of management consultants correspond with the managers' point of view in terms of the importance of single selection criteria and proposal contents?

→ Hypotheses 2 and 3

- What is the best way for the communication and presentation of proposals to customers as advice to consulting firms, to provide managers with a more transparent picture for their purchasing decision?

### 3 METHODOLOGY

The frame of investigations comprises the market of Austria. Some excursions and comparisons to other markets are supplements for some specific topics. The evaluated field are business consulting services, which are determined by using the ÖNACE<sup>1</sup> code M70.2 (further subdivided into M70.2.1 and M70.2.2), which mainly includes the fields of strategy & management, organisation & process, human resources, finance & controlling and sales & marketing. Not evaluated are closely related services of the ÖNACE code M69 (Legal Consultation M69.1 and Certified Public Accountants & Tax Consultants M69.2), which include in turn the fields of legal & tax consulting and auditing. Also not included in this research is the field of in-house consulting services of companies. Figure 1 shows the structure and content components of the whole dissertation.

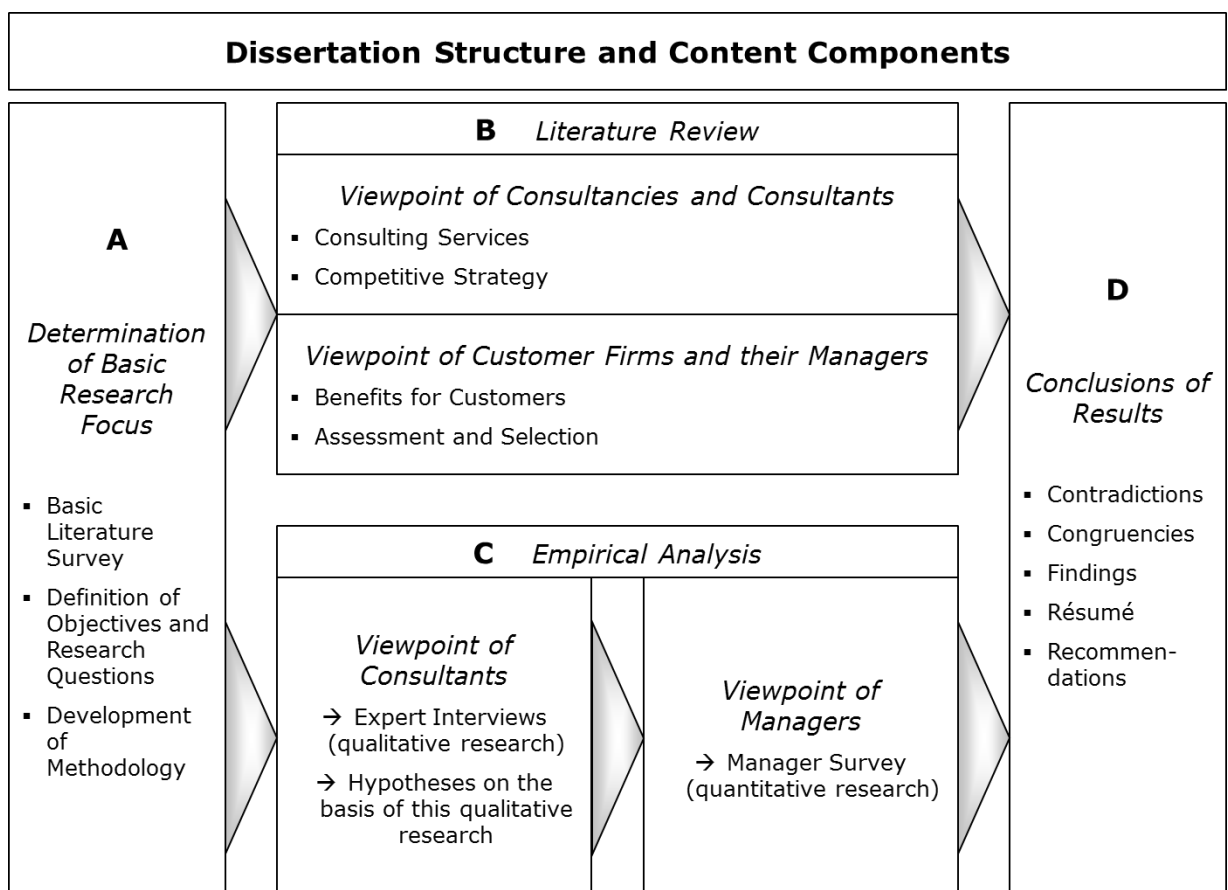


Figure 1: Structure and content components of the dissertation (source: own model)

<sup>1</sup> NACE is the abbreviation for "Nomenclature Européenne des Activités Économiques" and ÖNACE is the extension of NACE on the national level in Austria.

This comprehensive study is subdivided into three research parts: desk research, qualitative research and quantitative research. The desk research (comprehensive literature and data research) serves partly as a basis for the qualitative research (expert interviews). The results of these interviews in turn provide a basis for the quantitative research (manager survey). To avoid that respondents in both the qualitative interview as well as the quantitative questionnaire refer conceptually to former single projects, a particular form of questioning was contrived.

### **3.1 DESK RESEARCH**

Literature of different sources was compared and analysed but finding literature comprising detailed information about transparent services and possibilities for achieving a competitive advantage was, of course, difficult. A possible reason might be the fact that service products and the methods behind them are not subject to rapidly changing environments and development (*Niedereichholz C., 2010, p.10*). Hence, consultants as well as consultancy companies are not willing to publish their knowledge and findings except basic information on it to make customers curious. Large, well-known and globally acting companies are putting much effort into research and development. In addition to that they are often supporting high potentials, also called and known as high performers, in graduating their education, like bachelor, master or doctoral studies. Some consulting firms are even offering the possibility for longer breaks due to this reason (*Ruhoff, 2013, p.57*). Employing consultancy companies are not interested in publishing all details because of company secrecy. Studies undertaken by these companies are generally used as a marketing instrument despite their high costs (*Niedereichholz C., 2010, p.108*).

### **3.2 DIFFERENTIATION BETWEEN QUALITATIVE AND QUANTITATIVE RESEARCH**

For qualitative research methods non-numerical material, also called qualitative material, is used. Verbal information is interpreted, without using any measurements, just to understand the complexity. The situation is different with quantitative research methods, which separate and simplify indicators and impact processes, and where measured, numerical material is statistically evaluated. Quantitative methods need a fixed conception of the examined topic in contrast to qualitative methods, where

the unknown in the apparently known can be open (*Flick et al., 2008, p.17*). According to *Bauer & Mulley (2008, p.3)*, qualitative and quantitative research methods are non-competing methods; they are rather complementary methods with similarities. *Mayer (2013, pp.26-27)* described the relation between qualitative and quantitative research as similarities, intersections and possible combinations. Quantitative research methods often follow qualitative research methods (*Ebermann, 2010, p.4*).

### **3.3 QUALITATIVE RESEARCH**

Qualitative research is strongly orientated on the daily business (*Flick et al., 2008, p.23*) and is based on a number of distinctive underlying principles. Qualitative methods are usually understood to include qualitative interviews, direct observations, case studies and content analyses. Qualitative interviews are flexible and adjustable during progress on an individual basis and hence best suitable for this research. There are several types of qualitative interviews like structured, semi-structured, open-ended and completely open-ended interviews that can be used. The decision was to go for a questioning of experts by using structured interviews to find out what their experience and opinion is (process of interviews displayed in Figure 2). The focus was simply talking and listening to experienced management consultants to increase the researcher's knowledge and receive ideas for suitable questions of a continuative questioning to managers of customer companies. That approach replaced a pretest process, better known as a field test, which is intended to estimate the survey's reliability and validity (*Thayer-Hart et al., 2010, pp.6-12; Rammstedt, 2004, p.5, p.16*) prior to the quantitative research. A guided interview is orientated on openness. Because of this, interviewers on the one hand are supposed not to stick too much to their prepared questions and on the other hand they are supposed to prohibit excesses from the time point of view (*Mayer, 2013, pp.37-38, p.44; Hans & Köppen, 2001, p.85*). The guideline-based interview for this research was split into two parts or more specifically two different kinds of questions (attached to the appendix: Figure 56). One part was highly structured with precisely formulated "closed questions". An open-ended part was the other one, where a few prepared "open questions" were the basis for a comprehensive conversation.

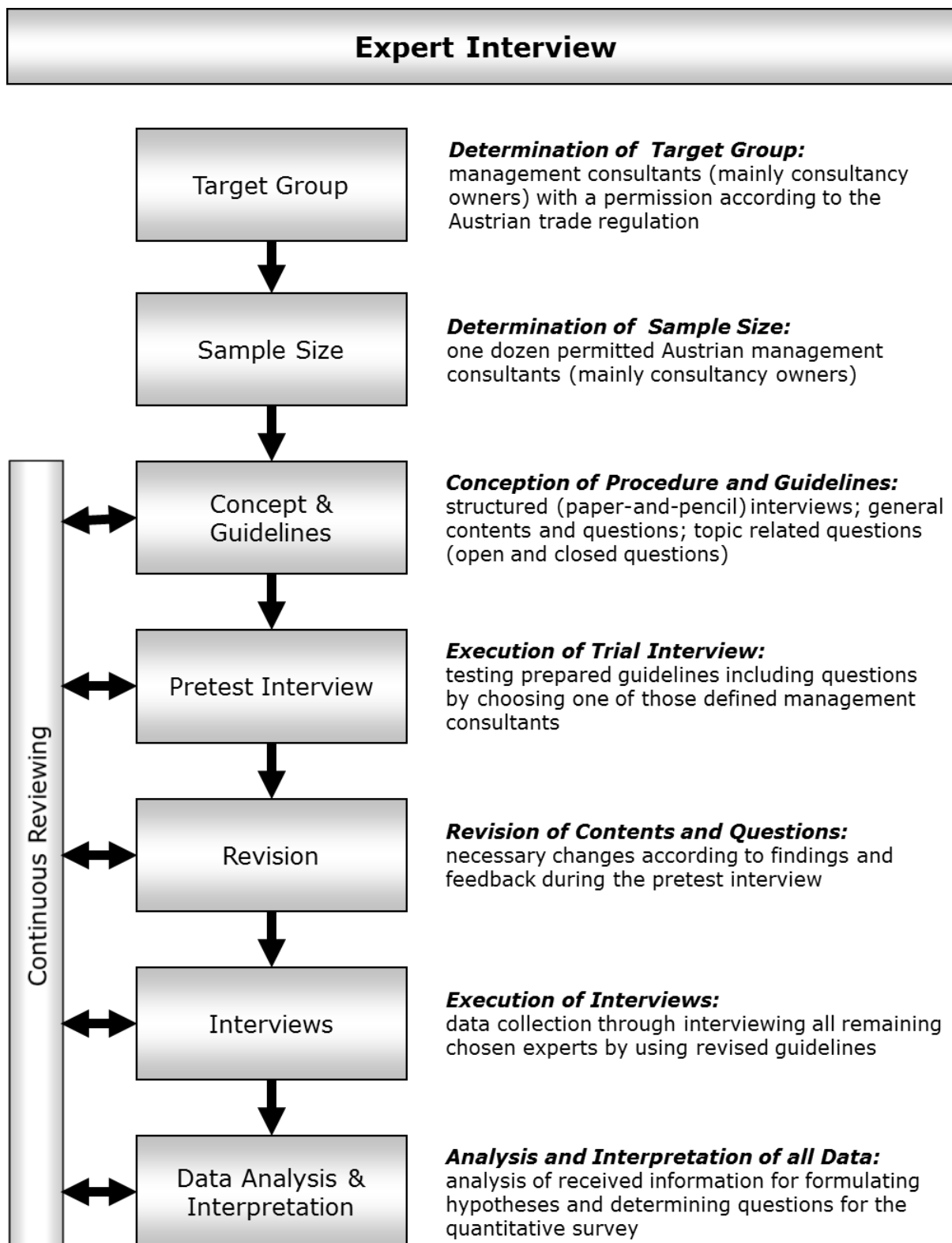


Figure 2: Process of the qualitative research – expert interviews (source: own model)

When distinguishing between the types of standardised personal interviews in terms of their execution, the different types are “PAPI – Paper-and-Pencil Interviews”, “CAPI – Computer Assisted Personal Interviews” and “CATI – Computer Assisted Telephone Interviews”. “PAPI – Paper-and-

Pencil Interviews” were chosen for interviewing experts in this field of business consultancy. The aim of standardising interviews is equal conditions for all participants for ensuring a proper comparison and analysis afterwards. A further requirement for ensuring comparable results is the neutrality of interviewers. Neutrality in this case means that the interviewer must not influence interviewees in terms of expressing his opinion (*Prüfer & Stiegler, 2002, pp.1-3*). The interviewer in this case, for all experts, was the author of this study.

### **3.3.1 AIM OF EXPERT INTERVIEWS**

These expert interviews were a complement to the quantitative research. Two aims were connected to this qualitative research: firstly the viewpoint collection of several management consultants to compare their views with those of customers afterwards, and secondly the reception of ideas on how to modify questions for the quantitative manager survey, the output of which is intended to be a comprehensive customer viewpoint in terms of choosing and hiring management consulting services. Thus, the result of this qualitative research was the basis for determining questions with an essential objectiveness (*Rammstedt, 2004, p.2*) for the quantitative research, and all questions for the questionnaire.

### **3.3.2 TARGET GROUP AND SAMPLE SIZE OF INTERVIEWS**

A definition of the term expert is essential (*Mayer, 2013, p.41*) and was simple in this case due to the fact that a consulting firm needs to have a licence<sup>2</sup> for executing this business, and many of the Austrian consulting companies are one-person businesses (*WKÖ<sup>3</sup>, 2013, p.11, p.13; WKS<sup>4</sup>, 2014, pp.4-5*). By choosing one dozen consultancy owners and managing directors with the licence to execute this business it was ensured that these have a specific education and sufficient experience. Basis for selection was personal relation and further recommendations. The final list of experts interviewed ensured a mixture of different management consulting fields and hence a balanced view. Chosen experts were contacted and asked whether they would like to make themselves available for this expert interview. At that stage they were informed about the

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<sup>2</sup> Commercial law according to the trading regulations 1994: „Unternehmensberatung einschließlich der Unternehmensorganisation gemäß § 94 Z. 74 GewO 1994“ which means “Business Consultancy including Business Organisation according to § 94 Z. 74 GewO 1994”.

<sup>3</sup> WKÖ is the abbreviation for “Wirtschaftskammer Österreich” and means “Austrian Federal Economic Chamber”.

<sup>4</sup> WKS is the abbreviation for “Wirtschaftskammer Salzburg”, means “Economic Chamber of Salzburg”, and is part of the “Austrian Federal Economic Chamber”.

reason, content and approximate length of the interview. One of these experts was a volunteer for being the first interviewee for the trial interview.

### **3.3.3 CONCEPTION AND EXECUTION OF INTERVIEWS**

The very beginning of the guideline comprised all general questions and points (*Mayer, 2013, p.45, p.98; Herget et al., 2013*) for the interview like aim of the survey, anonymity notice, interview number, date, time, place, name, gender, company, and position of the interviewee. All topic-related questions for the interview can be summarised into the following main groups (the entire guideline and questionnaire for the expert interview is attached to the appendix – see Figure 56):

- criteria for the selection of consulting firms and their services
- accounting methods
- further qualitative information

The preliminary guideline document used for the pretest interview was corrected and complemented in terms of content and questions right after the pretest interview, prior to all further interviews. To give respondents the possibility to read along during the asking of the questions, a hand-out was prepared and submitted at the very beginning. The execution of standardised interviews appears simple but several rules had to be considered for achieving the results expected. The aim as well as anonymity details were mentioned right at the beginning of the interview. General and demographic details were filled in by the interviewer partly prior to the interview and partly during the conversation. As described, the guideline contained open and closed questions. Despite getting a clear answer of one option for standardised closed questions, additional remarks of diverse qualitative information were added to the interview paper. Those answers were treated the same way as all answers of open questions for the analyses. Respondents were offered to be sent the final results as soon as this study is complete.

### **3.3.4 DATA ANALYSIS OF INTERVIEWS**

All information was surveyed in a natural context, and statements as well as answers in the context of comprehensive narration were analysed through interpretative techniques (*Mayer, 2013, p.25*). Through summarising and condensing received detailed answers (*Hiermansperger &*



*Greindl, 2014, pp.6-8*), important information could have been lost or even misinterpreted. Because of this, a continuous review of chosen allocations was essential (*Mayer, 2013, pp.53-54*). These allocations were determined key statements. Contradictory answers and key statements were analysed by considering service focuses and main customer groups of the interviewed management consultants. Due to the small number of experts interviewed the results are displayed with bar graphs, which display the viewpoint of 12 Austrian management consultants. The bar graphs view the accumulated absolute frequency as well as mean values identified.

### 3.4 HYPOTHESES

Hypotheses were formulated between the qualitative research and quantitative research. The qualitative research was prepared and realised carefully to avoid potential criticism from the interviewees. *Kumar (2011, pp.88-89)* describes the importance of using hypotheses for qualitative research. Because qualitative research is characterised through describing, understanding and exploring phenomena by using subjective measurements, the construction of hypotheses prior to its execution was not recommended. Afterwards, on the basis of the qualitative research and the literature assessment, objectives for further research as well as hypotheses were determined.

#### H 1

When comparing the four main groups of criteria (service, proposal, consultancy and consultant) that are relevant to customers' decision for selecting consulting firms, the following assumption was made:

**Criteria related to the group "consultant" are most important for purchasing decisions of customer firms. Hence, consultants have the greatest influence on customer decisions.**

#### H 2

When taking into account all criteria of all groups that are relevant to customers' decision for selection, the following assumption was made:

**Most important criteria to customers are**

- "professional skills" and "reliability/ loyalty" in the consultant group,
- "reliability" in the consultancy group,
- "feasibility" in the proposal group, and
- "clarity" in the service group.

**H 3**

When taking into account all content commitments of proposals that are relevant to customers' decision for selection, the following assumption was made:

**Content commitments of greatest importance are**

- "customer benefit",
- "objective, scope and limits of the project",
- "detailed fee and expenditure sheet", and
- "detailed problem definition".

**H 4**

Preferences of managers in customer firms in terms of consulting fee calculations:

**Customers prefer**

- "hourly rates" in comparison to "daily rates", and
- "lump sums" in comparison to "success fees".

**H 5**

Preferences of managers in customer firms in terms of the invoicing:

**Customers prefer "period-end settlements for fees and expenses" for received consulting services.**

**H 6**

Perception of managers in customer firms in terms of consulting fee rates:

**The perception of customers varies between hourly and daily rates. By using hourly rates for charging services, higher revenues can be expected for the same duration.**

Hypotheses on whether variables like gender, manager age, company size, company location and so forth influence the essential details of proposals were not set due to missing literature sources and information received during expert interviews. The dependences between certain variables were found by analysing all data received during the manager survey.

### 3.5 QUANTITATIVE RESEARCH

The quantitative research comprised target group determination, question preparation, sample selection, data collection, and data analysis (displayed in Figure 3). Prior to these steps, hypotheses had to be formulated with the aid of knowledge from literature and former empirical

studies (Mayer, 2013, p.28). Sample size as well as target groups were determined conscientiously to ensure an undistorted image of the whole population and hence a representative result.

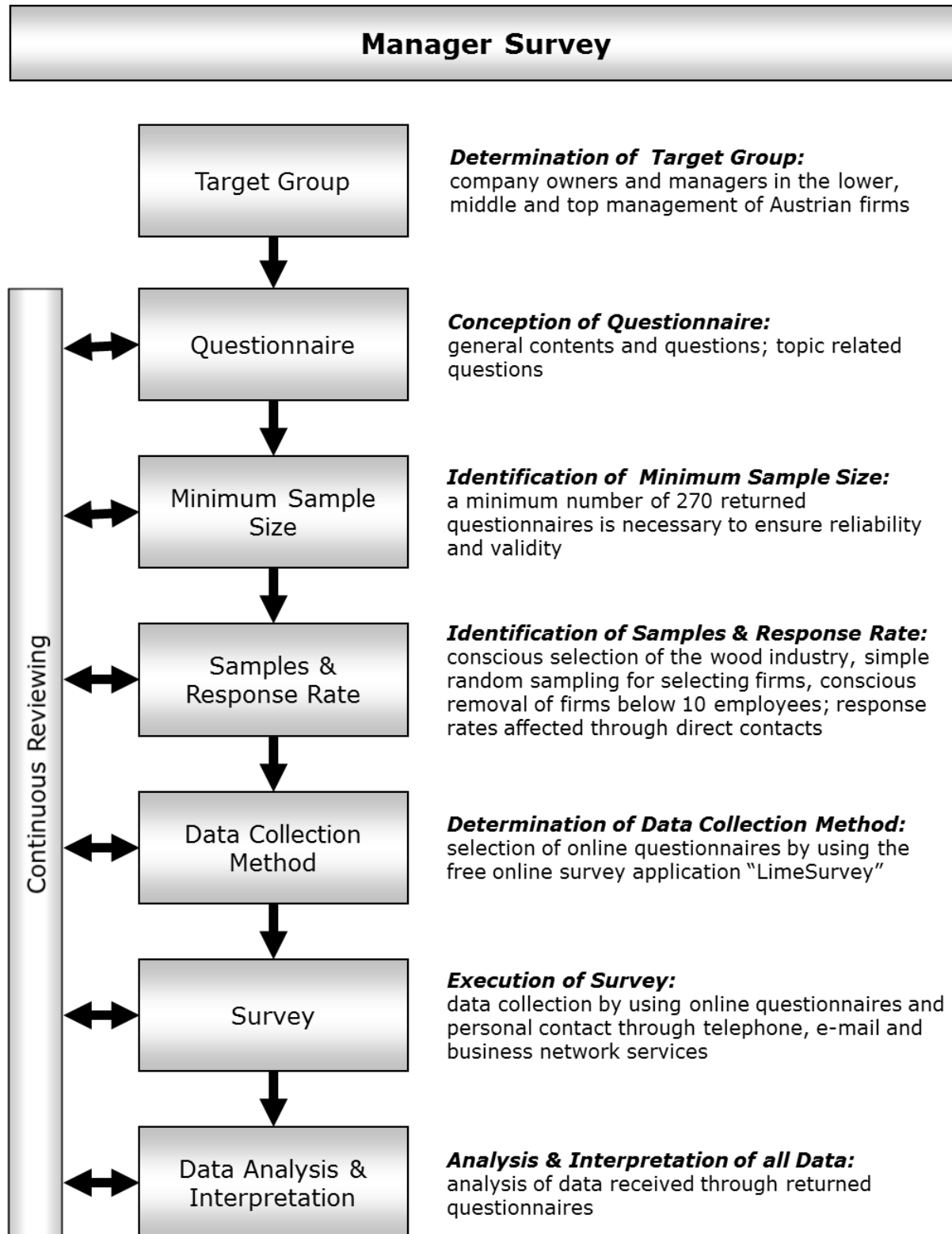


Figure 3: Process for the quantitative research – manager survey (source: own model)

Reliability, validity and objectivity are important criteria for quantitative research methods. Reliability refers to the stability and accuracy of measurements (*Friedrichs, 1990, p.102*). Validity is assured if the research really measures what has to be measured (*Friedrichs, 1990, p.100*), and objectivity is ensured when the researchers do not influence results (*Ebermann, 2010, p.13*).

In general there are two possible ways of questioning – verbal, in the form of interviews, or written, with the aid of questionnaires. Advantages of the written option, particularly online, are low costs, a low organisational expenditure of time, and absolute anonymity. A huge disadvantage is the uncertainty of which person and with which seriousness questionnaires are filled in. Verbal questioning in turn is reasonable for relatively small numbers of respondents. A disadvantage is a possible mutual influence between interviewee and interviewer. Particular cases of verbal questioning are telephone interviews. Quantitative interviews commonly do and must have a low degree of freedom (*Mayer, 2013, pp.99-105*). For this survey a calculated sample size of managers was questioned by using an online questionnaire.

### **3.5.1 AIM OF THE MANAGER SURVEY**

The aim of the continuative quantitative research was to validate made assumptions from the results of expert interviews. It focused findings on how managers are thinking in terms of choosing and hiring consulting services. It was also targeted to reflect their expectations for required management consulting services. All findings on it should provide consultancy companies a tool to adjust their services and communication to customer firms, which further is supposed to be an advantage for customers through higher transparency and higher awareness when choosing them. All this is supposed to lead to a greater degree of trust towards consultancies.

### **3.5.2 TARGET GROUP OF THE SURVEY**

The basic population consists of the total number of managers in Austrian firms in different positions who are able to assign orders to consultancy companies. In single cases banks also hire consultancies for their customers, in financial difficulties. Due to the huge number of companies in Austria one sector was chosen to represent the basic population. The chosen sector is the large wood industry of Austria. It was necessary to

include differently sized firms, from the employee point of view, into this survey. While in the case of smaller companies primarily owners or general managers filled in the questionnaires, larger companies also had the possibility to spread and delegate this task to managers of all hierarchies.

### 3.5.3 QUESTIONNAIRE OF THE SURVEY

Good survey questions are the basis for keeping the goal of the survey, and they have to have two characteristics – validity and reliability. There are basically two types of questions – closed questions which include checklists, multiple choice questions, true or false questions and attitude scales, and open-ended questions, which allow respondents to answer freely (*Thayer-Hart et al., 2010, pp.6-12*). Some rules for designing questionnaires are (*Schnell et al., 2011, pp.328; Porst, 2000, p.2*):

- short, simple, clear and unmistakable questions
- questions asked concretely and neutrally, and in the exact same manner
- avoiding suggestive and hypothetical questions
- avoiding double negative questions and assumptions
- logical structure and sequence of questions
- not too many questions
- answers indicating measuring unit and without any overlaps
- answers analysable and not overextending
- using a clear time reference for questions
- easy handling of questionnaire possible
- accurate instruction provided with the questionnaire

Survey questionnaires contain general points, topic-related questions and demographic questions. General points (*Mayer, 2013, p.45, p.98; Herget et al., 2013*) at the very beginning can be an introduction, aim of survey, anonymity notice, time for filling in the questionnaire, and expression of thanks for the time. According to *Mayer (2013, p.96)* all individual-related questions are supposed to be used as introductory questions. Demographic questions in turn are recommended to be placed at the very end. Therefore questions about gender, age and company size were added at the very end of the questionnaire to managers. To each provided answer a tick box was added to choose single or multiple possibilities. All short

questions were placed at the end of the questionnaire due to the expected decreasing concentration.

This research concentrates on the managers' view in terms of selecting consultancy firms and their services. Expectations of customers relevant to the scope can vary between comprehensive consulting, limited consulting, lean consulting or even only facilitation, coaching and supervision (Niedereichholz & Niedereichholz, 2006, p.180). Comprehensive consulting comprises all phases like actual state analysis, objective target, concept development, realisation planning, implementation phase and evaluation. Supervision in the opposite means an observation or slight support during the process.

### 3.5.4 SAMPLING METHOD OF THE SURVEY

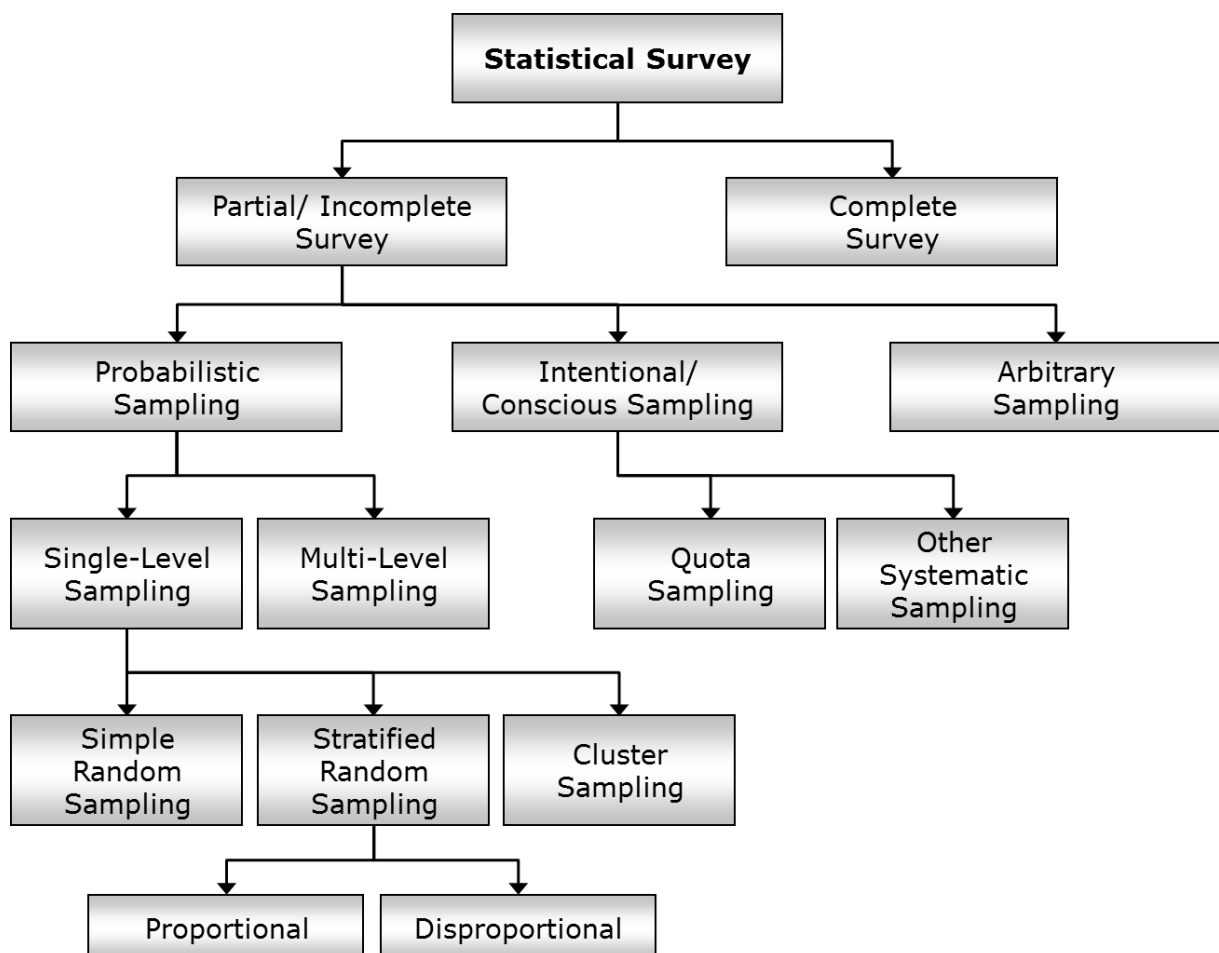


Figure 4: Sampling methods (sources: Black, 1999, p.118; Laufer, 2011, p.56; Mayer, 2013, pp.61-65)

In general there are two kinds of survey methods – complete surveys and sample (incomplete) surveys. A sample size is a selection of elements

from the basic population which are indicated through one or more attributes (*Friedrichs, 1990, p.125*). Because of cost and time reasons sample surveys are mainly used, particularly for a large and widely dispersed population (*Thayer-Hart et al., 2010, p.5*). According to *Sachs (1976, p.8)*, sample surveys are also more accurate due to a thorough ascertainment. Sample surveys can be distinguished between the sampling methods displayed in Figure 4.

The effective basic population "N" (all managers in Austrian firms) was missing for calculating the sample size. There was no way to get insight into company data like hierarchies and organisation charts. Furthermore important company data like revenues, number of employees, responsible persons and e-mail addresses are subject to the law of data privacy and the telecommunication law. Only data which are provided officially and voluntarily by the companies themselves on certain online platforms could be used. These obstacles made it necessary to combine conscious and probabilistic sampling methods.

Sampling method – industry:

Consciously chosen was the wood industry and therefore all managers that are and were working in selected companies within the Austrian wood industry. The wood industry was chosen due to the researcher's good network in this industry, which provided access to data and information that wouldn't be received for other industries due to data privacy law and telecommunication law. Because managers stay in similar functions but often not in the same industry if they are switching companies, managers currently operating in the wood industry used to work in other industries in the past, and managers that used to work for the wood industry are currently operating mainly in other industries. However everyone involved in the research had a certain wood industry background.

Sampling method – companies:

Simple random sampling as the probabilistic part of this survey was chosen and is described in chapter 3.5.7. The advantage of simple random sampling is a high representativeness, but it will not work without a complete list of all population members (*Black, 1999, p.118*). Due to this reason this approach was feasible for selecting companies, but wasn't for selecting managers.

Sampling method – company sizes:

Consciously taken out of the survey were companies below ten employees because of the expected low response rate and their limited experience with consultancies, as further explained in chapter 3.5.6.

### 3.5.5 MINIMUM SAMPLE SIZE

In comparison to complete surveys, sample surveys are associated with mistakes. The level or percentage of allowed mistakes needs to be determined prior to sample size calculations. An increasing sample size lowers the confidence level (*Sachs, 1976, p.76*), and the lower the sample size the larger the range of variation (*Ebermann, 2010, p.5*). An appropriate representativeness of the minimum sample size in terms of both reliability and validity had to be ensured. When taking into account the missing whole number of population “N” (all managers in Austrian firms), the formula for a standard deviation (Figure 5) could be used to fulfil essential requirements (*Friedrichs, 1990, pp.144-147*).

$$n = 10 * K^V$$

Figure 5: Formula – standard deviation (source: *Friedrichs, 1990, pp.144-147*)

**n** = minimum sample size

**V** = maximum required number of variables

**K** = mean value of attribute sizes

This formula required the final version of hypotheses determined. Prior to using this formula the variables as well as attribute sizes needed to be derived from those hypotheses.

The minimum number of cases per cell was predefined with the number of ten. The variable (V) comprised the different focus topics which are reflecting the aim of the survey as such. Prior to designing the questionnaire, all topics and practical applications were grouped. Each group was determined as a variable (left side of Table 1). The mean value of attribute size (K) in contrast was more difficult to define. For each focus topic between two and five attributes were applied (right side of Table 1).



Table 1: Identification of the minimum sample size (source: own table)

Maximum required number of variables (V)		Questions	Mean value of attribute size (K)	
Introductory Questions		question about personal deployment of external consultants	Introductory Questions	yes / no
		question about satisfaction with external consultants		always to never
Criteria for Selection	1	question about importance of criteria for selecting consultancies	5	very important to very unimportant
		question about importance of contents for selecting proposals	5	very important to very unimportant
Willingness to cooperate	1	question about willingness to fill in a form prior to proposal	2	yes / no
Fees and Invoicing	1	question about consulting fee calculations (options)	2	positively existing or zero effect
		question about consulting fee height ranges (options)	2	positively existing or zero effect
		question about invoicing types (options)	2	positively existing or zero effect
Demographic Questions		question about company size in employee ranges	Demographic Questions	in ranges
		question about gender of respondent		male / female
		question about age of respondent		in ranges
		<b>3</b>	18	
			<b>3</b>	

When inserting the determined results for K and V the result for n is 270, as displayed in Figure 6.

$$n = 10 * 3^3 \rightarrow 270$$

Figure 6: Formula – minimum sample size (source: *Friedrichs, 1990, pp.144-147*)

### 3.5.6 RESPONSE RATE

According to *Thayer-Hart et al. (2010, p.14)*, the University of Wisconsin Survey Center normally receives a 60–70% response rate to mailed (postal) surveys but only 30–40% for web surveys. The result of an online survey to consultancy companies in Austria (*Herget et al., 2013, p.35*) in turn had a response rate of 6.83%. A further online survey to banks and tax consultants in Germany (*Laufer, 2011, p.62*) led to a return rate of approximately 30%. A comparison research for different surveys conducted by *Resnick (2012)* summarises the response rates of postal and online

surveys for market research, where the response for postal surveys was with 4.4% six times higher than for online surveys with only 0.75%.

This low percentage on average raised the awareness of possible difficulties of using online questionnaires. The response rate can be increased through several actions like personalised communication, anonymity note, layout, colour and length of questionnaire, and follow-up procedures (*Dillman, 1991, p.229*). Because of the uncertain and difficult to calculate response rate, it was necessary to combine data collection types in terms of contact and reminding methods. The author's good network in the Austrian wood industry helped to raise the response rate and to receive reliable information which wouldn't be received for other industries due to the mentioned laws of data privacy and telecommunication.

*Enke & Greschuchna (2005, p.14)* referred to a survey result of Mugler/Lampe 1987 which found that 54% of all small and medium-sized companies never used consultancies. They also stated that this was confirmed by a survey of Grass 2003 through the outcome that only 7% of all small firms and 40% of all mid-sized firms cooperated with consultancy companies. Similar results were shown in the results of Wick 2000. Due to this, microenterprises with less than ten employees were not the focus group of the survey because most of them couldn't answer these questions, which would lower the response rate massively. That also increased the quality of returned information. Small-sized companies with ten to 49 employees on the other hand were important for this manager survey to find out what the difference is to medium-sized and large companies. Small and medium-sized companies prevail in this survey because they form the majority of the Austrian economy.

### **3.5.7 IDENTIFICATION OF FIRMS FOR THE SURVEY**

Obstacles like the law for data privacy and the law for telecommunication made it difficult to identify company data like revenues, number of employees, responsible persons and e-mail addresses. All institutions contacted were clearly pointing to the legal situation of using company data. The number of employees and revenues were only available for companies that provide these data officially on certain platforms themselves. For using e-mail addresses, an exceptional regulation exists for scientific reasons, which was used and clearly pointed out during this

survey. The identification of customers was executed by the following actions and sequence:

1) Through selecting the sector "industry" and then "wood industry" by using the online service platform<sup>5</sup> of the Austrian Federal Economic Chamber and through selecting only companies with added e-mail address due to privacy law, 425 firms were identified. Postal addresses, e-mail addresses, websites and phone numbers recorded on this platform were allocated to all companies of that database too.

2) Adjustments were made by merging headquarters and associated sales offices. As a result, the number of firms was shortened to a remaining number of 373 Austrian firms.

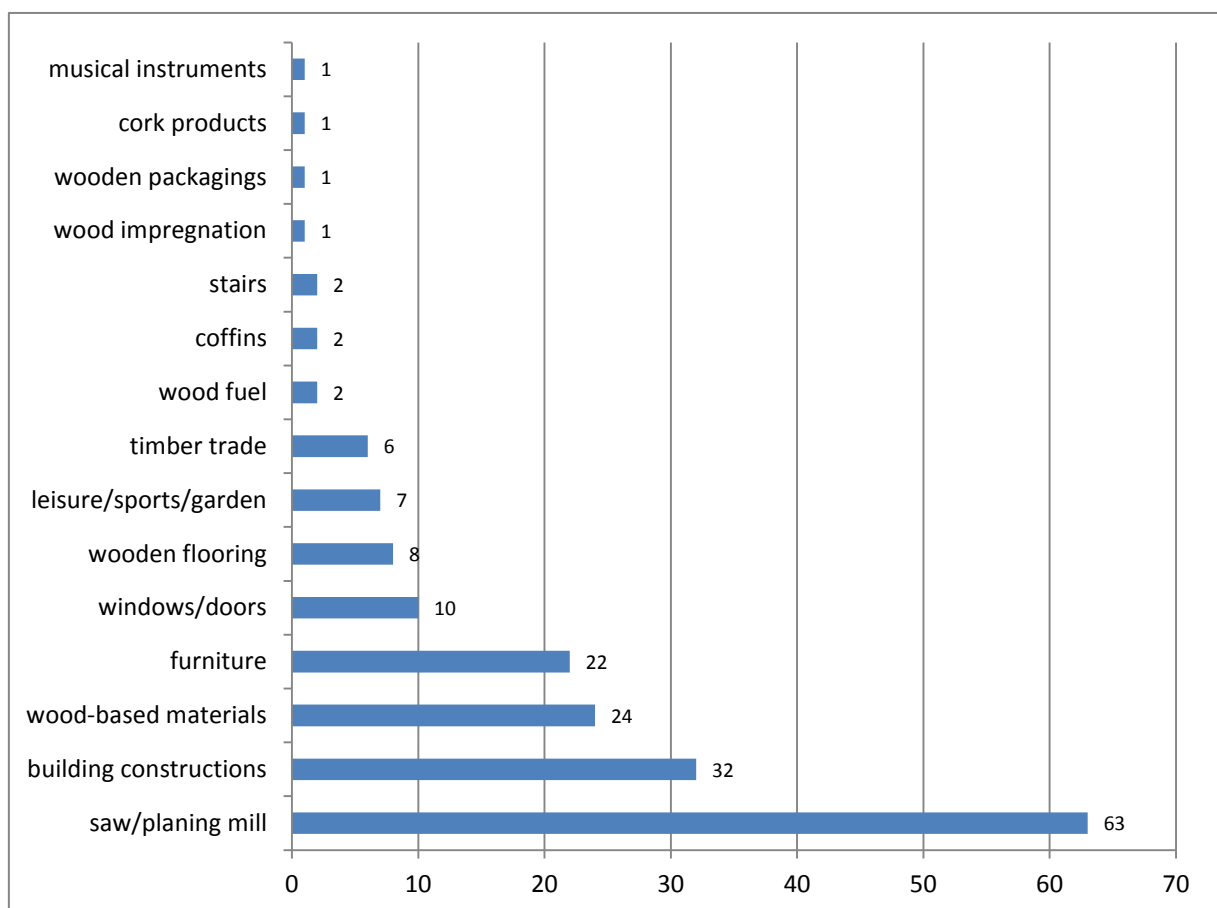


Figure 7: Allocation of preselected firms (n=373) to specific fields of business activity within the wood industry (source: own figure)

<sup>5</sup> Data source:  
<http://firmen.wko.at/Web/SearchComplex.aspx>

3) By using the online platform<sup>6</sup> of the corporation "FirmenABC Marketing GmbH", which cooperates with the corporation "Creditreform Wirtschaftsankunft Kubicki KG", company names including legal form, number of employees and estimated revenues were investigated and added to the database. This online platform also provided descriptions of company activities and their products as well as responsible contact persons. Firms which operate in several fields within the wood industry were allocated to the group of their focus activity or product within their value chain. Figure 7 allocates all preselected firms to the fields of business activity which they are operating in predominantly.

4) Many websites of single companies were examined for the information which was missing on the platforms mentioned.

5) The online platform of the European Union (*European Commission, 2014*) provided the information about ranges of company size in employees and annual turnover according to the EU definition. Figure 8 and Figure 9 allocate all preselected firms to six groups each.

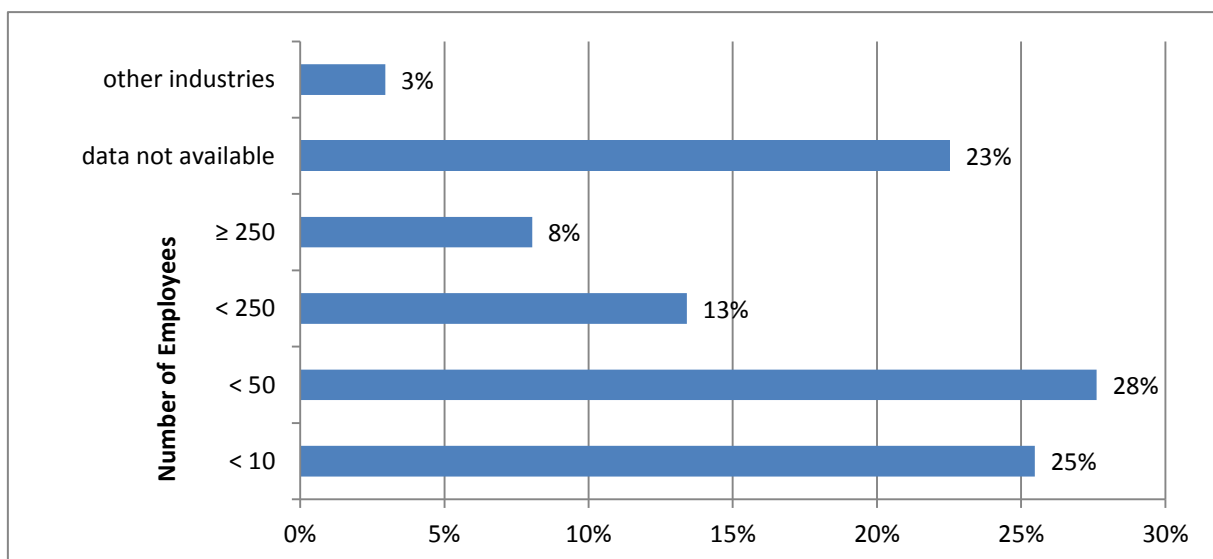


Figure 8: Allocation of preselected firms (n=373) to company size ranges (in employees) according to the EU guidelines (source: own figure)

Data about the number of employees was not available for 23% of all companies and 3% were predominantly operating in other industries (see Figure 8). Data concerning revenues was not available for 30% of companies. Three per cent of companies were mainly operating outside of the wood industry, which is also displayed in Figure 9.

<sup>6</sup> Data source:  
<http://www.firmenabc.at/>

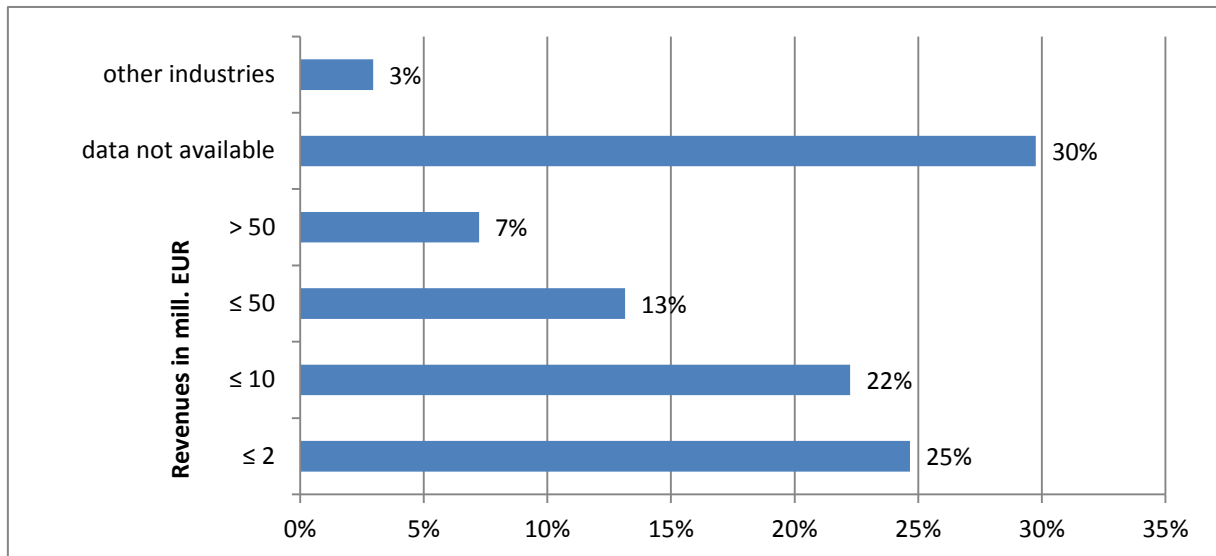


Figure 9: Allocation of preselected firms (n=373) to revenue ranges (in annual turnover) according to the EU guidelines (source: own figure)

6) A proper allocation of selected firms to the federal states in Austria was conducted by using the online platform<sup>7</sup> of "Österreichische Post Aktiengesellschaft" (see Table 2, Figure 10 and Figure 11).

7) Numbers of managers in single firms were estimated by considering that one manager who has an influence on hiring consulting services is responsible for approximately fifty employees. All firms below fifty employees were counted with one manager each (see Table 2, Figure 10 and Figure 11).

8) All firms below ten employees were taken out of the survey due to their low experience with management consulting services, found out during the literature survey. Hence, both the response rate and the quality of returned information was estimated as unusable.

9) The source of data of the overall number of firms displayed in Table 2 and Figure 10 was an online service<sup>8</sup> of the Austrian Federal Economic Chamber. The overall number of firms within the wood industry was 1,517. The selected number of firms was 182 and the calculated sum of managers within selected firms was 535.

<sup>7</sup> Data source:  
[http://www.post.at/post\\_subsite\\_postleitzahlfinder.php?](http://www.post.at/post_subsite_postleitzahlfinder.php?)

<sup>8</sup> Data source:  
<http://firmen.wko.at/Web/SearchComplex.aspx>

Table 2: Overview of firms and calculated numbers of managers allocated to the federal states of Austria (source: own table)

State	Overall Number of Firms	Number of Selected Firms	Percentage of Overall Number	Employee Ranges	Number of Firms	Number of Managers
Vorarlberg	75	3	4%	10 - 49	2	2
				50 - 249	1	2
				250 employees and more	0	0
Burgenland	30	4	13%	10 - 49	3	3
				50 - 249	1	1
				250 employees and more	0	0
Vienna	33	6	18%	10 - 49	3	3
				50 - 249	2	4
				250 employees and more	1	25
Tyrol	180	14	8%	10 - 49	6	6
				50 - 249	4	8
				250 employees and more	4	55
Lower Austria	284	21	7%	10 - 49	11	11
				50 - 249	5	12
				250 employees and more	5	70
Salzburg	142	23	16%	10 - 49	18	18
				50 - 249	3	9
				250 employees and more	2	16
Carinthia	157	30	19%	10 - 49	19	19
				50 - 249	10	30
				250 employees and more	1	19
Styria	269	35	13%	10 - 49	17	17
				50 - 249	8	20
				250 employees and more	10	73
Upper Austria	347	46	13%	10 - 49	24	24
				50 - 249	15	39
				250 employees and more	7	49
<b>Sum</b>	<b>1517</b>	<b>182</b>	<b>12%</b>	<b>Sum</b>	<b>182</b>	<b>535</b>

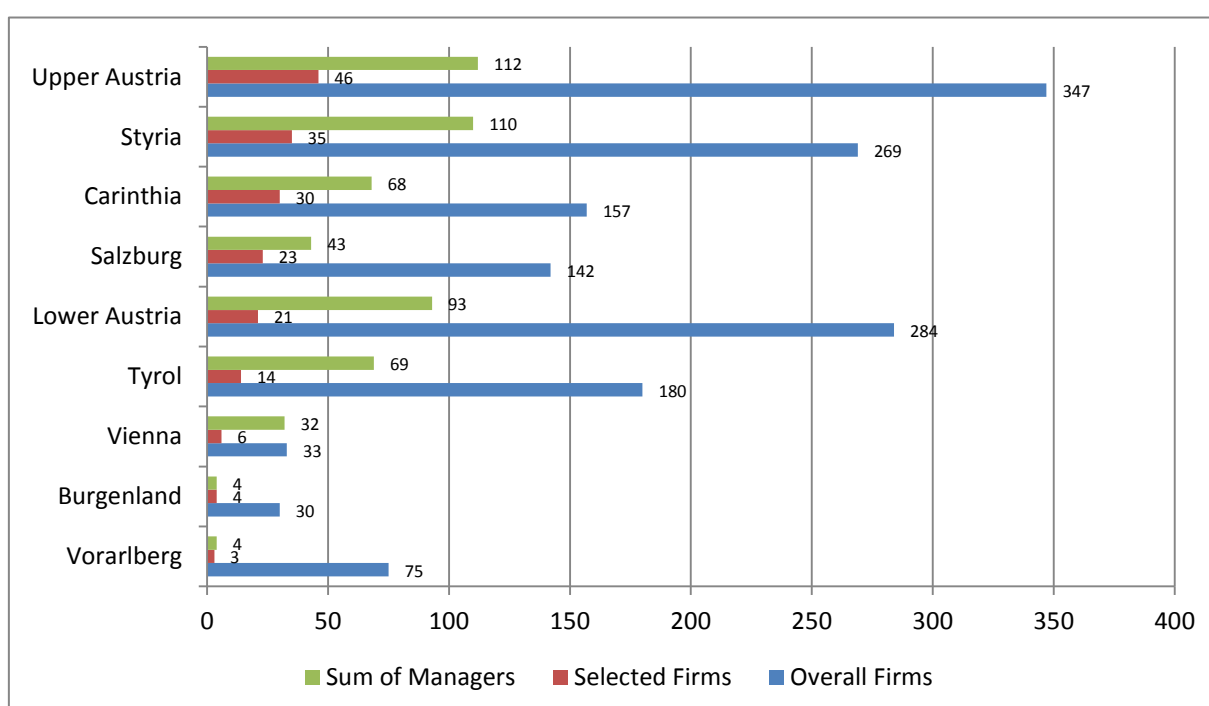


Figure 10: Allocation of firms and managers to the federal states of Austria  
(source: own figure)

Figure 11 shows the number of selected firms subdivided into federal states and company size ranges.

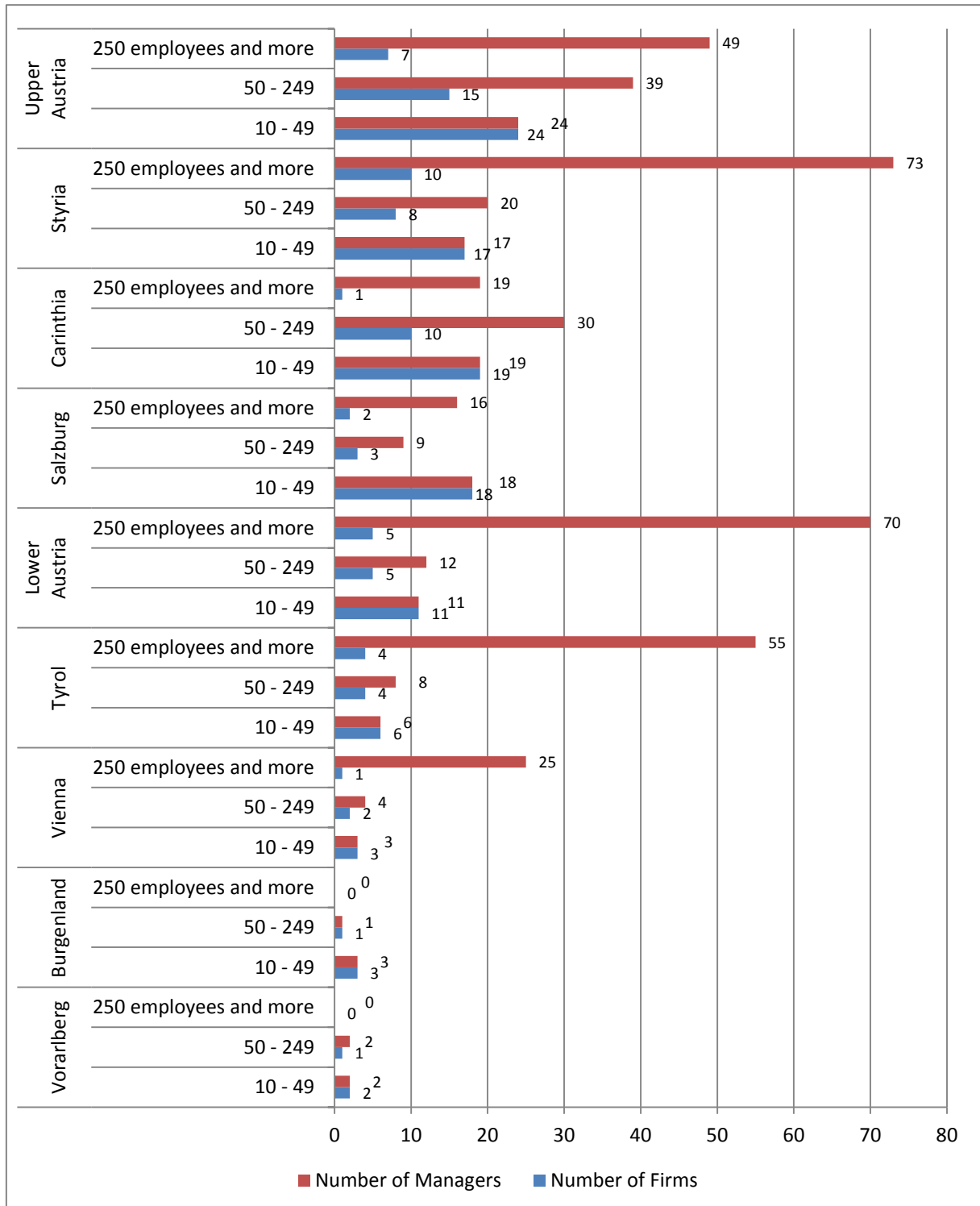


Figure 11: Allocation of company size ranges to the federal states of Austria  
(source: own figure)

In summary, it can be stated that a minimum of 270 responses from these 535 estimated managers was required. An almost 100% response rate was estimated from firms with 10–49 employees – 103 managers in total. This high response rate was assumed due to the plan to call each firm, whereas the number of managers corresponds with the number of firms. Only about 60% were presumed to be returned from firms with 50–249 employees. At least owners or general managers of these 49 firms were supposed to fill in the questionnaire. In addition to that about half of them should order one of their managers to fill in the questionnaire too. The lowest response rate of approximately 30% was expected from firms with 250 and more employees, due to the difficult distribution and communication within the companies. A particularly high impact on the response rate was expected through using a business networking platform to personally approach managers who are working or used to work in one of the selected firms. By achieving all percentages as assumed, the minimum responses of 270 for a representative result can be assured. The intention was to contact at least the number of expected managers to achieve the minimum sample size, while taking into account the estimated response rate.

### **3.5.8 DATA COLLECTION METHOD**

A complete survey was not possible because of the high and also unknown number of the basic population. A partial survey in contrast was possible whereby the following types could have been used: postal questionnaires, online questionnaires, telephone interviews and personal interviews.

When comparing the two main groups, written surveys and verbal surveys, the following advantages and disadvantages can be summarised (*Dominowski & Bartholet, 1997*). The response rate for verbal surveys is on average higher than for written surveys. Also the time frame to be planned for verbal ones is shorter than for written ones. Further advantages are better control of who is participating, and the possibility to clarify uncertainties. Difficulties of verbal surveys, especially of telephone surveys, are the challenge of length, understandability of questions and the length of the interview itself, which is supposed not to exceed fifteen minutes. Written surveys have an advantage when very large samples have to be reached (*Dillman, 1991, p.226*). Written types, particularly online surveys, are less expensive than verbal ones. A disadvantage is that samples are more self-selected with a lower and less random level of response.



As mentioned, the best way is direct and personal communication for increasing response rates, and the best way for larger samples is the written form. Thus, a combination of different methods was recommended to achieve the best response rates and thus the minimum required sample size. Written online questionnaires were used for collecting all data required, but motivated and pushed for participation, the managers were contacted in advance. Smaller firms were approached mainly by phone calls and then e-mail, mid-sized and larger ones on the other hand by the business networking platform XING<sup>9</sup>. All e-mail addresses found were general office e-mail addresses (e.g.: office@..., info@..., welcome@..., marketing@..., service@..., etc.), which are mainly processed by front-desk employees. Due to this, personal-related e-mail addresses of managers were requested during the telephone contact in advance. In some cases they were asked to distribute it internally to relevant managers. E-mails addressed directly to managers contained the link to the questionnaire and all important information details.

"Brightsky IT GmbH" was the company which gave comprehensive advice and support in developing essential details about server, website, links and LimeSurvey<sup>10</sup>.

### 3.5.9 DATA ANALYSIS OF THE SURVEY

The aim of descriptive statistics is a summary of object properties of investigations and a clear description of measures and diagrams. Analytical statistics in turn focus on the question about coincidences of measured phenomena and whether results can be transferred to the whole population (*Mayer, 2013, p.128; Ebermann, 2010, pp.4-5*). All data collected by returned questionnaires from Austrian managers was transferred to Excel tables. All answers were quantified (*Mayer, 2013, pp.107-111*) through allocating numbers to qualified information (e.g. yes = 1, no = 2; male = 1, female = 2; etc.).

Bar graphs were used, the same way as for the expert interviews, to display the accumulated absolute frequency identified for selected criteria as well as proposal contents. The aim was to either verify or reject hypotheses 1, 2, 3, 4 and 5.

Line graphs were the tool for displaying the importance level of single selection criteria and proposal contents, from very important to very

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<sup>9</sup> XING is an online business networking platform: <https://www.xing.com/>

<sup>10</sup> LimeSurvey is an open source tool for surveys: <http://www.limesurvey.org/de/start>

unimportant, subdivided into the different viewpoints of gender, age groups and company size groups.

Combined graphs display the mean values of the four main groups of selection criteria service, proposal, consultancy and consultant.

The Pearson correlation coefficient was most suitable and hence used as a tool for identifying relations, the values of which have been displayed in cross tabs. As an alternative, factor analysis was considered for use, but no variables were identified to be represented by only one factor to reduce the amount of data. The aim of the analysis by using the Pearson correlation coefficient was to find out whether variables like gender, manager age, company size, company location and so forth influence the selection by managers in customer firms. Some relations refer to some hypotheses set in advance. The coefficient of Bravais-Pearson – also known as Pearson correlation coefficient – is most frequently used (*Ebermann, 2010, pp.49-50*) for such studies. Correlation is the coherence between variables. It is a measure of the degree of linear dependence between these variables. Hence, the Pearson product-moment correlation coefficient is a measure of the linear correlation between two variables, providing a value between +1 and -1. 1 is total positive correlation, -1 is total negative correlation, and 0 is no correlation (*Sachs, 1976, pp.81-82*). A limit of 95% for the confidence level (equivalent to a significance level of  $\alpha = 5\%$ ) was defined to prevent spurious correlation results (*Mayer, 2013, pp.126-130; Ebermann, 2010, p.49*). The correlation coefficient does not provide information about the cause-effect relation between investigated attributes. Which of the two attributes is dependent and which independent or if they are mutually dependent is left unanswered too.

## **4 LITERATURE REVIEW**

### **4.1 DEFINITION OF MANAGEMENT CONSULTING**

The job profile of consultants has been increasingly widened and thus it has become ambiguous for customers. Often consultants and consulting services are associated with rationalisations but currently they are required in almost all branches and functions. (*Dabringer, 2013*). The description of *Tomescu & Botezat (2008, p.649)* in their reflections upon management consulting was that this type of service helps organisations to improve their performance, primarily by the precise analysis of present business problems and the development of schedules for improvement. *Enke & Greschuchna (2005, p.8)* summarised the task of management consulting as a customised service for a limited period of time with the aim to support customer firms in identifying and resolving business problems and if necessary accompanying them during change processes (*Greschuchna, 2006*). Consultants use their skills to study, design, organise and manage projects, advise clients and when required build their capacity. Consulting services vary from simple tasks to highly complex assignments (*The World Bank, 2006*). *Sindermann & Sawyer (1997, p.2)* described management consultants as fundamental marketing and sales people, as much of their time and energy has to be spent in the acquisition of new contracts and they must simultaneously maintain professional competence and credibility in their own specialities.

### **4.2 CONSULTING HISTORY**

The origins of management theory and management consulting can be traced back to the end of the nineteenth century. The year 1886 is known as the year of birth of management consultancy due to the establishment of Arthur D. Little Inc. in Cambridge in the United States of America (*Lippold, 2013, pp.37-38*). The classic management consulting emerged at the beginning of the 20<sup>th</sup> century with the industrialising in the U.S.A. At that time management consultants closed gaps in knowledge and competences of line managers and were hence specialised in specific branches and functions. Nowadays the consulting industry changed to "one-stop" consulting services which address the system as a whole

(Krizanits, 2011, pp.20-21). Since the middle of the twentieth century there are national associations in the German-speaking region which represent the interests of management consultants. The large boom came with the economic development in the 1970s and 1980s (Herget et al., 2013, p.16). Nowadays in the twenty-first century we shall see refinements in the three fields of diversification, transparency and accountability. Managers and consultants have to be more flexible and open-minded (Gross & Poor, 2008, p.59).

### 4.3 CONSULTING PROCESS

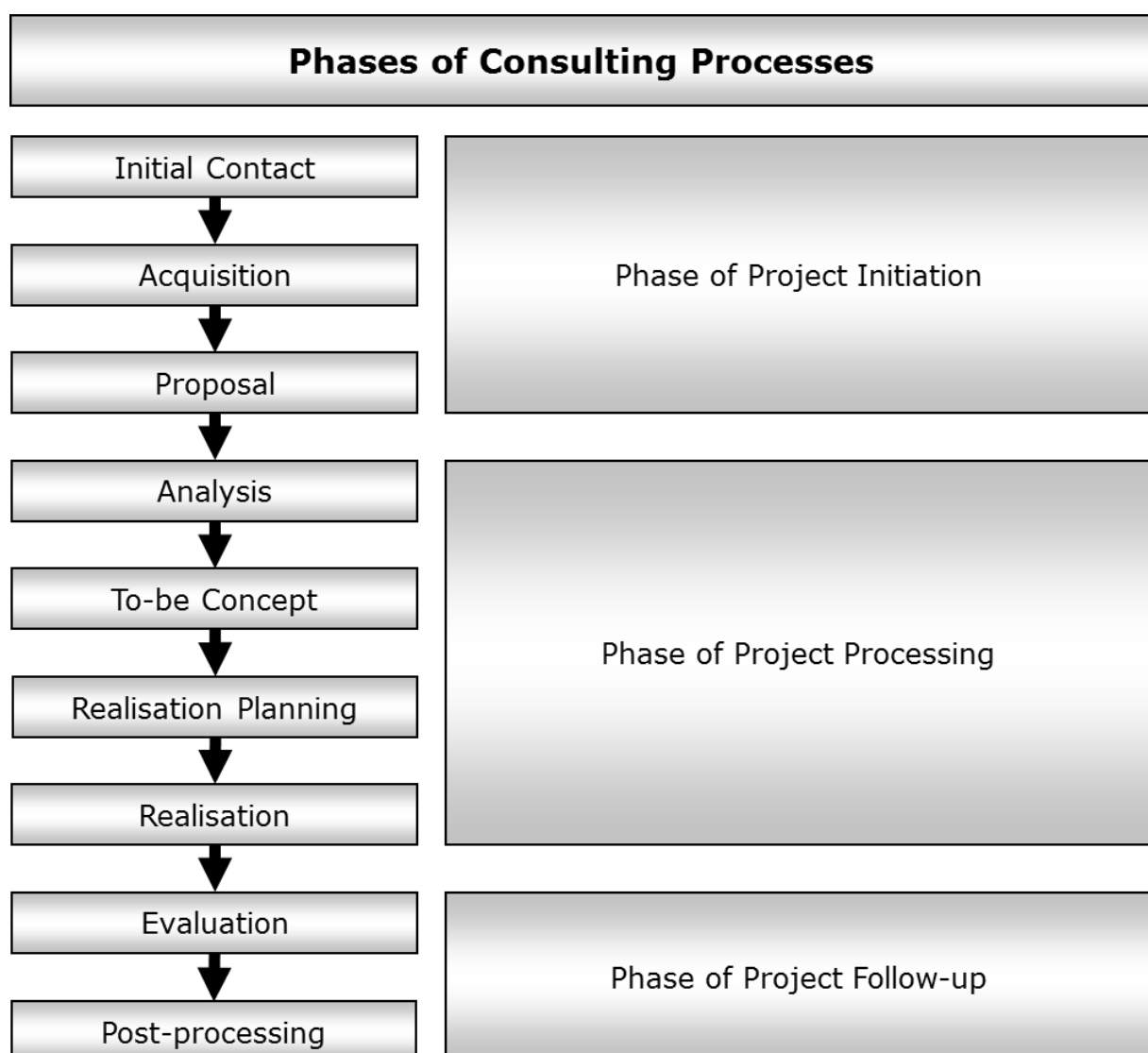


Figure 12: Phases of consulting processes (sources: Niedereichholz C., 2010, pp.8-9; Enke & Greschuchna, 2005, p.10; Hummel & Zander, 2009, pp.121-124)

The consulting process can be summarised as displayed in Figure 12. According to Weßel (2013, pp.23-24) customers are responsible for

content and results, and consultants for the process itself. That does not mean that management consultants do not contribute with experience, but they mainly support customer firms and their managers in describing and realising their targets by deploying functional, methodical and social skills.

#### 4.4 TRADING REGULATIONS

The term "Unternehmensberater", which means "management consultant", is subject to the Austrian trade regulation. The applicable commercial law of trade regulations from the year 1994 lists this activity as "Business Consultancy including Business Organisation according to § 94 Z. 74 GewO 1994"<sup>11</sup>. It is the current valid regulation (*Bundeskanzleramt der Republik Österreich – RIS*<sup>12</sup>, 2014). Consultancy is on the list (*Bundesministerium für Wissenschaft, Forschung und Wirtschaft – bmwfw*<sup>13</sup>, 2014) of regulated trades in Austria.

Due to the fact that it's a protected professional title in Austria with an obligatory accreditation, consulting firms can use that as a marketing instrument for international business. Hence, the job profile of management consultants in Austria is clearly outlined and focuses a holistic observation of organisations. Only the countries Austria and Canada have a clear definition of permission in terms of qualification and access to the market (*Niedereichholz C., 2010, pp.14-15*). According to the Austrian Federal Economic Chamber, the main target of management consultants is the multiplication and preservation of opportunities as well as the regeneration and future prevention of risks. In addition to that consultants support customers in all implementations and strategies for target achievements, exploitation of opportunities and risk reductions. In addition to professionalism and education, consultants are supposed to be equipped with methodological and social competences. Next to the dominant globally acting consultancy companies a large number of small and mid-sized consultancy firms exist in Austria (*Peter Demmler Online Media, 2014*).

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<sup>11</sup> Commercial law according to the trading regulations 1994: "Unternehmensberatung einschließlich der Unternehmensorganisation gemäß § 94 Z. 74 GewO 1994" (translated: "Business Consultancy including Business Organisation according to § 94 Z. 74 GewO 1994").

<sup>12</sup> RIS is the abbreviation for „Rechtsinformationssystem“ (translated: "legal information system") of the federal government in Austria.

<sup>13</sup> bmwfw is the abbreviation for „Bundesministerium für Wissenschaft, Forschung und Wirtschaft“ (translated: federal ministry for science, research and economy).

While all Austrian consultancy firms are members of the compulsory Austrian Federal Economic Chamber with their composed ethical principles, German consultancy companies have the possibility to voluntarily join the federal association "BDU – Bundesverband Deutscher Unternehmensberater" (Association of German Management Consultants) including their obligatory code of honour (*Gluschitsch, 2013*). The consulting business in Germany is not protected by any educational or professional standards (*Niedereichholz & Niedereichholz, 2006, p.25; Hartel, 2009, p.5*). This implies very low market entry barriers and permits any firm to label its services as consulting services (*Reiners, 2006*). Hence, customer firms face a remarkable degree of uncertainty when they try to distinguish qualified from non-qualified consulting providers (*Hummel & Zander, 2009, p.105*). Furthermore the consulting business is confronted with another source of uncertainty, namely confidentiality, intangibility and interdependency (*Glückler & Armbrüster, 2003, pp.272-275*). The BDU, which was founded in 1954, has implemented demanding quality criteria for consulting services (*Reiners, 2006*).

## 4.5 CLASSIFICATION OF ECONOMIC ACTIVITIES

For comparing statistics not only on a national level it was essential to determine coherent methods and identical classifications of economic activities. Classifications are systematics that organise and consolidate activities of companies and institutions. In this way economic units are classified by their economic activities. NACE<sup>14</sup>, the European Union classification of economic activities, uses a four-digit code to identify the particular activities. For deploying this coding on a national level in Austria, a five-digit code is used. The ÖNACE 2008 is the latest valid classification of economic activities for Austrian firms on a national level which takes into account national specifics with the fifth digit (*WKÖ<sup>15</sup>, May 2014*). Business consulting services are determined by using the ÖNACE code M70.2 (further subdivided into M70.2.1 and M70.2.2), which includes mainly the fields of strategy & management, organisation & process, human resources, finance & controlling and sales & marketing.

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<sup>14</sup> NACE is the abbreviation for "nomenclature européenne des activités économiques".

<sup>15</sup> WKÖ is the abbreviation for "Wirtschaftskammer Österreich" and means "Austrian Federal Economic Chamber".

## 4.6 FACTS AND FIGURES

The total number of members in the management consulting business of the Austrian Federal Economic Chamber was 19,526 in June 2013 according to *Herget et al. (2013, p.25)*, and was subject to an incredible growth rate over the last years. Some, 11,737 business consultancies (ÖNACE code: M70.2) were operating in the Austrian consulting sector in the year 2012 according to the final results of the institution "Statistik Austria" published in June 2014. These data do not correspond. One reason is that not all members are active in this business. The other reason is the difficulty to draw the line between management consulting, IT consulting, financial consulting and accounting services (*Herget et al., 2013, p.16*). By the end of the year 2012 the majority or more precisely 76.2 % of all companies in the sector "Information and Consulting" had no employees (*WKÖ<sup>16</sup>, 2013, p.11*). In comparison to Austria the average percentage in Europe was 60.5% (*WKS<sup>17</sup>, 2014, pp.4-5*). Twenty per cent of them had between nine and ten employees, 3.1% had ten to 49 employees and only 0.7% had 50 or more people employed. The percentage of one-person businesses in the branch "Management Consulting & IT" within the sector "Information and Consulting" was – with 64.6% – one of the largest (*WKÖ<sup>18</sup>, 2013*). A similar study of *Torggler & Wagner (2006)* shows that in the year 2005 not even one-third of all management consultants (30%) and IT consultants (31%) were self-employed, in other words running a one-person business. Over three-fourths (management consulting 84% and IT consulting 79%) were operating a business with zero to nine employees.

The management consulting market in Austria is divided into many fields. A study found and allocated the percentages<sup>19</sup> of revenues obtained for single fields in the year 2005 (*Torggler & Wagner, 2006, p.11; WKS<sup>20</sup>, 2014, pp.4-16*): organisational consulting (16%), strategy consulting (14%), training (12%), financial consulting (10%), coaching (7%), marketing consulting (7%), human resources consulting (6%), IT consulting (6%), technology consulting (5%), logistics consulting (3%),

<sup>16</sup> WKÖ is the abbreviation for "Wirtschaftskammer Österreich" and means translated "Austrian Federal Economic Chamber".

<sup>17</sup> WKS is the abbreviation for "Wirtschaftskammer Salzburg", means translated "Economic Chamber of Salzburg" and is part of the "Austrian Federal Economic Chamber".

<sup>18</sup> WKÖ is the abbreviation for "Wirtschaftskammer Österreich" and means translated "Austrian Federal Economic Chamber".

<sup>19</sup> Due to rounding effects, the sum of all percentages is not reaching a total of exactly 100%.

<sup>20</sup> WKS is the abbreviation for "Wirtschaftskammer Salzburg", means translated "Economic Chamber of Salzburg" and is part of the "Austrian Federal Economic Chamber".

environmental consulting (2%), business mediation (1%), other consulting services (12%). This list is further subdivided into more detailed and specific consulting fields and services. A similar survey summarised by *Hummel & Zander (2009, p.149)* shows that the two services strategy consulting (38%) and organisational consulting (35%) are dominating in Germany too. The management consulting business in Austria can also be classified into five consulting approaches (*Torggler & Wagner, 2006, p.10*): expert/technical advisors (63%), organisational developers (18%), systemic consultants (11%), process consultants (5%) and surveyors (3%). Other statistics of *Herget et al. (2013, p.17)* separate business consulting services from IT services. They subdivide business consulting services in the year 2012 into the following main topics and their contribution to revenues: corporate management/ management consulting (36.2%), human resources consulting (16.9%), organisational/ technical/ logistical consulting (15.6%), finance and controlling (10.8%), marketing and sales (12.6%) and special consulting services (7.9%). These statistics indicate that larger customer firms with more than 249 employees mainly use organisational/technical/logistical consulting services, coaching and mediation services as well as trainings and expert assessments. It also shows that the larger the firm size the more often a company makes use of consulting services (*Herget et al., 2013, pp.93-94*). According to *Torggler & Wagner (2006, p.5)*, only 11% of Austrian companies used management consulting services in the year 2005. Public accountants and tax consultants in contrast were used by 70% of Austrian companies. Twenty-one per cent of the companies used no type of consulting service at all. A high number of companies (33%) declared that they have never used management consultants.

## **4.7 MANAGEMENT CONSULTING SERVICES**

### **4.7.1 GENERAL OVERVIEW**

Services that consultants provide to customers are diverse. The wide range of subjects operating in the consulting market in Austria includes management consulting, functional consulting and even interim management.

The development of the management consulting industry is highly dependent on the level of overall economic development and organisational maturity. Developed countries have more advanced and



profitable management consulting industries than less developed countries (Jivan, 2012, p.713). The less a company is developed, the less frequently it utilises external consulting services. Porter (1980, 1985) described the indicator for a necessity of management consulting services when organisations are unable to rethink, review and reconstruct. The growing complexity of environmental forces reduces the power of managers. Hence, the main purpose of management consulting is to assist managers and their staff in managing organisational challenges and in improving their performance by analysing existing situations and designing future plans (Jivan, 2012, p.715). WeBel (2013, pp.14-15) mentioned as tasks of management consultants next to processing facts to cope and deal with unexpressed circumstances. Listening, appreciating, explaining and disrupting in terms of positive worries are some possibilities. They have to be good in conversation techniques, presentation, conflict resolution and teamwork. Consulting segments such as strategy consulting services are called "soft segments" because it's difficult for customers to estimate whether a change causes little or great improvements (Gluschitsch, 2013). According to a study of Torggler & Wagner (2006, p.7), the most frequent type of management consulting services ever used in Austrian companies were organisational consulting (62%) and strategy consulting (56%) services.

<b>Orientation</b>	strategy consulting	c	a
	implementing / realising consulting	d	b
		single / few	multiple
		<b>Branch / Function</b>	

Figure 13: Two main characteristics of management consulting services (source: Pfeiffer, 2013, p.38)

Pfeiffer (2013, p.38) distinguishes between two main characteristics in terms of management consulting services: a more strategic or implementation-oriented service on the one hand and a single/few or

multiple branch focus oriented service on the other (see Figure 13). By the early 1990s clients had begun to demand that management consultants become more involved in the implementation of their ideas and concepts (Czerniawska, 2007, p.45).

Concerning the roles of management consultants, Scheer & Köppen (2001, p.3) distinguished between five possible levels of influence (see Figure 14).

<b>Crisis Manager</b>	<b>Problem Solver</b>	<b>Promoter</b>	<b>Process Consultant</b>	<b>Neutral Third Party</b>
The consultant solves problems with extensive decision-making power.	The consultant prepares solutions on the basis of several analyses hardly included the customer's employees.	Consulting goals are prescribed by the customer firm and the consultant supports it during this problem solving process whereof the customer highly depends on.	The solution of the problem is prepared by the customer firm itself. The consultant starts the process and provides appropriate information.	The consultant only comments substantively in conflict situations and liaise between parties.
<b>Influence of Consultant</b>			<b>Influence of Customer</b>	

Figure 14: Roles of management consultants and their influence (source: Scheer & Köppen, 2001, p.3)

Perchthold & Sutton (2010, p.26) in turn distinguished between the roles of technical expertise, independent and objective view, consultative approach to enable discussion, capability in project management and further roles which consultants can fulfil. They stated clearly that not every consultant is good at every role.

The BDU<sup>21</sup> in Germany divides the overall term consulting into management consulting and IT consulting. It further distinguishes between three subgroups of management consulting: strategy consulting, organisational/process consulting and HR consulting (Lippold, 2013, p.54). Strategy consulting comprises the planning of a company in the long run, organisational/process consulting focuses on services in the medium run and HR consulting covers all human resource management topics within customer firms (Polster, 2012, pp.42-43). Some literature only distinguishes between strategic and functional consulting services,

<sup>21</sup> BDU is the abbreviation for "Bund Deutscher Unternehmensberater" ("Association of German Management Consultants").

whereby customers of strategic consulting services are mainly upper management members. Functional consulting services are rather aimed at lower management positions (*Nissen, 2007, p.4*). *Hummel & Zander (2009, pp.46-52)* in turn differentiate consulting types between content and duration. These types are comprehensive consulting, specialised consulting, brief consultation, in-house consulting and interim management.

#### **4.7.2 STANDARDISATION AND SPECIALISATION**

Up to now research and development was not equally spread within the consulting industry (*Niedereichholz & Niedereichholz, 2006, p.191*). Determining methods and contents for analyses as well as alternatives for solutions for single projects and customers is highly unproductive (*Niedereichholz C., 2010, p.10*). To increase productivity consulting services are becoming more standardised (*Niedereichholz & Niedereichholz C., 2006, p.191*). According to *Niedereichholz (2010, p.11)*, the huge collection of "standardised consulting products" only exists virtually because most consultants avoid sharing their knowledge with their colleagues, particularly when they change their employers. Knowledge is a competitive advantage for each single consultant. This fact makes knowledge management in consulting firms a huge challenge and causes inefficiency because junior consultants seldom have the opportunity to learn from senior consultants. A study of *Herget et al. (2013, p.84)* concluded that the application of standardised consulting methods and processes by far is not a trend in Austria according to both consultants and customers. Applying standardised products also does not belong to future trends in Germany according to *Hummel & Zander (2009, p.147)*. In contrast to standardisation, specialisation is becoming more and more important to managers of customer firms (*Herget et al., 2013, p.108*). Specialisation causes another challenge (*Czerniawska, 2007, p.100*). Due to the increasing complexity of consulting tasks it's almost impossible for some consultancy firms to be a one-stop supplier. Cooperation networks between consulting firms compensate that to offer full services to their clients (*Hummel & Zander, 2009, p.148*). According to *Herget et al. (2013, pp.165-166, pp.202-203)*, specialised consulting firms do have a higher capacity utilisation. The topic of specialisation is often underestimated by consultants although it's very important to managers of customer firms. International consultancy firms have specialised themselves in one or a

few segments and are extremely successful in it (*Peter Demmler Online Media, 2014*).

### **4.7.3 INTERNATIONALISATION IN THE CONSULTING BUSINESS**

Firms that go abroad often decide to look for support from the consulting firms, with which they have made previous experience, and which they can trust. They often wish to have the same supplier worldwide when purchasing consulting services or they are forced to do so due to a less developed consulting market. That forces consulting companies into a global presence (*Hummel & Zander, 2009, pp.147-148*). Management consulting providers then often follow their customers by setting up permanent offices abroad (*Svensson, 2000, p.31*). Particularly in the field of strategy consulting, international consulting firms are preferred. Another reason for consulting firms becoming international is to find business opportunities due to recessions in domestic markets. Young firms in countries like India, South Africa or Brazil prefer to buy consulting services from countries like Germany for instance (*Hummel & Zander, 2009, p.187, p.163*).

### **4.7.4 INTERNAL/IN-HOUSE CONSULTING**

The evolution of internal consultants points back to a rising demand for professionalism in terms of internal projects (*Führung, 2010, p.122*) at the end of the 1980s (*Hartel, 2009, p.10*). Corporate groups increasingly built up consulting divisions. The main reasons are savings, closeness to the core business and keeping the knowledge in the company. According to *Dieterle (2013, p.32)*, almost every major corporation has an in-house consulting unit. These units stand in direct competition to external consulting service providers. By establishing in-house consulting units companies try to be independent from external consultants (*Jung et al., 2010, p.86*). Nevertheless if external and internal consultants work together on projects, they don't see each other as competitors, and even desire to cooperate, according to *Niedereichholz J. (2010)*. Prior to hiring external consultants managers rather engage in-house consultants if available due to the reason of confidence (*Krizanits, 2011, p.52*). On the other hand managers often ignore the advice of in-house consultants, and these consultants are often not even able to get an appointment with managers employed by the same firm. In some cases customer firms sometimes hire external consultants to coach or supervise internal

consultants. Some call this sort of service meta-consulting, which is supposed to optimise consulting processes prior to, during and after execution (*Krizanits, 2011, p.58*). In-house consultants have the advantage of knowing internal processes (*Jung et al., 2010, p.86*), and hence they have low periods of vocational adjustment for consulting projects. But they tend to be routine-blinded (*Hartel, 2009, p.10*), and do not bring certain points into question (*Moscho et al., 2010, p.18*). In addition to that a neutral and objective approach can hardly be achieved due to their built relation to internal customers (*Duve et al., 2010, p.34*), but on the other hand trust towards known colleagues and their short-term availability is more likely than in the case of external consultants (*Niedereichholz C., 2010, p.20*). A further disadvantage of in-house consultants is the missing market expertise (*Jung et al., 2010, p.87*) unless they are acting as external consultants in other firms too (*Niedereichholz C., 2010, p.20*). Furthermore they receive less attention from the top management than external consultants (*Hartel, 2009, p.10*).

#### **4.7.5 META-CONSULTING**

Meta-consulting represents a relatively young development trend of consulting services (*Niedereichholz & Niedereichholz, 2008, p.211*), and it was developed due to the requirement of many companies to assist larger consulting projects with several consultancies. Research by *Czerniawska (2007, p.107)* indicates that 15% of all corporations use specialists or independent consulting firms or freelance consultants to advise them on how to use consultants and on their selection for specific types of work and projects. The reason for hiring meta-consultants is the non-transparency of complex consulting projects. Customer firms know neither the qualification nor experience of consultants. The main problem is the missing overview of employed consultants, which synergies could be used and which cost-benefit ratio exists (*Peter Demmler Online Media, 2014*). *Niedereichholz C. (2010, p.11)* stated that increasingly the branch experience as well as the specialisation in one single branch are required. A further requirement is the social competence of consultants. Meta-consulting also includes the observation, reflection and evaluation of the consulting project process (*Niedereichholz & Niedereichholz, 2008, p.213*). Project teams can be composed of external consultants, internal or in-house consultants and other employees. Meta-consultants have a neutral position and merge competing interests. To this day only a few consulting

firms are specialised in this type of consulting service (*Peter Demmler Online Media, 2014*).

#### **4.7.6 FREELANCE CONSULTING**

Sole traders have become an increasingly important part of the consulting industry. *Czerniawska (2007, p.158)* stated that they are accepted among even the largest customer firms, which recognise that they have specialist skills and excellent qualifications. Many of those independent consultants used to work in large and prestigious organisations in the past. Also *Hummel & Zander (2009, p.7, p.187)* pointed out the advantage of small specialised consultancies over large well-known consulting firms and that customer firms make increasing use of those specialised consultants. But they also stated that many customers still rely on known consultancy brand names and do not bother to investigate alternatives.

According to *Perchthold & Sutton (2010, p.41)*, large consultancy corporations propose and try to sell a mix of consultants across all levels in wide pyramids to achieve as many billable hours as possible.

#### **4.7.7 INTERIM MANAGEMENT**

Interim management is a particular form of consultancy service, in the strict sense incompatible with the definition consulting. Interim managers are not just preparing foundations for a decision, but also make necessary decisions themselves and independently. They can be deployed for all life cycle phases of a company (*Niedereichholz & Niedereichholz, 2006, pp.238-240*): foundation phase – as experienced coaches for still inexperienced company founders; crisis situation – predominantly as company restructurers; change and adaption phase – as methodical change managers; and business succession projects – as advisers with comparison experience.

### **4.8 COMPETITIVE STRATEGY**

#### **4.8.1 DEFINITION OF STRATEGY**

According to *Welch (2005)*, “strategy” means making clear-cut choices about how to compete. A strategic decision at the company General Electrics for instance was to fix, sell or close every market they launched

that couldn't achieve being number one or two in that market. This was an initiative to clean up GE's portfolio and it worked very well. If strategies are headed in the right direction and are broad enough, there is no need to change all that often. Figuring out how to gain sustainable competitive advantage is the first step in making a strategy (Welch, 2005, pp.169-172). Welch also stated that strategy means matching people with jobs. The right people play a major role. Hence, setting the right direction, putting the right people in place, finding best practices, improving practices continuously and operating better than anyone else is vital for being successful (Welch, 2005, pp.183-188). Kutschker & Schmid (2008, pp.823-825) mentioned that numerous definitions of strategy are used in the literature but are, in contrast to other terms in business economics and management, non-uniformly defined. In summary, they defined strategy as a collection of all actions for achieving goals in the long run as well as all emerging actions and decisions. Strategy is used to develop potentials for success for obtaining competitive advantage. A company is considering internal resources and capabilities as well as its environment to use potentials for success and competitive advantage.

#### **4.8.2 KEY SUCCESS FACTORS**

A company is generally chasing multiple targets for meeting the various interests of different stakeholders. In globally acting companies, different targets and strategies exist that are supposed to achieve all these different targets. Success factors are crucial for a company's success in the long run and thus important for the realisation of all long-term targets. Potentials for success in terms of resources, capabilities and competences in contrast are priority navigation factors which are generating competitive advantage and ensuring long-term goals. Potentials for success need to be mobilised to affect net income (Kutschker & Schmid, 2008, pp.825-828). Key success factors have to be identified within a company's market environment to survive and prosper. A company must produce and supply what customers need or want and it also must survive competition (Scholz & Stein, 2001, p.267). Companies hence need to figure out who their customers are, what they need or want and how they choose between competing products. They also need to assess how intense their competition is and what their key dimensions are. Therefore a company has to identify what resources and capabilities it needs to deliver these key success factors (Grant, 2005, pp.92-97).

### 4.8.3 COMPETITIVE ADVANTAGE

A company's competitive advantage is an advantage over its competitors. These advantages are always relative to competitors and other environmental elements. Often competitive advantages are not global advantages, but national advantages (Kutschker & Schmid, 2008, pp.828-830). Porter's (1980, pp.35-41; 1985, pp.11-16) argument was that there are two basic types of competitive advantage for a company: low cost or differentiation (Figure 15). Hence, a company can achieve higher profit either by supplying similar products or services at lower costs or by supplying unique products or services at exceeding costs that the customer is willing to pay for (Grant, 2005, pp.241-242).

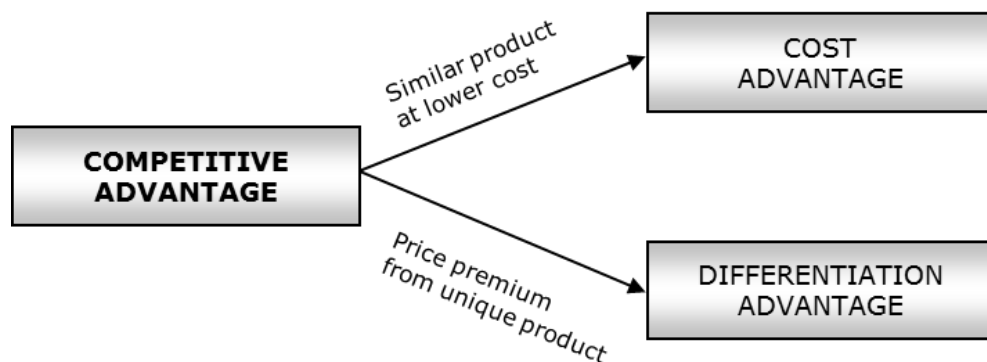


Figure 15: Sources of competitive advantage (source: Grant, 2005, p.242)

These two types combine within the scope of a particular business to produce leads to the three generic strategies: cost leadership, differentiation and focus (Figure 16). Cost leadership strategy aims at the low-cost producer within an industry. Differentiation strategy contains the development of unique products and services. Focus strategy is targeting to serve narrow market segments where the focus can be on particular customer groups, geographic markets or product lines. This focus can either tend to cost leadership or differentiation. Competitive advantage is hence envisaged by either superior value creation or more efficient production of the product.



		Competitive Advantage	
		Lower Cost	Differentiation
Competitive Scope	Broad Target	1. Cost Leadership	2. Differentiation
	Narrow Target	3 A. Cost Focus	3 B. Differentiation Focus

Figure 16: Three generic competitive strategies (source: *Porter, 1985, p.12*)

These strategies prove to be inadequate in the management consulting business because the quality of service is highly difficult to measure and customer firms do not purchase ready-made products (*Glückler & Armbrüster, 2003, p.276*). In the view of *Svensson (2000, p.32)*, superior technological and organisational expertise and knowledge, as well as long-term relationships with customers, constitute the consultancy-specific asset which they must acquire and control to achieve competitiveness on domestic and foreign markets. Products in most markets are not entirely identical and hence they are not fully substitutable from the customer point of view (*Bester, 2010, p.19*). This fact can also be mirrored on consulting services.

The resource-based theory is an inside-out strategy process. The first step is to identify all company resources, afterwards the potential for value creation is assessed and with the help of this a strategy can be defined. According to *Grant (2005, pp.138-144)*, individual resources do not confer competitive advantage. To gain organisational capabilities they have to work together. Figure 17 displays the relationship between resources, capabilities and competitive advantage.

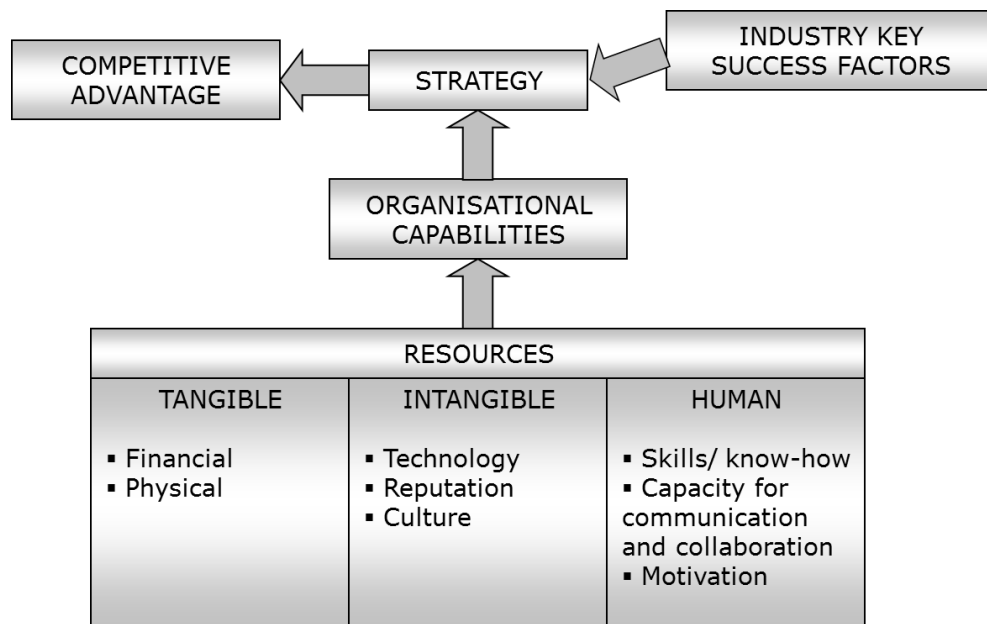


Figure 17: The links among resources, capabilities and competitive advantage  
(source: Grant, 2005, p.139)

Porter's (1985) definition was that resources are inputs into the production process with the categories financial, physical, human, technological, reputational and organisational. Capabilities are capacities for a team of resources to perform some activity or task. Internal resources and capabilities are offering a more secure basis for strategy than the market focus, especially when the external environment is changing rapidly. They are the primary sources of profitability. With the most important resources and capabilities, a strategy needs to be defined to make the best use of them. Resources can be subdivided into three principal types: tangible, intangible and human resources. Tangible resources like financial and physical are the easiest to identify. Intangible resources in contrast are largely invisible for companies but they contribute much more to total asset value than tangible resources. They have great importance because of their high potential for establishing competitive advantage (Kutschker & Schmid, 2008, pp.831-833). Human resources as the third type are the productive services that human beings are offering to a company in terms of their knowledge, skills and further abilities. Creating capabilities doesn't mean simply assembling a team of resources. Capabilities involve the coordination between people and between people and resources. To sustain advantage it is necessary that a company constantly develops its resource base. These resources and capabilities are the central consideration in formulating the strategy (Grant, 1991, pp.116-132).

Strategic alliances of consultancy firms and individual consultants are the reaction of the merger wave within the global consulting industry (*Niedereichholz & Niedereichholz, 2006, p.190*) to extend resources and capabilities for customer benefit and finally competitive advantage. From another perspective such merger waves in turn create room for several consulting niches.

#### 4.8.4 DELIBERATE AND EMERGENT STRATEGIES

Deliberate strategies are ideal developed strategies where internal resources, capabilities and competences are compared with the environment. Emerging strategies in contrast are not planned and defined by the outcome of analyses. They instead occur through numerous decisions and actions. A company's strategy contains both deliberate and emergent strategy decisions (*Kutschker & Schmid, 2008, pp.833-835*). Intended strategies that are fully realised can be called deliberate strategies, while others can be called unrealised strategies. Emergent strategies are strategies that are not expressly intended. They are actions which converged over time to a sort of consistency pattern. Deliberate strategies are not necessarily good and emergent strategies are not necessarily bad. Deliberate and emergent strategies together lead to the realised strategies (*Mintzberg et al., 1998, pp.11-12*). Figure 18 displays the path to the realised strategy.

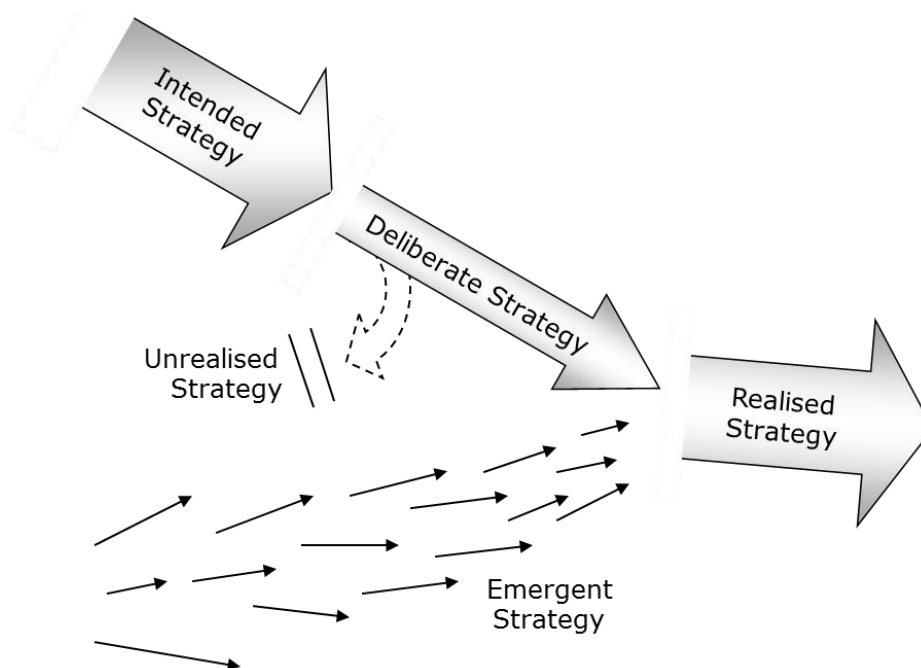


Figure 18: Deliberate and emergent strategies (source: *Mintzberg et al., 1998, p.12*)

Larger consulting corporations in some particular cases have the possibility to offer consulting projects free of charge, namely "proprietary projects". These are simply used as company research and development projects which are financed by internal budgets to win new key customers, occupy a new market segment, displace competitors or to develop new problem-solving techniques (*Niedereichholz & Niedereichholz, 2006, pp.40-42, pp.231-233*). Management consulting is a kind of service that needs to break down high entry threshold barriers (*Krizanits, 2011, p.52*). Such strategies as free of charge projects, regardless whether deliberate or emergent, are forcing smaller or young consulting firms to surrender projects or even customers.

#### **4.8.5 MARKETING AND COMMUNICATION**

Marketing is more than just simple advertising and comprises recruiting, retaining as well as reactivating customers. To ensure these points, the four Ps have to be considered (*Weßel, 2013, pp.66-69*).

- Product/service: Consultants define content, quality and benefit according to customer needs.
- Price: Consulting fees have to be appropriate and individual to the product/service.
- Place: Management consultants are flexible relating to time and area and hence the place can be regional, domestic or global.
- Promotion: Services are promoted by direct approach, conferences, trade fairs, publications, recommendations and social media.

The most important marketing instrument is reputation, which depends greatly on the quality of service. Satisfied customers use consultancies for further projects and recommend them to others. Dissatisfied customers on the other hand discourage others from using them.

Two approaches are used to contact potential customers: direct and indirect methods. While direct acquisition methods are obvious to customers, indirect ones aren't. *Niedereichholz (2010, p.73)* subdivided direct and indirect methods further, as displayed in Figure 19. The selective approach requires insider information which can be referred to in a written approach or a verbal approach. Verbal approach simply means unannounced telephone calls with prepared questions. Direct marketing is

often underestimated as a marketing tool by consultancies (*Herget et al., 2013, p.194*).

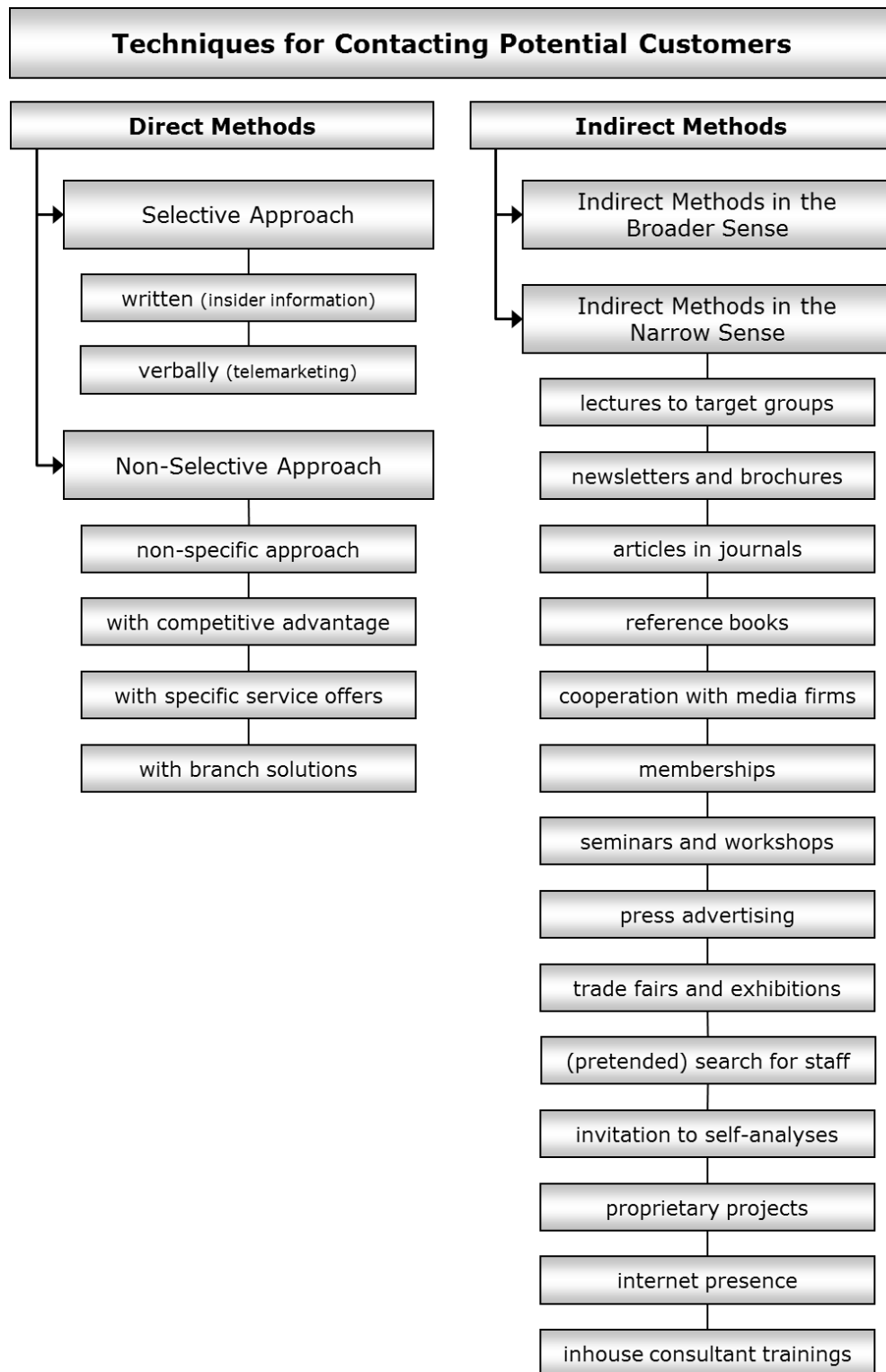


Figure 19: Overview about techniques for contacting potential customers (source: *Niedereichholz, 2010, p.73*)

## 4.9 ASSESSMENT AND SELECTION

Business consulting comprises a wide range of heterogeneous service providers and services (*Fuller, 1999, p.26*). Customer firms are often missing the overview in terms of available possibilities, which makes it difficult for them to select the best services and service providers. Detailed investigations in this field are goods in short supply and those ones available refer to large companies or include several branches at the same time without focusing on the differences. In addition, available studies are not comparable to each other due to the use of varying statistical techniques (*Torggler & Wagner, 2006, p.2*). But those studies that are available refer to the central role of social relationship for placing orders to consultancies according to *Barchewitz & Armbrüster (2004, p.2)*.

The consulting industry is seen as a more or less non-cyclical business because in rosy times firms and their managers want to maximise their profits by optimising their business and in less rosy periods they restructure and cut costs. Both are done with the help of consultants which makes the branch of consulting relatively stable (*Seebacher, 2010, p.41*). Some customer firms use external consultants to solve particular difficulties, some because they need an external view and others because they are forced due to a crisis (*Poulfelt & Payne, 1995, p.63*). According to *Seebacher (2010, pp.65-66)*, firms that use services of consultants have been moving away from big brands for some time now due to two main issues. On the one hand there is a lack of trust which arose from situations where consultancy firms engaged consultants on projects deviating from commitments made in the proposals. On the other hand there is a lack of value resulting from situations where consultancy firms deploy new staff unknown by the customer – sometimes even in the middle of a running project.

### 4.9.1 CUSTOMER EXPECTATIONS

According to *Benazić & Ozretić-Došen (2012, p.47)*, quality of services is a key factor of the competitive capability and hence successful business of consulting services providers. It creates references, a stronger image and long-term business relationships, and reduces perceived risks to customers. Existing service quality measurement models are not suitable to apply to business-to-business markets due to the difference in characteristics of services and the specific behaviour of B2B customers.

Therefore there is no existing model that is applicable to business consulting services. Because behaviour in the decision process of using consulting services is rational and result-oriented, and consulting services are intangible and difficult to evaluate, services should be customised. Business consulting services in general improve decision-making capabilities of managers and the management board, so perception of the overall service quality may be affected. The quality of business consulting services includes dimensions of potential, the process and final results (Benazić & Ozretić-Došen, 2012, pp.50-51).

According to Zeithaml et al. (1993, pp.5-8), customers assess service performance based on two standards – what they desire and what they deem adequate (Figure 20). These are separated by a zone of tolerance which varies across customers and also within the same customer. These can be summarised as the expected service, which is further separated by a gap from the perceived service. Customer expectations can be extended by a third level, namely predicted service, the level of service customers believe they are likely to receive. Friedrich & Stahl (2003, p.336) also defined satisfaction as the positive comparison between expected and actual performance. Hennig-Thurau & Klee (1997, pp.751-754) stated that the perceived product or service-related quality leads to trust and commitment and forms relationship quality at the higher level.

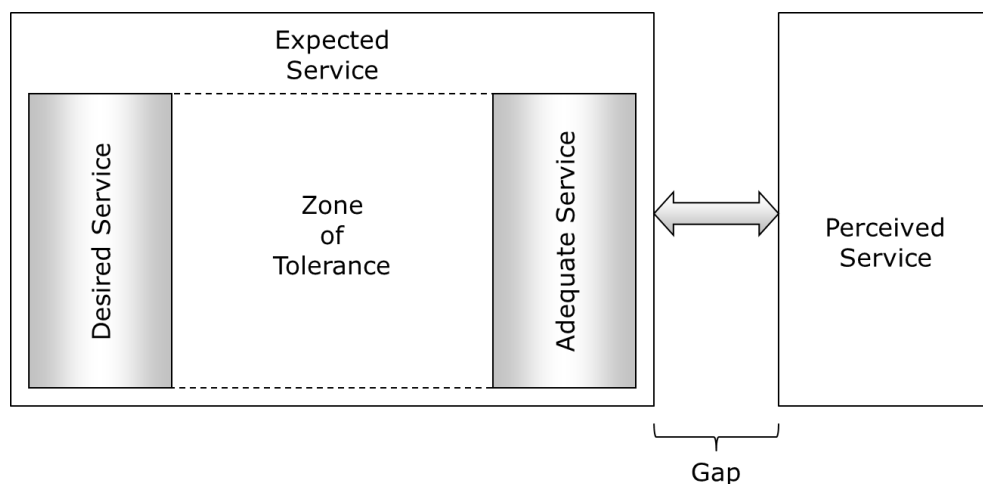


Figure 20: The gap between expected and perceived service quality (source: Zeithaml et al., 1993, pp.5-8)

In this context Czerniawska (2007, p.21) designed the “promise pyramid” (Figure 21). The lowest two levels are promises clients expect consulting firms to deliver. They are almost always explicit, included in the terms of reference and contract. The level above is a promise that customers hope

will be achieved and is something that consultancy firms can rarely make explicit because there are too many variables of uncertainty. Beyond the hope level there are other potential promises which are almost entirely unwritten and are achievements consulting firms may be able to deliver beyond a customer's expectation.

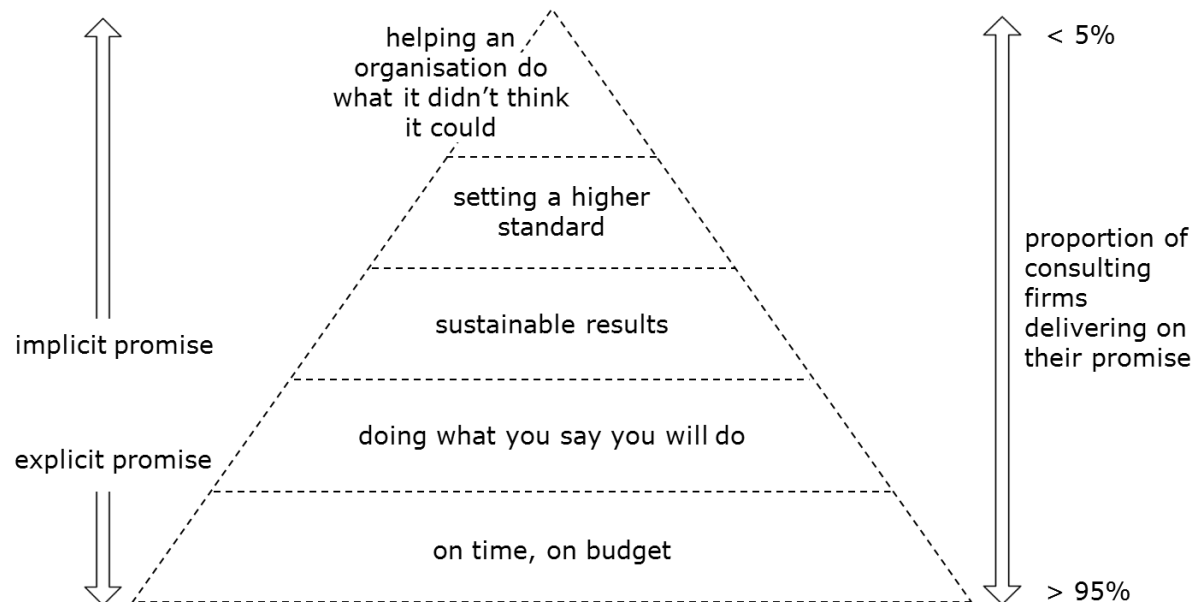


Figure 21: The promise pyramid (source: Czerniawska, 2007, p.21)

Management consulting, like most other knowledge-intensive business services, is performed after contract signing, which shifts the risk of low quality or adequacy towards the customer (Glückler & Armbrüster, 2003, p.290). Service providers must design and deliver good customer service based on understanding customer needs. In an oligopoly market they have to consider customer satisfaction and develop new services. According to the study of Hsieh et al. (2012, p.15), an effective service interactive design can increase both customer satisfaction and profits. Hence, oligopoly service providers are supposed to manage limited resources and understand how to deliver appropriate services to ensure customer satisfaction without changing their business methods.

A customer is comparing different products in terms of price and benefit prior to making the buying decision. The perceived benefit plays a central role during the decision of purchase. Therefore the knowledge of the benefit to customers has to be at the centre when defining a strategy for competition (Simon & von der Gathen, 2002, p.261). Clear predefined targets and guidelines from the customer side and hence a more transparent and comparable selection process leads to a better fulfilment



of customer expectations and increases customer satisfaction at the end (Herget et al., 2013, p.110). Innovative ideas with low costs for realisation but high customer advantages are ideal when defining products and services. Because markets are not homogenous, which means that they consist of different customer segments, it's necessary to figure out product requirements for certain segments (Simon & von der Gathen, 2002, pp.268-269).

The strategic triangle (Figure 22) displays the interrelationships between customers, competitors and the company. This strategic triangle forms the basic theoretical frame for developing a competitive strategy. To be competitive in the long run a company in addition to internal awareness needs to know its customers with their needs, wants and perceptions as well as its competitors with their strengths and weaknesses. A strategic competitive advantage has to meet three criteria: it has to be important for the customer, it has to be perceived by the customer and it has to be sustainable, which means not easy to copy by competitors (Simon & von der Gathen, 2002, pp.108-109).

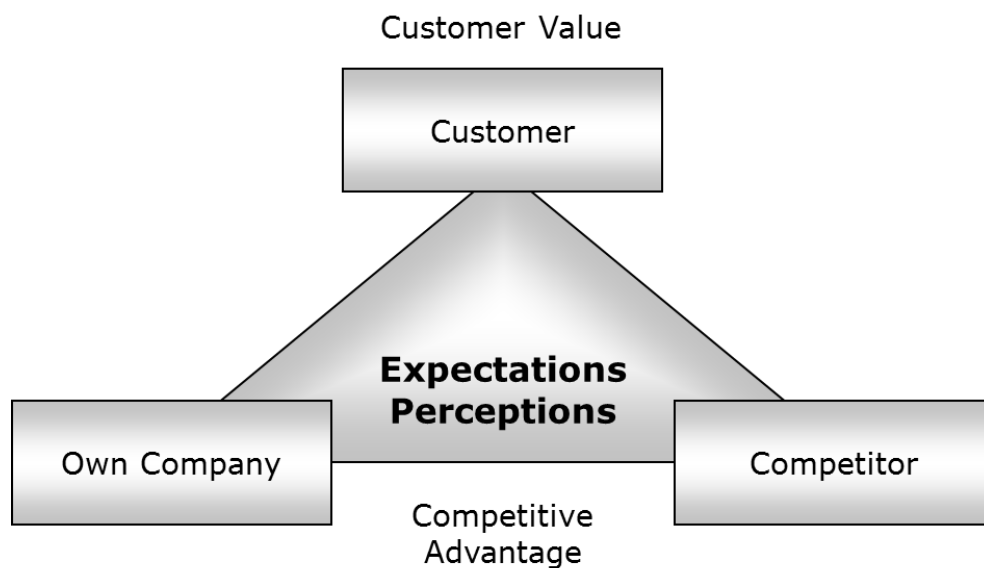


Figure 22: The strategic triangle for customer advantage (source: Simon & von der Gathen, 2002, p.108)

Whether the customer is satisfied or dissatisfied depends on his expectations for the product or service and on its perception of performance. Expectations are based on several aspects like the customer's past purchasing experiences, the opinions of friends, and information and promises through advertising. When the performance is lower than the expectation, the customer will be dissatisfied. If the

performance matches the customer's expectations, he will be satisfied. In the case of exceeding performance, the customer will even be delighted, which produces certain benefits like lower price sensitiveness, high customer loyalty and increasing reputation through positive word of mouth.

A common question is whether it's really necessary to exceed customer expectations or whether it's sufficient just to meet them. *Rust et al. (1999, pp.88-89)* found significant positive preference shifts if customer expectations were exactly met. Certainly, delighted customers have positive effects on preference but lower levels of performance also produce positive results. Even when expectations of customers are low, meeting these expectations raises preference. They summarised that worse-than-expected quality harms more than better-than-expected quality helps. A further interesting finding of this study was that suppliers of goods or services should pay more attention to its newer customers, because for those, quality differences will have the greatest impact. According to the displayed results of the Evergreen Project Study, the "winners" mainly deliver products and services that consistently meet customers' expectations (*Joyce et al., 2003, pp.109-110*).

#### **4.9.2 ADVANTAGES FOR CUSTOMERS**

Organisations hire consultants to evaluate strengths and weaknesses because they can often be much more objective (*Fuller, 1999, p.44*) and professional (*Brown, 2000, p.91*). Because they are not members of the company and hence independent, they can provide a neutral picture of the status quo and present new ideas and suggestions without concerning any beneficiaries (*Hummel & Zander, 2009, p.3*). Management consultants are specialised, skilled and experienced in particular branches and functions and are hence experts in these fields. They are hired by companies only if needed, which generates fewer costs than recruiting new managers and employees (*Perchthold & Sutton, 2010, pp.18-22*). *Fuller (1999, pp.45-46)* also indicated the economic advantage due to their full utilisation in contrast to permanent employees and the political advantage in terms of revealing and expressing unpopular issues. As a conclusion it can be stated that reasons why customers are hiring consultants are because they are not routine-blinded, they are neutral, they have analytical, problem-solving, motivating and managerial skills and experience, and they are experienced in change (*Hummel & Zander, 2009, pp.29-30*).

*Niedereichholz & Niedereichholz (2006)* summarised eight benefits of consultants stated by Bruce Henderson, founder of the Boston Consulting Group:

- supply customers with information that is not available
- solve problems of customers
- analyse situations which can lead to new problem definitions
- recommend solutions on the basis of analysis results
- support for implementation of recommendations
- effectuate consensus and commitments about change
- promote the learning process of customers
- improve continuous organisational effectiveness and efficiency

But there are also disadvantages resulting from the use of consultants. The largest disadvantage is the uncertainty about the quality of consulting services. Good and bad consulting providers are acting on the market and only a precise comparison of the cost-benefit ratio of several consulting offers can avoid unpleasant surprises (*Hummel & Zander, 2009, p.225*).

### **4.9.3 PROPOSALS AND REQUEST FOR PROPOSALS**

Already at the acquisition stage consultants have the possibility to collect all information of potential customer projects by using acquisition protocols. Those contents have great impact on the quality of future proposals if requested (*Niedereichholz, 2010, pp.172-173*). But before consulting firms can be approached by potential customer firms for any discussion, they must have defined very clear ideas of the need for support through consultants. They need to articulate about what they really need and want (*Fuller, 1999, p.58*). After a successful acquisition phase follows the offer phase. The point of intersection between acquisition and offer phase is known as request for proposal placed by the customer (*Niedereichholz, 2010, p.178*). A well-structured request for proposal from customer firms ensures that an appropriate consultancy firm, consultant and consulting service is selected at the end. A request for proposal is not only an important document to receive transparent proposals (*Hummel & Zander, 2009, p.10*), but it is furthermore helpful for the entire project – although as far as consulting corporations are concerned, the best request for proposal is the absence of one to avoid

competitive situations (*Perchthold & Sutton, 2010, p.69, p.85*). A carefully established proposal is half of a project plan, as *Weßel (2013, p.71)* stated.

*Niedereichholz (2010, pp.181-184)* drew up the following sequence of proposal contents: covering letter, title page, list of contents, introduction, objective target, benefit, procedure, project plan, time and costs, personnel resources, contract agreements and appendices. Customer firms are recommended to provide consulting firms a reasonable time for preparing their proposals, which should be in the range of two weeks for smaller jobs, four weeks for large consulting projects and between four and eight weeks for multi-site system implementations (*Perchthold & Sutton, 2010, p.79*). The methodology and work plan of the proposal are considered to be clear if the various elements are coherent and the decision points are well defined (*The World Bank, 2006, p.92*).

Interesting information was provided by the outcome of the study established by *Herget et al. (2013, p.99)*, which shows that many small firms request only one proposal. Larger firms request three proposals on average to ultimately choose one of them. According to the data received during that study, it can be derived that firms with more than 49 employees search for consultancies by using tendering procedures. Customers increasingly request an estimate for the return on investment in proposals prior to placing an order (*Niedereichholz & Niedereichholz, 2006, p.4*). Whether a proposal is feasible, clear and logical has a large impact on the decision of managers within customer firms. *Herget et al. (2013, pp.196-197)* found that the importance to customers of feasible and logical proposals including its project calculation is often underestimated by consultants.

#### **4.9.4 SELECTION CRITERIA**

Customer firms are often requested to hire consultancies by banks or tax advisors, which assess the necessity as essential (*Greschuchna, 2006*). Nowadays it's indeed easier to find information about consulting service providers with the aid of internet services but it is also more difficult to utilise this large quantity of information (*Mätzener & Scholler, 2014, p.163*). The search for management consulting service providers starts by establishing a long list of potential consulting firms which contains a maximum number of twenty firms. By requesting more detailed information about the company, employees, specialisation and projects

this list can be shortened to two to four potential providers (*Hartel, 2009, p.17*). According to *Czerniawska (2007, p.107)*, 65% of all organisations have a list of preferred suppliers and a similar number has framework contracts with selected consulting companies. Buying consulting services on the basis of conventional market mechanisms such as price and measurable quality is extremely unlikely according to *Glückler & Armbüster (2003, p.271)*.

The World Bank provided guidelines for the selection of consultants for both its borrowers and its own use. *Fuller (1999, p.70)* summarised their seven guidelines:

- developing and preparing a full description of the project
- preparing a budget or a cost estimate of the project
- preparing a short list of consultants
- deciding on a selection procedure based on proposals
- inviting consultants on the shortlist to submit their proposals
- evaluating proposals and selecting a consultant for negotiations
- negotiating the contract details with the consultant

*The World Bank (2006, p.9)* indicated the following principles in their consultant selection policy: high quality of service, efficiency and economy, competition among qualified consultants from all eligible countries, participation of national consultants, and transparency. Each of these principles may be stressed more or less, depending on the circumstances. Seven methods for the selection are used (*The World Bank, 2006, p.40*): quality- and cost-based selection (QCBS), quality-based selection (QBS), selection under a fixed budget (SFB), least-cost selection (LCS), selection based on consultant's qualifications (CQS), single-source selection (SSS) and commercial practices (CP). The following criteria and point ranges with the sum of 100 points are used as a basis for evaluation of the full technical proposal (*The World Bank, 2006, p.57*):

- specific experience of consultants relevant to the assignment (0–10 points)
- adequacy of proposed methodology and work plan in responding to terms of reference (20–50 points)
- key professional staff qualifications and competence for the assignment (30–60 points)

- sustainability of the transfer-of-knowledge capacity-building programme (0–10 points)
- participation by national consultants among proposed key staff (0–10 points)

The level of responsiveness for each criterion and sub-criterion is rated on a scale of 1 to 100.

*Herget et al. (2013, pp.165-166)* found that highly capacity utilised and successful consulting firms do have specialisations, highly estimate the value of references and submit clear proposals and calculations. But many consultants know very well what danger is combined with providing too early too much information on their expertise in proposals. Some customers used to reject proposals only to proceed on their own with the methods proposed by consultants (*Fuller, 1999, p.72*). In more than 90% of all firms in Austria the final decision for purchasing consulting services is made by the upper management (*Herget et al., 2013, p.100*).

#### **SCOPE OF CONSULTING PROJECTS**

The scope of a proposal determines the boundaries of consulting projects. It needs to be defined with sufficient dimensions to provide clarity and to avoid misunderstandings (*Perchthold & Sutton, 2010, pp.89-90*). Customers should know their benefit resulting from consulting services. They should also know the extent of their increase of knowledge how sustainable results are. Clients feel more secure if profitability can be proven and competitive advantage rises towards consulting firms that do not focus on value orientation (*Niedereichholz & Niedereichholz, 2006, pp.9-10*). Nowadays it's not sufficient any more to establish only concepts for customer firms (*Hummel & Zander, 2009, p.147*). Clients increasingly want consultants to accompany them during the implementation process (*Hummel & Zander, 2009, p.3*).

#### **CONSULTING COSTS AND FEES**

Proposals prepared by management consultants include the subject of costs and fees, which can be a sticking point for many managers of customer firms. Fee structures for consulting services are highly flexible. Some customers are even attracted to consultancies which charge high fees because they equate quality with price and others are discussing lowering fees. But consultants are usually not willing to lower their fees: they rather suggest cutting service tasks (*Fuller, 1999, pp.73-74*).

*The World Bank* (2006, p.52) stated that a cost estimate from the customer point of view generally includes items relating to the following: consultant staff remuneration, travel and transport; mobilisation and demobilisation; staff allowances; information systems; communications; office rent, supplies, equipment, shipping and insurance; surveys; capacity building and training programmes; report translation and printing; taxes and duties; contingencies. The first point – consultant staff remuneration – in general includes different proportions of the other points, depending on the company- and sector-specific factors and consultant country laws: basic salary, social charges, overheads, fees or profit and allowances. Service exports from domestic consulting firms to host countries are associated with additional expenses or reimbursements, such as travel costs, hotel costs, subsistence allowances and the establishment of temporary project offices (*Svensson, 2000, p.32*).

The pressure on reducing costs in customer firms had a positive effect on the consulting sector as fixed personnel costs can be transformed into variable costs by using external consultants and this use can also be seen as a direct way to increase profitability (*Poulfelt & Payne, 1995, pp.63-64*). This effort of cost reduction induces customers to require higher value for their money and they are often expected to verify the value of consulting projects prior to payment (*Friedrich & Stahl, 2003, p.336*). By using the Pareto analysis, eighty per cent of the entire targeted result can be achieved through investing twenty per cent of the effort needed for the whole project. This rule also reflects the same percentages from the cost point of view. The Eisenhower matrix can be used for distinguishing important and urgent tasks for reducing project time schedules and costs (*Weßel, 2013, pp.51-52*). For ensuring transparency in terms of final costs of consulting projects a clear calculation procedure in the form of costing sheets needs to be determined. The more subdivided cost types are, the easier is the controlling to avoid the exceeding of costs (*Niedereichholz, 2010, p.266*).

Charging customers can be done by different approaches. *Seeletse* (2001, p.323) only distinguishes between daily and hourly rates and their influence on the competitive advantage on the market. But the situation surrounding fees is more complex. Consultants in general are willing to offer interested firms a preliminary talk free of charge (*Hummel & Zander, 2009, p.148*). Seventy-seven per cent of the Austrian consultants charged customers mainly by using daily or hourly rates for their fees, 73% with lump sums and 37% on a success basis (*Wagner & Torggler, 2006, p.12*).

Lump sum agreements which are agreed in advance are more widespread in Germany. In this way, customers know the costs and can take it into account during budgeting processes (*Hummel & Zander, 2009, p.108*). Nowadays consultants and their services are measured more and more by their results achieved (*Niedereichholz, 2010, p.23*). Due to this a development of success fees was the result and is increasingly requested by customer firms. Some customer firms often even force consultancies onto a success fee basis (*Rüter & Lammerskitten, 2001, p.150*). But success fees only make sense under the following conditions (*Niedereichholz & Niedereichholz, 2006, p.191, p.230*):

- initial situation is measurable and recorded
- result can be determined as quantitative target
- success is measurable and reliable without doubts
- existing trust between consultant and customer

In such cases consultants often target fast results, but short-term successes, better known as quick wins, can cause long-term costs and damage. Success fee contracts can be structured as a lump sum or as a share of the proceeds above the target value. A similar form to success fee contracts is consulting for equity, where consulting firms receive ownership interests of new or young customer firms for their consulting service (*Rüter & Lammerskitten, 2001, p.151*). Lump-sum contracts are used mainly for assignments in which the duration and content of the consulting service and the expected result are clearly defined. Time-based contracts are types of contracts where the consultant provides its services on a time basis (*Fuller, 1999, p.75*) according to quality specifications. The fee is based on agreed unit rates multiplied by the actual time spent (*The World Bank, 2006, pp.76-78*). In some cases it's reasonable for consultancies to provide fee ranges instead of an absolute fixed fee to allow some flexibility for some unforeseen requirements. Customers often prefer to know what a project will cost for budgeting reasons and hence they sometimes choose hourly rates with a cap as the combination of hourly rate agreements and absolute fixed fees (*Perchthold & Sutton, 2010, p.97*). According to *Perchthold & Sutton (2010, p.97)*, it's also reasonable for customer firms to withhold percentages of fees to agreed milestones of a project as a risk-sharing approach.

Prices are formed by supply and demand (*Paschke, 2011, p.50*) but in general consulting fees must be proportionate (*Hummel & Zander, 2009,*



p.26) to the type and scope of work and should be agreed with customers prior to starting a project (Reiners, 2006). According to Torggler & Wagner (2006, p.12), the average daily rate in Austria in the year 2005 was 1,040 euros. Herget et al. (2013, p.76) published a diagram of a survey which displays a minimum of 75 euros, a majority of 100 euros and a maximum of 150 euros per hour for Austrian consulting fees. Czerniawska (2007, p.158) pointed out that fees of independent freelance consultants are attractive because they carry neither the overheads of a large firm nor the risks of an offshore supplier. But entrepreneurs unfortunately often have no idea about the reason of their problems and are hence not able to estimate possibilities and advantages of consulting services. Under these circumstances each price offer made by consultants is too high (Hummel & Zander, 2009, p.25).

Glückler & Armbrüster (2003, p.283) found by assessing several studies that fees are not the predominant driver in partner choice. The quality of a consulting product is not objectively assessable and consequently it can't be expressed in terms of price-quality mechanism. The study of Herget et al. (2013, pp.101-103, pp.184-185) also came to the result that the criterion about fees and costs only slightly affects the manager's decision. It also resulted that dissatisfied customers put more emphasis on the lowest price offer. Hummel & Zander (2009, p.13) concluded the same result of a similar survey. Fuller (1999, p.74) summarised the experience of customers that neither are the best consultants the most expensive nor are the cheaper ones poorly qualified. He also highlighted the three characteristics fast, cheap and excellent and proposed picking any two.

#### **QUALIFICATION OF CONSULTANTS**

Hummel & Zander (2009, p.9) referred to the outcome of a survey which displays that expertise and industry knowledge are the most important factors for selecting consultants. Increasingly interpersonal capabilities such as empathy, reliability and ability to implement (Hummel & Zander, 2009, p.107, p.160) are demanded in the management consulting business. He who tries to sell a prepared concept to customers can easily reach his limits. Functional skills such as expertise, experience and industry knowledge (Hummel & Zander, 2009, p.107) are nice to have but soft skills of consultants are sometimes even more important for customers according to Dabringer (2013). The emotional, social, psychological and especially ethical relationship level plays a major role beside professional requirements in the management consulting industry

(*Hummel & Zander, 2009, p.26*). Management consultants have to switch between these roles and merge them if necessary. The accelerated globalisation connected with intercultural aspects and diversity management made this sector grow (*Niedereichholz & Niedereichholz, 2008, pp.223-224*). Communication skills play a major role in all phases of consulting projects. Key qualifications in this respect are rhetoric and structuring (*Scheer & Köppen, 2001, p.8*). According to *Bredendiek et al. (2001, p.41)*, the development of intercultural markets implicates intercultural communication, which is challenging international management and consulting. Also *Forster (2001, p.11)* stated that communicative and social skills are central success factors, particularly in "people-business" consulting.

According to *Hummel & Zander (2009, p.107)*, reputable consulting corporations provide references to potential customer firms but as *Herget et al. (2013, pp.101-103)* displayed in their study, references are only of middle importance for customer firms to select consulting services. Such references are slightly more important for large corporations than for smaller ones as qualification proof. Whether a consultancy firm is certified is also of higher importance for large customer firms than for small ones. Nevertheless the average importance of this selection criterion is very low in Austria (*Herget et al., 2013, pp.101-103*).

#### **REPUTATION AND RECOMMENDATION**

Reputation is defined as the overall estimate of firms by groups as customers, investors, employees, competitors and society. Reputation is measurable and known as reputational capital in public listed companies (*Niedereichholz & Niedereichholz, 2006, p.51*) and reputation is believed to be a signal for competence and can be damaged by negative word of mouth (*Lippold, 2013, p.33*). The market provides a form of information to customer firms and their managers, namely public reputation. It is defined as public when this perception has a general, anonymous source and circulates freely in the management arena (*Glückler & Armbrüster, 2003, p.277*). According to the statistics of *Czerniawska (2007, p.15)*, one of the world's leading commentators on the consulting industry, the dominant factor (43%) which defines whether a consultancy firm will end up on a client's shortlist is its reputation for successful work. Only 17% choose consulting firms because they used them before. The factors recommendation from friends or colleagues (14%) and recommendation from external business (10%) were even worse. Only 5% assessed name

recognition as crucial for the selection process. *Herget et al. (2013, pp.101-103)* also stated that the consulting firm's name recognition is not important for the decision process but according to *Hummel & Zander (2009, p.13)* brand names of consulting companies are still important to interviewed managers of customer companies. Reputation is in a sense the tip of the iceberg which is the part of the consultancy evaluated by customers, but previous work, referral and brand are far below the water (*Czerniawska, 2007, p.15*). *Hummel & Zander (2009, p.13)* also assessed reputation as important to customers.

The study of *Herget et al. (2013, pp.54-55, pp.96-97)* indicates that the leading and hence most important reason for attracting and winning customers is recommendation according to the consultants and also customers. *Hummel & Zander (2009, p.9)* on the other hand referred to a study in which customers assessed recommendations as less important for their selection process. *Herget et al. (2013, pp.61-62)* concluded that the maintenance of customer relationships has a major importance because they lead to recommendations, which in turn means that customers directly approach recommended consultancy firms and consultants.

#### PERSONAL RELATIONS AND EXPERIENCE

Figure 23 displays the reciprocal dependence of knowledge, relations and reputation (*Polster, 2012, p.25*). Knowledge can be deployed with the aid of excellent reputation. At the same time knowledge is useless without relations to customers. Relations in turn can be established more easily by applying reputation. In contrast to reputation, the resources of both knowledge and relations are of upstreaming importance because reputation can't be built without knowledge and relations.

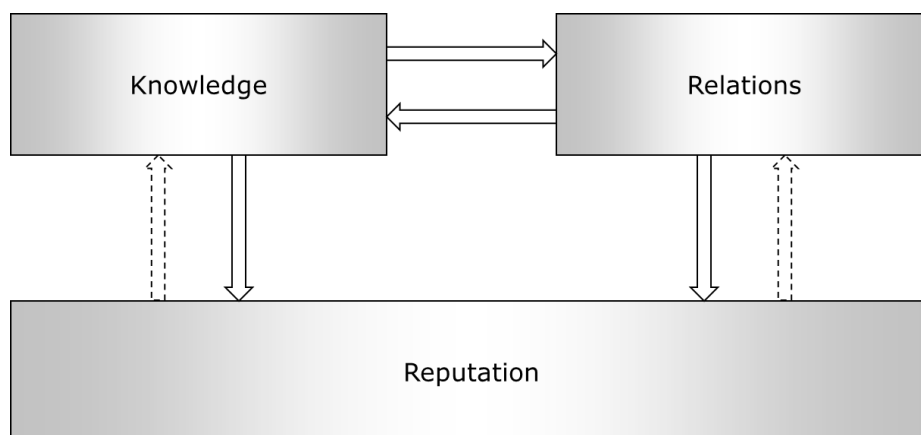


Figure 23: Strategic resources of a professional service firm (source: *Polster, 2012, pp.25-31*)

*The World Bank (2006, p.118)* uses a single-source selection form for choosing consultants deployed in the past, which can be directly brought into connection with the factors of knowledge and personal relation. The template document assesses whether their performance was excellent, average or poor. Particularly personal relations between consultants and managers at higher hierarchy levels ensure the receipt of numerous consulting projects. Building up reputation can take a long period of time but the loss of it on the other hand can happen rapidly (*Polster, 2012, pp.29-31*). Clients view consulting relationships in two distinct ways: the personal interaction that they have with consultants and the results delivered (*Czerniawska, 2007, p.16*). A more complex relationship model for successful delivery includes the client, consultants and the consulting firm (Figure 24).

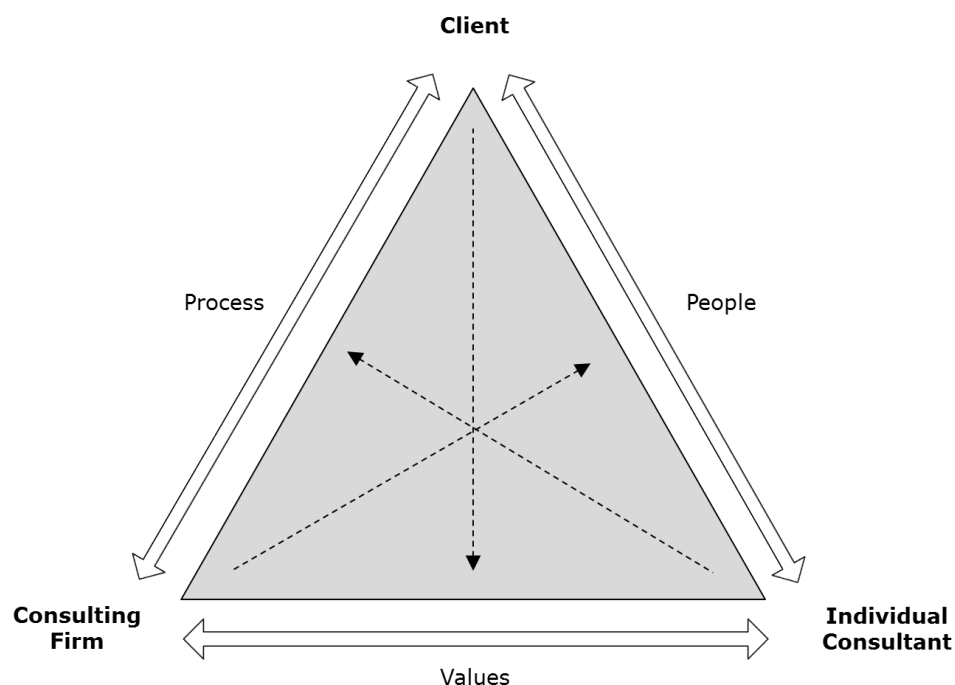


Figure 24: The delivery triangle – values, people and process (source: *Czerniawska, 2007, p.53*)

The relationship between client and consultant is based on people, between client and consulting firm on process, and between consulting firm and consultant on values. While customers cite the values of consulting firms which make the difference in successful projects, consultants need a proper process and consulting firms the right people for being successful. *Czerniawska (2007, p.55)* cited from the results of her consulting expert interviews that when you ask clients why they bought something, the answer usually is because they like the people and

they believe they could deliver the job, and not because they like the values. Also according to the published study of *Herget et al. (2013, pp.101-103)*, a likeable contact person from the consulting firm is very important for placing an order from the customer side. Hence, relationship marketing has become an important tool of consulting firms (*Perchthold & Sutton, 2010, p.67*). Within the defined relationship between the client and consultant there are potential risks and issues that need to be addressed and agreed upon throughout the consulting process, according to *Smith et al. (2003, pp.84-85)*. It is not just the consultant that needs to take responsibility for ethical behaviour; the employing consulting firm also has the responsibility to develop ethical guidelines.

A major impact on the decision in terms of choosing one consulting service provider is the experience which a company has already made with a consultant or consultancy firm (*Hummel & Zander, 2009, p.13*). The larger the customer firm, the more important this aspect is (*Herget et al., 2013, pp.101-103*). It does not automatically mean that previous consulting firm partners are able to solve a current problem in an organisation because the teams might have changed or the new challenge most likely will require different expertise, skills and roles. But as perplexing as it is, organisations commonly hire the same consulting firms over and over again, even when there is not full satisfaction all the time (*Perchthold & Sutton, 2010, pp.60-61*).

### **HONESTY AND TRUST**

Most customers do not like consultants which agree with them all the time, but want to be told what needs to be done. They have to think independently and have to be willing to say unpopular things (*Czerniawska, 2007, p.17*). Consulting services are difficult to evaluate by customers, particularly prior to the execution of consulting projects. This difficulty is intensified by a large number of different consulting services and the diversity of service providers on the market. This intangibility leads to uncertainty from the customer point of view. For the selection it is not only professional skills that are important to customers; trust is also an influencing criterion. Especially small and medium-sized enterprises are often missing essential trust (*Greschuchna, 2006*). By building trust at the beginning of business relationships uncertainties can be reduced (*Enke & Greschuchna, 2005*). Relations based on trust of commercial interest increase positive reputation and hence reduce uncertainty (*Lippold, 2013, p.34*) Trust is only built when consulting firms

have delivered their services. Thus, engagement generates trust, and trust builds relationships (Czerniawska, 2007, p.21). Personal experience is a very reliable ground (Hummel & Zander, 2009, p.26) on which to select a service provider. Positive experience helps to establish trust, which leads to positive expectations that guide to further action. Once established, experience-based trust enables enduring relations and firms will tend to work with trusted contractors. Trust relations are limited to a small number of business partners. If uncertainty is high, customer firms repeat hiring experience-trusted consulting firms and consultants for further mandates despite a lack of competence (Glückler & Armbrüster, 2003, p.277). If consulting firms can't strengthen the client's trust, they are facing the situation of defending their fee rates in the face of increasing competition (Czerniawska, 2007, p.236). Also Hummel & Zander (2009, p.13) mentioned the huge impact of trust as a criterion for a customer's decision.

#### **FURTHER SELECTION CRITERIA**

Surprisingly the consulting industry was not subject to high interest in terms of research and innovation according to Polster (2012). Methodology and work plan are assessed by *The World Bank* (2006, p.92) as innovative and creative if new approaches or methodologies are suggested to help achieve better results. For Rüter & Lammerskitten (2001, p.135), innovation means recognising essential topics at an early stage to build up required knowledge and to promote the company's ideas and methods. But there are significant barriers to innovation in the consulting business. The first is the customer itself, because many managers do not feel comfortable with the risk combined with innovation. There are also risks for the consulting firms because innovative projects are difficult to plan (Czerniawska, 2007, p.181). Hummel & Zander (2009, p.13) emphasise the importance of flexibility in terms of availability and team size of consultancies from the customer point of view. Methodology and work plan are assessed by *The World Bank* (2006, p.93) as flexible if they are easy to adapt during implementation when required. The geographical proximity has great impact on final location decisions of consulting firms according to Greschuchna (2006). However, Herget et al. (2013, pp.101-103) found that the regionality of consulting service providers is of lower importance from the customer's viewpoint. While the feasibility of concepts is also of high importance for customer firms during the selection of a consulting service (Hummel & Zander, 2009, p.139), the size of a consulting firm is

not important at all for clients when selecting consulting services according to *Hummel & Zander (2009, p.9)*. Websites of consulting service providers and their power to convince is of very little importance to customer firms and their managers but nevertheless websites are an important marketing tool to be found by customers (*Herget et al., 2013, pp.101-103, p.194*) and for providing customers with an overview about services, main customers, branches and so forth (*Perchthold & Sutton, 2010, pp.66-67*).

#### **4.9.5 GOALS OF CONSULTING PROJECTS**

Prior to beginning a project, qualitative and quantitative goals need to be defined. In addition to goals, to achieve maximum acceptance through customers, motivation factors need to be made more transparent (*Hans & Köppen, 2001, p.79*). Listing and formulating targets in a very general manner does meet usual practice but is seldom useful. Targets need to be quantified or subdivided into quantified targets for achieving transparent measures (*Emrany & Boßlet, 2001, p.159*). Qualitative goals on the one hand can for instance be improving the motivation of employees, cost reduction, increase in profit, improving competitive advantage, creating lean production processes, improving the ability of employees to work in teams, improving cross-departmental cooperation, or improving innovation skills. Quantitative goals on the other hand can be reducing average sick leave by 30%, reducing personnel costs by 40%, increasing profit for a certain product by 20%, climbing from position 5 to position 3 in Austria, two functioning teams in department III of production, or increasing productivity by 20% in the entire production (*Niedereichholz, 2010, p.160*).

The essential coproduction between consultants and their customers during the delivery of the service means that clients have a potential share of important influence on the outcome of consulting projects (*Glückler & Armbrüster, 2003, p.277*). *Perchthold & Sutton (2010, pp.14-15)* in general blame customer firms and their managers if they derive insufficient value for their money due to inexperience in selecting and managing consultants. *Hummel & Zander (2009, p.9)* referred to a survey in which customers believe that consultants contribute approximately 65% to the overall success of consulting projects. An important requirement for achieving excellent results of consulting projects is the willingness of either entrepreneurs or managers to accept expertise from the outside

according to *Hummel & Zander (2009, p.25)*. Reasons for refusal are unawareness about possibilities, lack of willingness for change, distrust towards external consultants, transfer of company secrets to competitors, or the pride in getting along without the need for external support. These points in turn are often the reason why entrepreneurs or managers approach consultants at a stage where they have to reject assignments as they are by then pointless.

Consulting governance is supposed to specify an operational framework in which the cooperation between clients and consultants performs on a qualitatively higher level. Each project has to comprise the following disciplines (*Niedereichholz & Niedereichholz, 2006, pp.43-44*):

- CPI – Corporate Performance Improvement (improvement of effectivity and efficiency)
- TM – Transition Management (creating and securing willingness and ability for change of employees)
- PM – Project Management (planning and managing all activities of a project schedule)

A widely used method for linking the overall corporate goal of value maximisation to strategic and operational targets was developed in the 1990s by Robert Kaplan and David Norton in cooperation with twelve top companies to ensure that financial goals are not at the expense of the longer term strategic position of a company (*Grant, 2005, pp.55-57; Simon & von der Gathen, 2002, p.155*). According to *Brown (2000, p.44)*, one important aspect of a balanced scorecard (BSC) is that it has a roughly equal number of metrics that focus on past, present and future perspectives. The balanced scorecard is not a performance measurement system like the most traditional approaches. It requires about 15 to 25 performance figures, and there shouldn't be more because it's not a concept with which to measure the entire business performance, but rather an instrument for the successful realisation of a strategy. For the first step of establishing the BSC all company targets are defined, and the second step contains the identification of all needed performance figures (*Hartel, 2009, p.151*). It is an interface between strategic and operative business management. The balanced scorecard is not just an examining and controlling tool. It's also a guiding and navigating instrument, in fact an integrated framework to balance financial and strategic goals. Through the use of a balanced scorecard a better understanding of strategy is supposed to be achieved and strategic learning of employees should be



increased. An important side effect is the activation of intensive communication within an organisation (*Kemmetmüller & Bogensberger, 2002, pp.350–355*). The balanced scorecard is closing the gap between strategy development and strategy transformation. Strategic objectives and strategic measures are contrasted and include financials, customers/markets, internal processes, and potentials/learning and growth (*Kemmetmüller & Bogensberger, 2002, pp.351-352*). To establish a BSC it's important to keep the sequence of clarifying vision and strategy first, determining strategic target next, defining measures and adjusting target values afterwards and selecting actions last.

## **5 RESULTS**

### **5.1 RESULTS OF THE LITERATURE ANALYSIS**

#### **5.1.1 GENERAL REVIEW**

The management consulting business in Austria is subject to the Austrian trade regulation, which increases market entry barriers and lowers the uncertainty of customers due to the requirements on consulting firms from the quality point of view. Nevertheless the number of providers in the management consulting business has been subject to an incredible growth rate over the last years. Nowadays almost two-thirds of all companies in the consulting business are one-person companies. About ten years ago the proportion of one-person businesses was below one-third. This implies that the incredible growth rate of management consulting firms resulted from the boom in founding freelance consultancies. One-person consultancy firms – in other words freelance consultants – became an important part of the global consulting industry, which corresponds with the incredible growth rate of these sole traders in Austria during recent years.

Only a small percentage of all companies in Austria make regular use of management consulting services. Generally speaking, the larger the firm, the more often they make use of consulting services. A large number of firms have never used management consultants for any type of consulting service. The less developed an organisation is, the lower is their realisation of the necessity of consulting services. Consultants are becoming more involved in the implementation process, which also increases the influence on the whole project and final result. Customers attach great importance to transparent procedures with tangible expectations and they expect a trustful cooperation during the whole service process. Also of similar increasing importance are the sectors of interim management services and in-house consulting. Similar to other countries, in-house consultants in Austria are not able to fully substitute external consulting services. It rather opens new opportunities for consultancy firms in the form of meta-consulting services. Meta-consultants choose, organise, lead and control project teams composed of external consultants, in-house consultants, and other employees.

Internationalisation is not a major issue for most Austrian consulting companies due to their small size. Organisational and strategy consulting are the two most sold consulting services from the revenue viewpoint. Customised analysis methods and problem solutions are highly unproductive. Hence many, particularly larger consulting corporations tend to standardise their products offered to customers. Despite this global tendency toward standardised services, this development has yet to reach Austria. Specialisation on the other hand is becoming more and more important for Austrian consulting service providers.

Management consulting is a service which needs to break down high entry threshold barriers. The three generic strategies of Porter – cost leadership, differentiation and focus strategies – prove to be inadequate for management consulting strategy decisions. One reason is that the quality of service is very difficult to measure, and the other one is that customer firms do not purchase ready-made products. Strategic alliances between consultancy firms and individual consultants are common to extend their resources and capabilities to be competitive. Direct and indirect acquisition methods are used for approaching potential customers.

The main reasons why companies hire consultants are because they are not routine-blinded, they are neutral, they have analytical, problem-solving, motivating and managerial skills and experience, and they are change experienced. They are hired by firms only when required, which generates fewer costs than recruiting new managers and employees. Business consulting covers a wide range of heterogeneous service providers and services. Hence, customer firms are often missing the overview in terms of available possibilities, which makes it difficult for them to select the best services and service providers. Quality of services is a key factor of the competitive capability and hence successful business of consulting services providers. Management consulting is performed after contract signing, which shifts the risk of low quality or adequacy toward the customer. Existing service quality measurement models are not suitable for applying to this business.

A customer compares different products in terms of price and benefit prior to making the buying decision. The perceived benefit plays a central role during the decision of purchase. Whether the customer is satisfied or dissatisfied depends on its expectations for the service and on its perception of performance. Thus, customers' satisfaction is defined as the positive comparison between expected and perceived performance. If the

performance matches the customer expectations, it will be satisfied. When the expectations are exceeded, the customer will even be delighted. But there isn't a need to exceed customer expectations. Certainly, delighted customers have positive effects on preference but lower levels of performance also produce positive results. Even when expectations of customers are low, meeting these expectations raises preference. Worse-than-expected quality harms more than better-than-expected quality helps. Consultancy companies should pay more attention to its newer customers, because for those, quality differences will have the greatest impact.

Before customer firms approach consulting providers, they must have defined very clear ideas of the need of support through consultants. They need to articulate what they really need and want. Many small firms request only one proposal. Larger firms request three proposals on average to ultimately choose one of them. Firms with more than 49 employees search for consulting firms and consulting services by using tendering procedures. Customers increasingly request an estimate for the return on investment in proposals prior to placing an order. In certain situations customer firms are requested to hire consultancies by banks or tax advisors, which assess the necessity as essential. Two-thirds of all organisations have a list of preferred suppliers and a similar number have framework contracts with selected consultancy firms. In more than 90% of all firms in Austria the final decision for purchasing consulting services is made by the upper management itself.

The importance to customers of feasible and logical proposals as well as their calculations is often underestimated by consultants. Customers often prefer to know what a project will cost for budgeting reasons. Nowadays clients increasingly want consultants to accompany them during the implementation process and hence it's not sufficient any more to establish only concepts for customer firms. But it's not only the consultant or consulting firm which is responsible for the final result of consulting projects. Also the customer has a potential share of influence on the final outcome. An important requirement for achieving excellent results is the willingness of either entrepreneurs or managers to accept expertise from external partners.

Prior to beginning a project, qualitative and quantitative goals need to be defined. Targets need to be quantified or subdivided into quantified targets for achieving transparent measures. The balanced scorecard is a

widely used method for linking the overall corporate goal of value maximisation to strategic and operational targets. It's a guiding and navigating instrument, in fact an integrated framework to balance financial and strategic goals. Strategic objectives and strategic measures are contrasted, and include financials, customers/markets, internal processes, and potentials/learning and growth.

### 5.1.2 ASSESSED SELECTION CRITERIA

All qualitative information in the literature concerning single assessment criteria, as determined also for the qualitative and quantitative research, was assessed by using the same scale from 1 to 5 points (Table 3). The higher the number of points, the more important the criteria are. Criteria belonging to the consultant group are most important for customers' purchasing decisions on average.

Table 3: Literature assessment – possible selection criteria (source: own table)

<b>Literature Assessment of Selection Criteria</b>	
<b>Selection Criteria</b>	<b>Points [1 - 5]</b>
<b>Service</b>	<b>2.0</b>
Service innovation	2.0
<b>Proposal</b>	<b>3.6</b>
Feasible proposal	4.5
Content details of proposal	3.5
Contract design	3.5
Consulting fee height	2.7
<b>Consultancy</b>	<b>3.1</b>
Reliability of consultancy	4.5
Already experience with consultancy *	3.6
Convincing references	3.5
Name recognition/ reputation of consultancy	3.3
Consultancy was recommended	3.3
Third-party certifications *	3.0
Regional consultancy	2.8
Convincing website	2.5
Size of consultancy	1.5
<b>Consultant</b>	<b>4.0</b>
Personal relation to consultant	4.2
Reliability/ loyalty of consultant	4.0
Professional skills of consultant	4.0
Social skills of consultant	3.8
* more important for large customer firms than for small ones	

### 5.1.3 CONSULTING FEE CALCULATION

The percentages of the most common forms of consulting fee calculations in Austria of according to an earlier study are displayed in Table 4.

Table 4: Literature assessment – the use of consulting fee calculations (source: own table)

Literature Assessment of Consulting Fee Calculation	
Consulting Fee Calculation	%
Daily or hourly rates	77
Lump sums	73
Success fees	37

## 5.2 RESULTS OF THE QUALITATIVE RESEARCH

For all points of the first two questions of the structured interview all experts had the possibility to choose between five categories: very important (5 points), important (4 points), indifferent (3 points), unimportant (2 points) and very unimportant (1 point). They were asked to choose one option for each sub-item of those questions. The rating by points was chosen due to the fact that “very unimportant” does not automatically mean it’s inappropriate or not needed at all and hence 1 point is justified as the lowest rating. Because of the various and different fields of consulting services undertaken by the experts interviewed, a distinct result in terms of customer views as well as preferences and tendencies can be made.

### 5.2.1 SELECTION CRITERIA – THE CONSULTANTS’ VIEW

How important are the following criteria to customers for selecting consultancies? Please assess each single point.  
*Wie wichtig sind die folgenden Kriterien zur Auswahl von Beratungsunternehmen für Kunden? Bitte bewerten Sie jeden einzelnen Punkt.*

While some criteria were assessed as having a similar importance, others were rated very differently by the experts interviewed. The inhomogeneity of the criteria was analysed by using all qualitative information received during the interviews. Within each group some criteria are more and some less important to customer firms according to the average opinion of all experts interviewed (Figure 25).

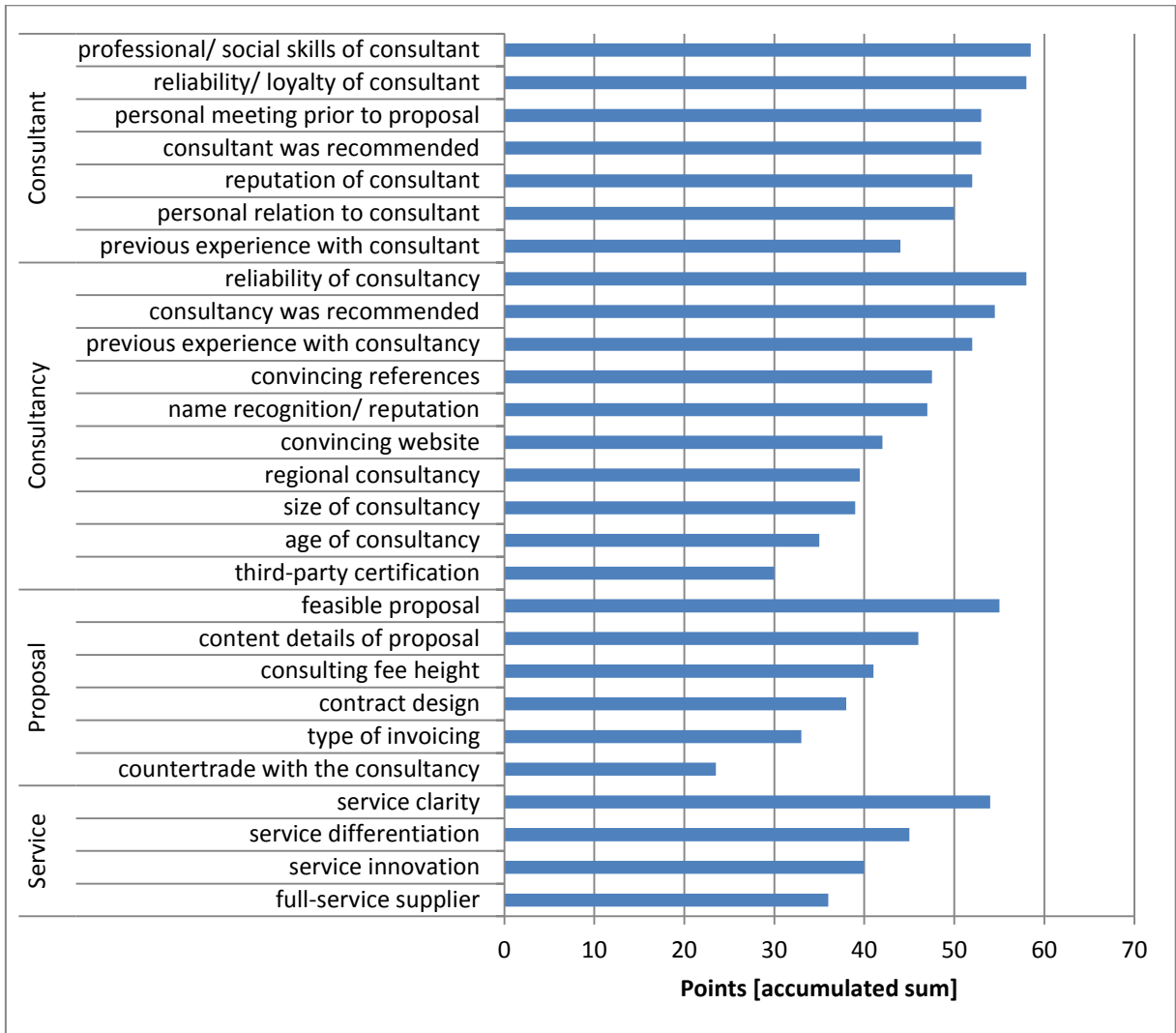


Figure 25: Importance of different criteria for selection in descending order from the consultants' viewpoint (source: own graph)

Professional and social skills of consultants as well as their reliability and loyalty are most important from the interviewed experts' viewpoint. Professional skills are the very basic requirement for conducting consulting services. Social skills in contrast are required for managing emerging interpersonal difficulties while conducting those services. A company having previous experience with a consultant is of little importance. Recommendations for both consultancy firm and consultants are particularly important to all sizes of customer companies. Also the reliability of consulting firms was rated as highly important. Third-party certification on the other hand was estimated to have a low impact on customers' decisions. The leading criterion in the proposal group by far is the feasibility of a proposal. The knowledge of customer requirements must exist to establish realisable proposals in the personal interest of the consulting firms. Countertrades are unimportant to customer firms and

their managers. The service group is dominated by clarity of a service. Full-service suppliers are only relevant for particularly small companies because they often can't afford an assignment with more than one consulting firm. Recommendation and reputation of consultants are relevant in particular for small consulting firms. The regionality of a consultancy company is highly important for small customer firms. They look for service providers which understand the customer's thoughts, language and culture. The age of a consulting firm is unimportant because more important are the experience, history and references of the acting team members. Also the size of consulting firms does not influence a customer's decision in general but in some cases large customer firms search for large and in some cases they search for small consulting firms. Small customer firms on the other hand rather look for small consultancy firms or even one-person businesses. Name recognition, reputation and website are important for larger customer firms while smaller ones do not have the pressure of convincing stakeholders and shareholders of their decision. Consulting fee levels rather affect small customer firms than larger ones. While full-service suppliers are mainly important for small customer firms, larger ones look for specialised service providers.

In summary, it can be stated that the importance of single criteria is highly dependent on the size of a customer firm. Smaller ones have different requirements than larger ones.

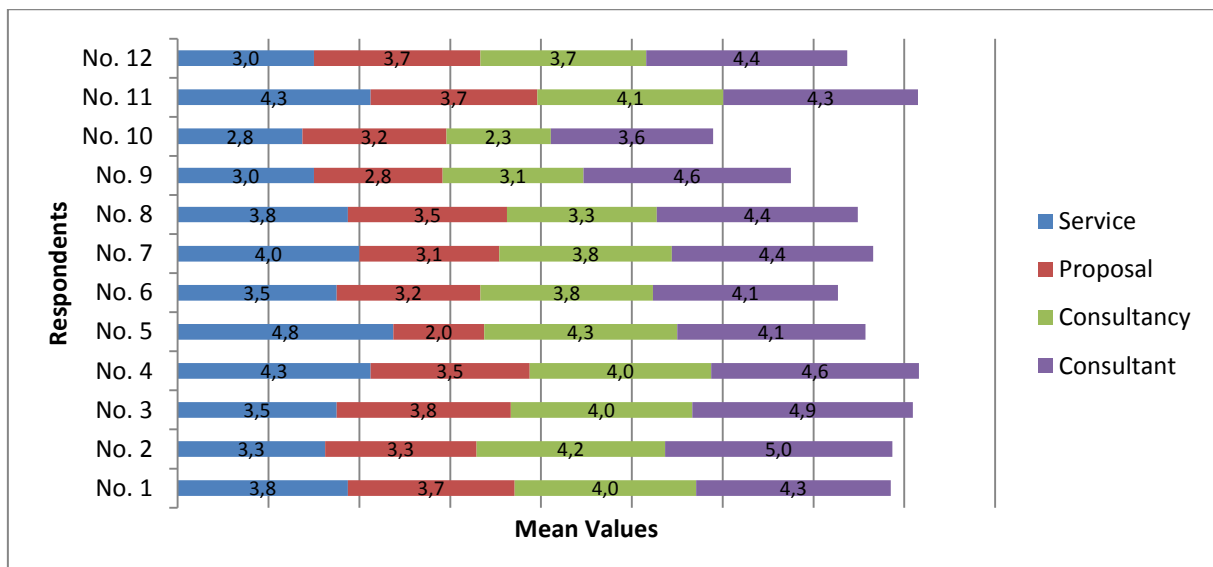


Figure 26: Importance of service, proposal, consultancy and consultant for selection from the consultants' viewpoint showing all interviewees (source: own graph)



Figure 26 displays that none of the respondents estimated the importance of a proposal with more than 4 points on average. In contrast, only one interviewee rated the impact of a consultant with less than 4 points on average.

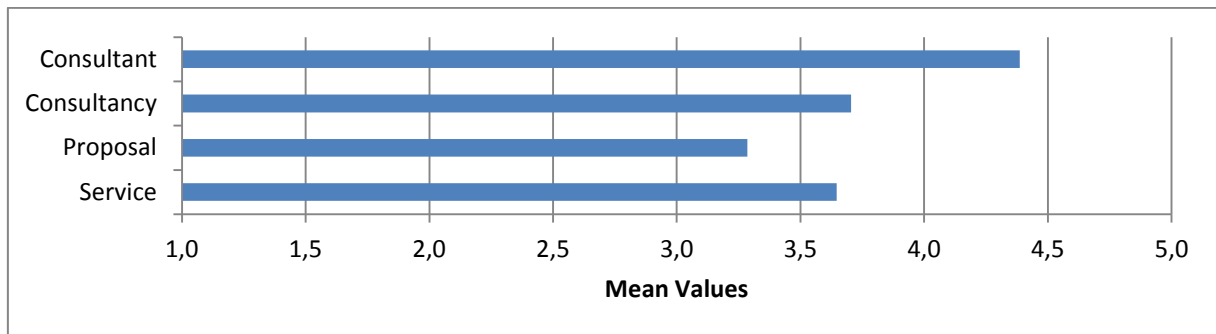


Figure 27: Importance of service, proposal, consultancy and consultant for selection from the consultants' viewpoint in contrast (source: own graph)

According to Figure 27, consultants have the greatest impact on the decision of managers within customer firms from the management consultants' point of view.

### 5.2.2 CONTENTS OF PROPOSALS – THE CONSULTANTS' VIEW

How important are the following content commitments of proposals to customer firms to compare proposals of different consultancies? Please assess each single point.

*Wie wichtig sind die folgenden inhaltlichen Zusagen von Angeboten für die Kunden, um Angebote verschiedener Beratungsunternehmen vergleichen zu können? Bitte bewerten Sie jeden einzelnen Punkt.*

The proposal group in sum is not important in contrast to the others but it was further subdivided in more detail to find out which contents are more or less important to customers or which can probably be identified as a waste of time when establishing proposals. Different experts had different viewpoints due to the fact that they serve different customer firm sizes in different branches and because they offer diverse types of services. Also in this case the inhomogeneity of the following criteria was analysed by using qualitative information received during all interviews. Figure 28 displays in descending order from the importance point of view all possible content of proposals for consulting services.

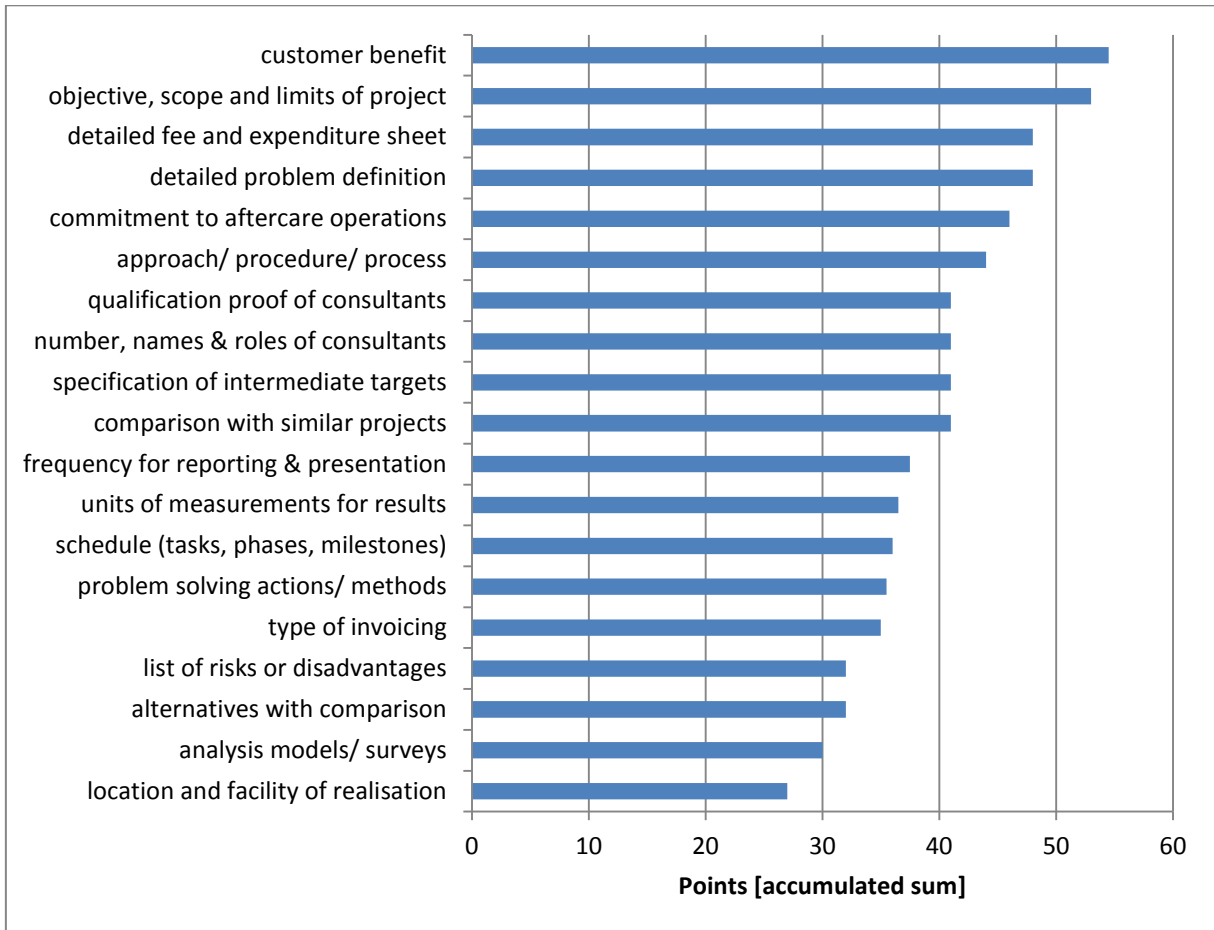


Figure 28: Importance of different proposal contents in descending order from the consultants' viewpoint (source: own graph)

Proof of qualification is not the same as professional competence for some experts but nevertheless important for large firms, especially if purchasing departments are selecting one proposal from many. While the invoicing process is important mainly for smaller customer firms, a detailed fee and expenditure sheet is necessary for both small and large ones. Commitments to aftercare operations are important to many customers too. The frequency of reporting and presenting results as well as the units of measurement depend greatly on the kind of service offered by consulting firms. Specifying intermediate targets is necessary for not failing the final target, but proper plans can often prohibit innovation and flexibility, especially when the real problem is different from the originally assumed problem, which affects the final result. A comparison with former similar projects makes sense in single situations but does not automatically ensure success because each corporation is different. A list of risks or disadvantages as well as alternatives with comparison is rather important to consultants themselves, either for recommending the right option or for preventing legal disputes. Location and facility of realisation

are less important to small customer firms than to large ones. Problem-solving methods, proper schedules, approaches, processes and analysis models often overstrain managers of small customer firms. The larger the customer firm, the more important is detailed and precise information of methods, tasks and milestones. Customer benefit and scope of a consulting service are important points for all sizes of customer firms.

### 5.2.3 ACCOUNTING PREFERENCES – THE CONSULTANTS’ VIEW

Which consulting fee calculation do customers usually prefer from your point of view? Multiple answers possible.

*Welche Beratungshonorarberechnung bevorzugen die Kunden aus Ihrer Sicht üblicherweise?  
Mehrfachnennungen möglich.*

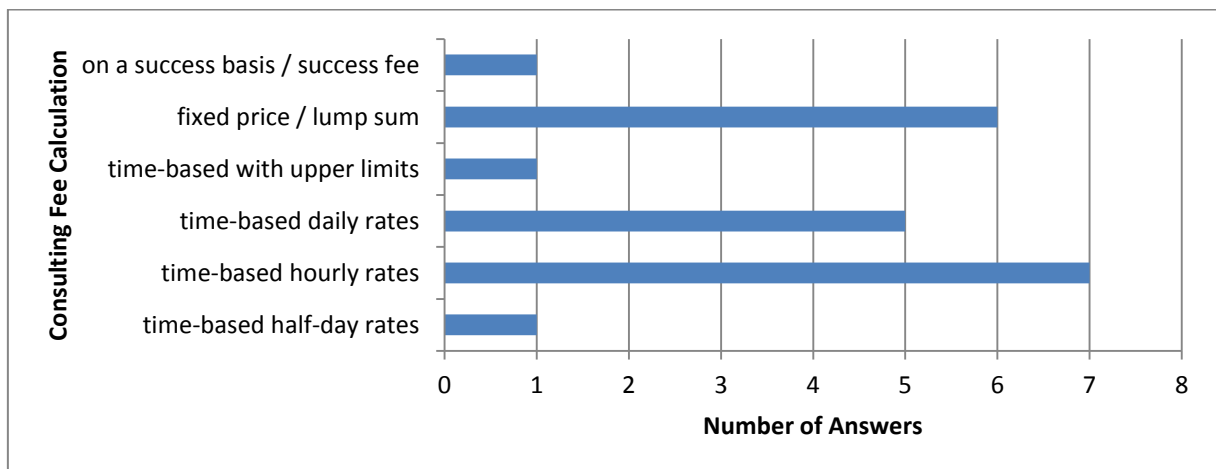


Figure 29: Preference of customer firms in terms of consulting fee calculations from the consultants’ viewpoint (source: own graph)

Figure 29 shows that time-based hourly or daily rates as well as lump sum agreements are the customers’ most preferred calculations for consulting fees from the management consultants’ point of view. Lump sum contracts are more common for workshops or different types of training. Time-based fees with upper limits and success fees are seldom used because success is difficult to measure or can often be measured or perceived as such after a long period of time only. The upper point “time-based half-day rates” was mentioned during an interview as an additional option which is requested from some customer firms.

Which fee ranges are customary in the branch and accepted by customers from your point of view? Please choose one of each (hourly, daily) because customer perception varies between hourly and daily rates. Multiple answers possible if necessary.

*Welche Honorarbereiche sind üblich in der Branche und von Kunden akzeptiert aus Ihrer Sicht? Bitte wählen Sie jeweils (stündlich, täglich) eine Möglichkeit da die Wahrnehmung der Kunden zwischen stündlich und täglich variiert. Mehrfachnennungen möglich falls notwendig.*

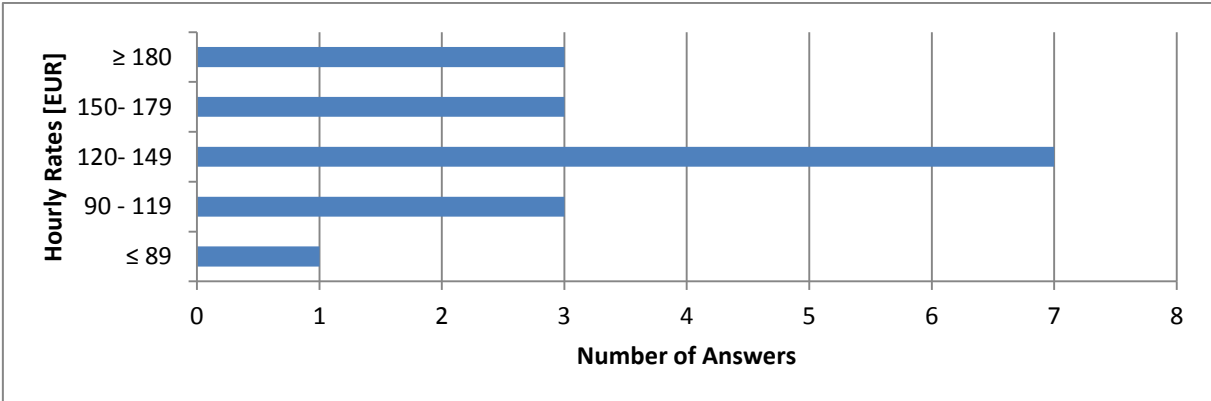


Figure 30: Acceptance of customer firms in terms of hourly consulting fee rates from the consultants' viewpoint (source: own graph)

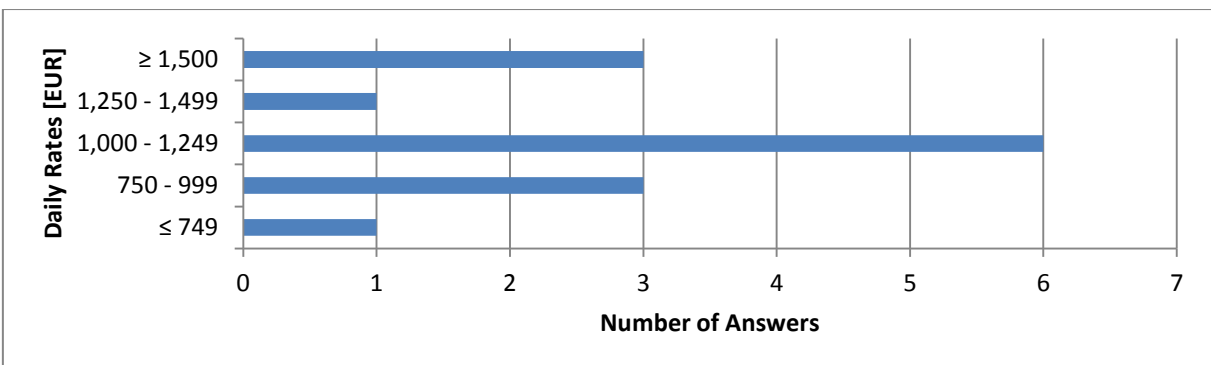


Figure 31: Acceptance of customer firms in terms of daily consulting fee rates from the consultants' viewpoint (source: own graph)

Most of the experts declared that the highest acceptance from customers is between 120 and 149 euros per hour (see Figure 30) and between 1,000 and 1,249 euros per day (see Figure 31).

According to the interviewed management consultant a simple rule is the larger the customer company, the higher the consulting fee rates that are achievable.

Which type of invoicing do the majority of all customers prefer from your point of view? Please choose only one option.

*Welche Form der Fakturierung bevorzugt die Mehrheit der Kunden aus Ihrer Sicht? Bitte wählen Sie nur eine der Möglichkeiten.*

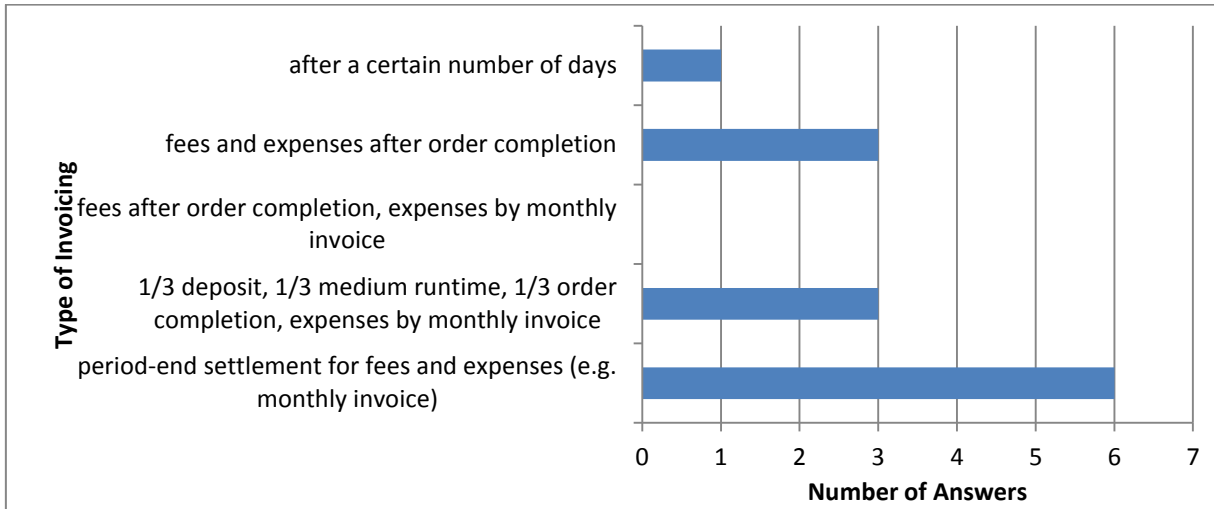


Figure 32: Preference of customer firms in terms of invoicing from the consultants' viewpoint (source: own graph)

A period-end settlement for fees and expenses is dominating when comparing different types of invoicing as shown in Figure 32 because companies are often not willing to conduct many payments a month or they have predefined budgets for certain months. A settlement after order completion is not used according to the experts. The upper point "after a certain number of days" was mentioned during an interview as an additional option which is sometimes requested from customers. One expert mentioned a half-and-half settlement in some situations – first half as deposit and the second half after order completion.

#### 5.2.4 FURTHER INFORMATION – THE CONSULTANTS' VIEW

What do customers associate with the term transparency referring to consulting services from your point of view? Please mention all factors that come to mind.

*Was bringen Kunden mit dem Begriff Transparenz beziehend auf Beratungsdienstleistungen aus Ihrer Sicht in Verbindung? Bitte erwähnen Sie alles das Ihnen einfällt.*

How do customers measure scope, quality, benefit, success and sustainability from your point of view? Please mention criteria to each point.

*Wodurch messen Kunden Leistungsumfang, Qualität, Nutzen, Erfolg und Nachhaltigkeit aus Ihrer Sicht? Bitte erwähnen Sie Kriterien zu jedem Punkt.*

The first question was a general superordinate question, which followed a second, more specific one to receive more details relevant to

transparency. All comments received can be summarised as the following key statements:

- definition of the problem in advance: as proof to customers that consultants understand the issue at all
- detailed scope definition of requested service: for avoiding overruns in terms of time and cost
- detailed work description and its clarity: for deriving a reliable cost calculation afterwards
- detailed time frame including time recordings: for deriving resources and costs, and for proper controlling
- detailed cost–benefit comparison and cost recordings: for an easier decision and proper controlling
- only one main contact person: for ensuring a proper communication flow without gaps and delays
- documentation of results and changes: for justifying expenditures internally and a comparison after a certain period of time
- predictions and recommendations for the future: for ensuring sustainable and verifiable changes

### **5.2.5 EXECUTIVE SUMMARY OF THE INTERVIEW RESULTS**

The management consultants have different focuses on consulting services and thus reflect a representative average view on how customers select services, consultants and consultancy firms from their point of view.

The importance of 27 single criteria for selecting services from consulting firms, split up into the groups “service”, “proposal”, “consultancy” and “consultant”, was assessed from the management consultants’ point of view. Interesting is the outcome that consultants themselves have the greatest impact on the decision of managers within customer firms. The importance of 19 possible content commitments of proposals to compare different proposals by customers was estimated from the management consultants’ point of view too. The most important proposal contents for customers are “customer benefit”, “objective, scope and limits of the project”, “detailed fee and expenditure sheet” and “detailed problem definition”. Estimated as the lowest importance were “location and facility of realisation”, “analysis models/ surveys”, “alternatives with comparison” and “list of risks and disadvantages”.

Time-based hourly or daily rates as well as lump sum agreements are most preferred by customers from the management consultants' viewpoint. Interviewed management consultants further declared the most accepted fee range between 120 and 149 euros per hour and between 1,000 and 1,249 euros per day. They stated that the larger the company, the higher the achievable consulting fee rates. They also assessed a period-end settlement for fees and expenses as dominating when comparing different types of invoicing.

Transparency referring to consulting services for managers in customer firms covers a clear definition of the problem, scope, the consultants' work, time frame, cost-benefit ratio, and a contact person as well as the documentation of results and future predictions and recommendations.

### 5.3 RESULTS OF THE QUANTITATIVE RESEARCH

An overall number of 334 managers responded to the request to participate in this survey. Fifty-three questionnaires were partly filled in and 281 fully. The calculated minimum number of 270 respondents for a representative data analysis has therefore been exceeded. Only fully completed questionnaires were used for this analysis due to the fact that important information from the last question group would otherwise have been missing. A low number of 18% were completed and returned from female managers, a high number of 54% from managers in firms with 250 and more employees, a similar high number of 59% from managers between 36 and 50 years of age and from the state of Burgenland not a single questionnaire was returned complete.

#### 5.3.1 INTRODUCTORY AND GENERAL QUESTIONS

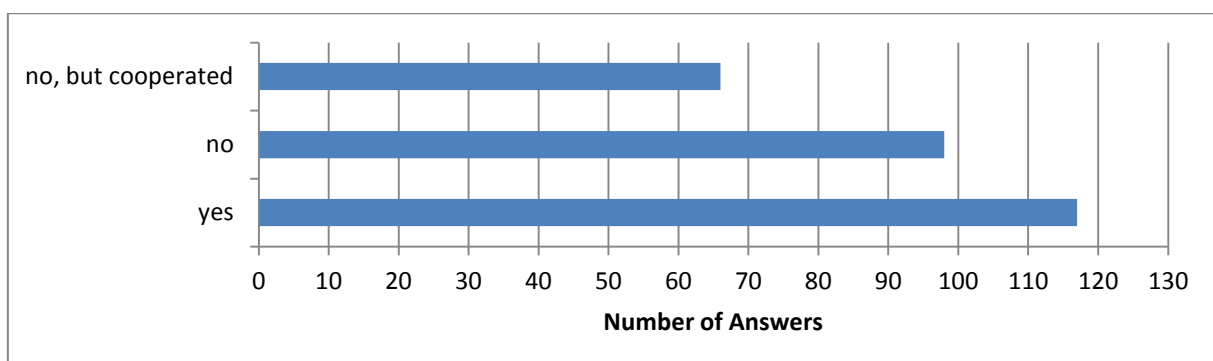


Figure 33: Answer to the question: Have you personally employed external consultants within the last few years? (n = 281; source: own graph)

Some 117 of the 281 survey participants have personally employed external consultants in the last few years, a total of 66 have not employed but cooperated with external consultants and the remaining 98 managers had neither employed nor cooperated with them within the last few years (Figure 33).

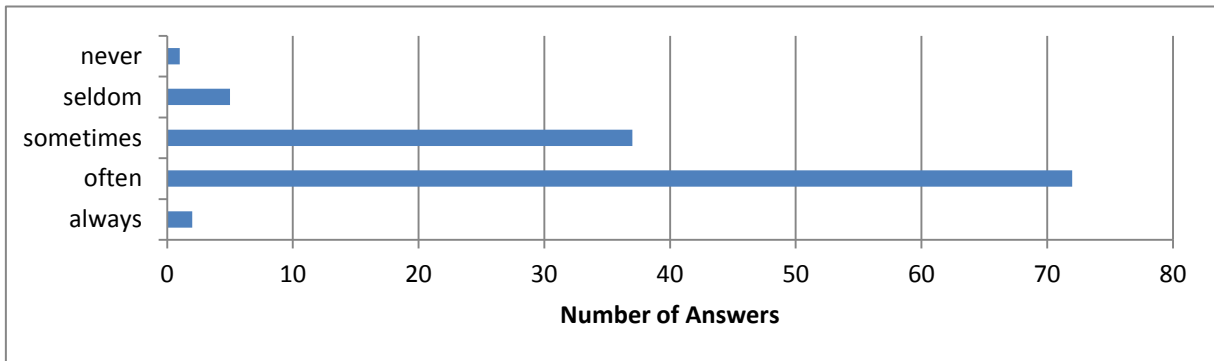


Figure 34: Answer to the question: If yes, how often did the received performance correspond with offered and hence expected performance? (n = 117; source: own graph)

The majority (72) of responding managers who had employed external consultants in the last few years declared that the received performance often corresponded with the offered and hence expected performance. Thirty-seven others ticked that this had happened sometimes, five chose seldom and only one never. Always was ticked twice. Figure 34 gives an overview of the managers' satisfaction.

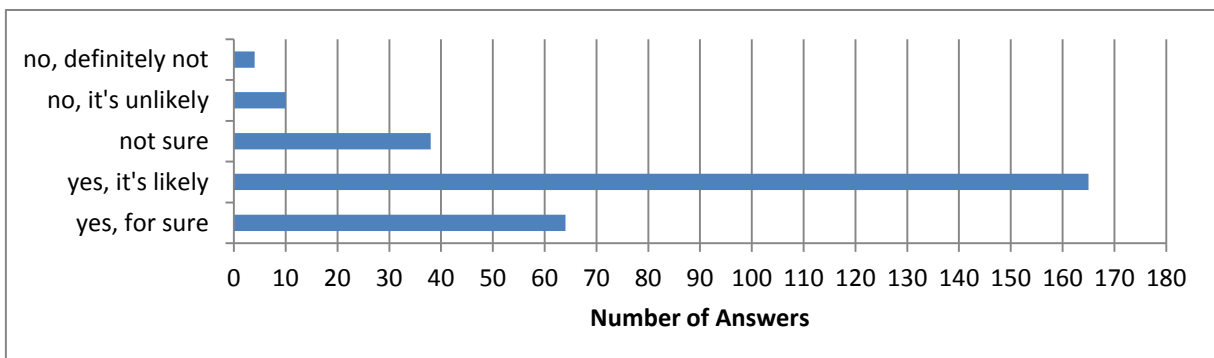


Figure 35: Answer to the question: Would you fill in an inquiry sheet/ a request form/ a list of requirements prior to offer preparation for receiving comparable and high-quality proposals? (n = 281; source: own graph)

Interesting is the outcome that a majority of the managers are willing to fill in a document to outline their requirements prior to the preparation of proposals (Figure 35).



5.3.2 SELECTION CRITERIA – THE MANAGERS’ VIEW

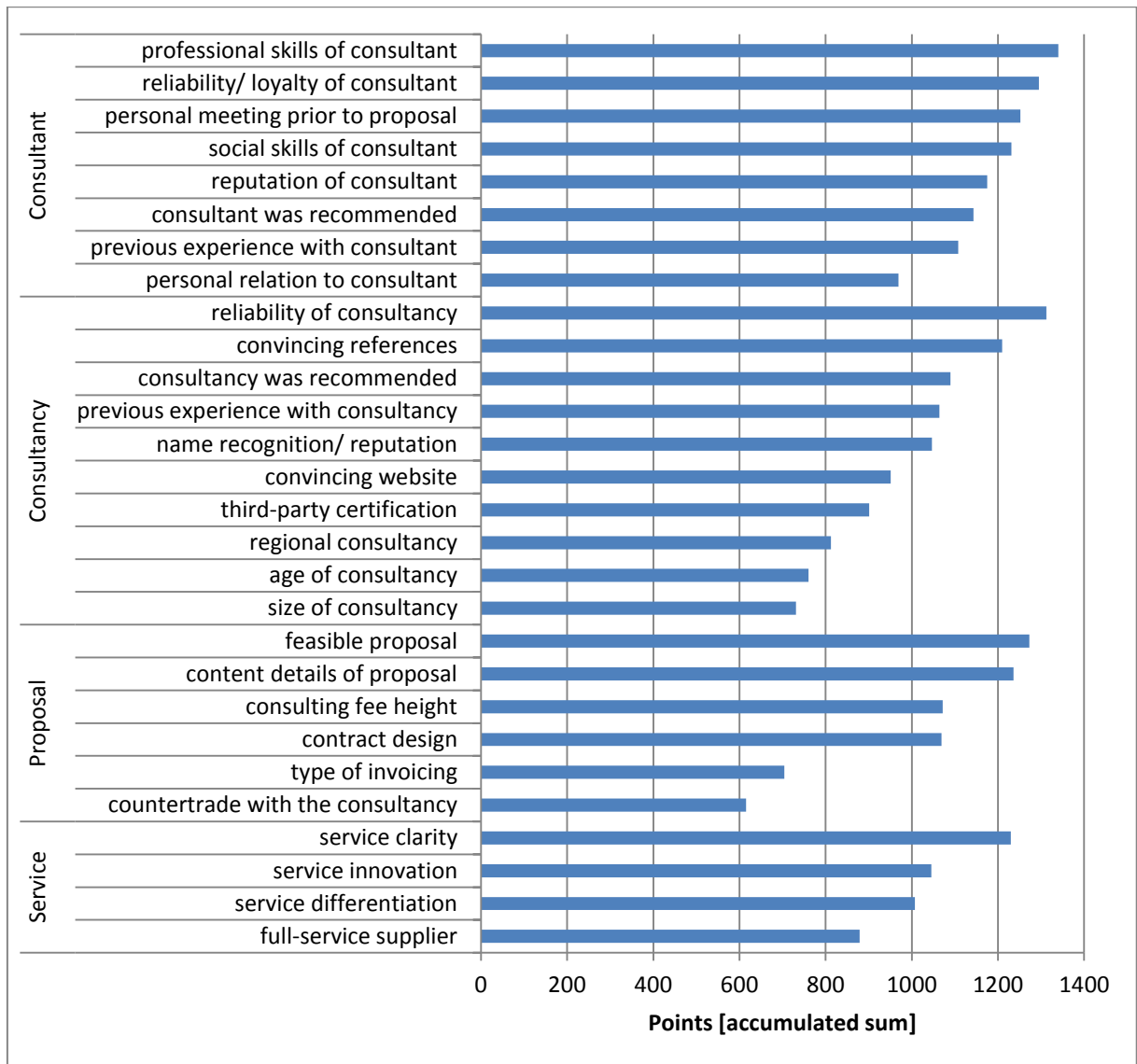


Figure 36: Importance of different criteria for selection in descending order from the managers’ viewpoint (source: own graph)

From the managers’ point of view professional and social skills as well as reliability and loyalty of consultants are on the very top of importance. Many of them also declared a personal meeting between managers and consultants as very important. Experiences with consultants and the personal relation to them are of little importance to managers. In the consultancy firm group a large number of participants chose the reliability of a company as well as its references as highly important for the decision during selection. A low importance on average has been allocated to the regionality, age and size of a consulting firm. Contents and the feasibility of proposals as well as the clarity of services also have a large impact on

the managers' decision while the type of invoicing and a possible countertrade or full-service supply is of low importance to them.

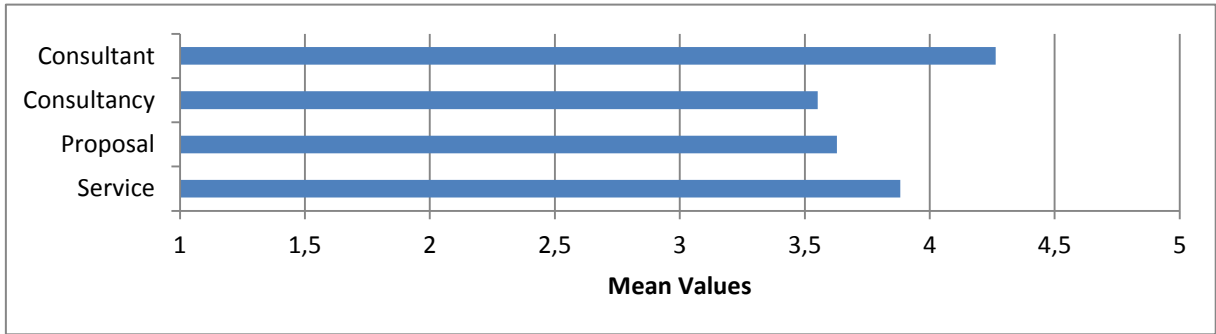


Figure 37: Importance of service, proposal, consultancy and consultant for selection in contrast from the managers' viewpoint (5 = very important; 1 = very unimportant; source: own graph)

Figure 37 summarises and displays the mean values of all four groups – service, proposal, consultancy and consultant. The greatest influence on the managers' decision is had by the consultant himself.

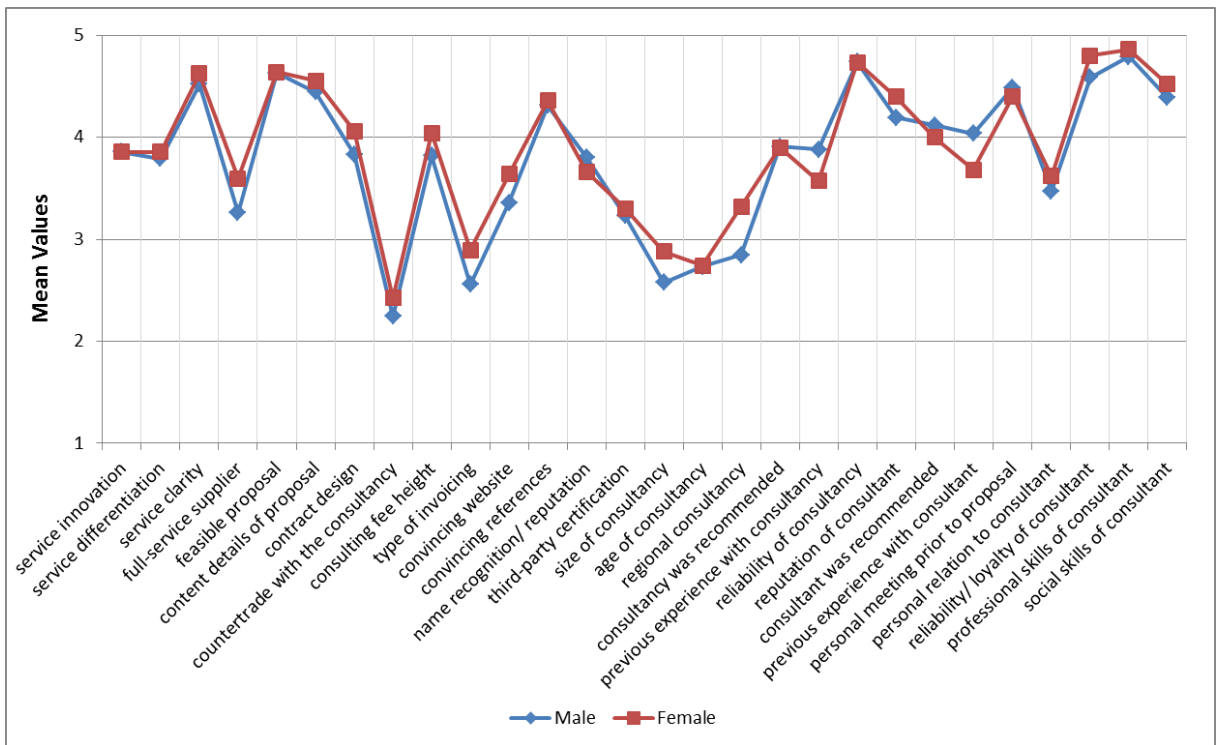


Figure 38: Difference in importance of selection criteria between male and female managers (5 = very important; 1 = very unimportant; source: own graph)

The results in Figure 38 are split up into male and female answers. While female managers rather look for full-service suppliers and regional consulting providers, and give more importance to the type of invoicing, size of a consulting company and a convincing website, male managers

rather look for consultants and consulting firms which they already have experience with.

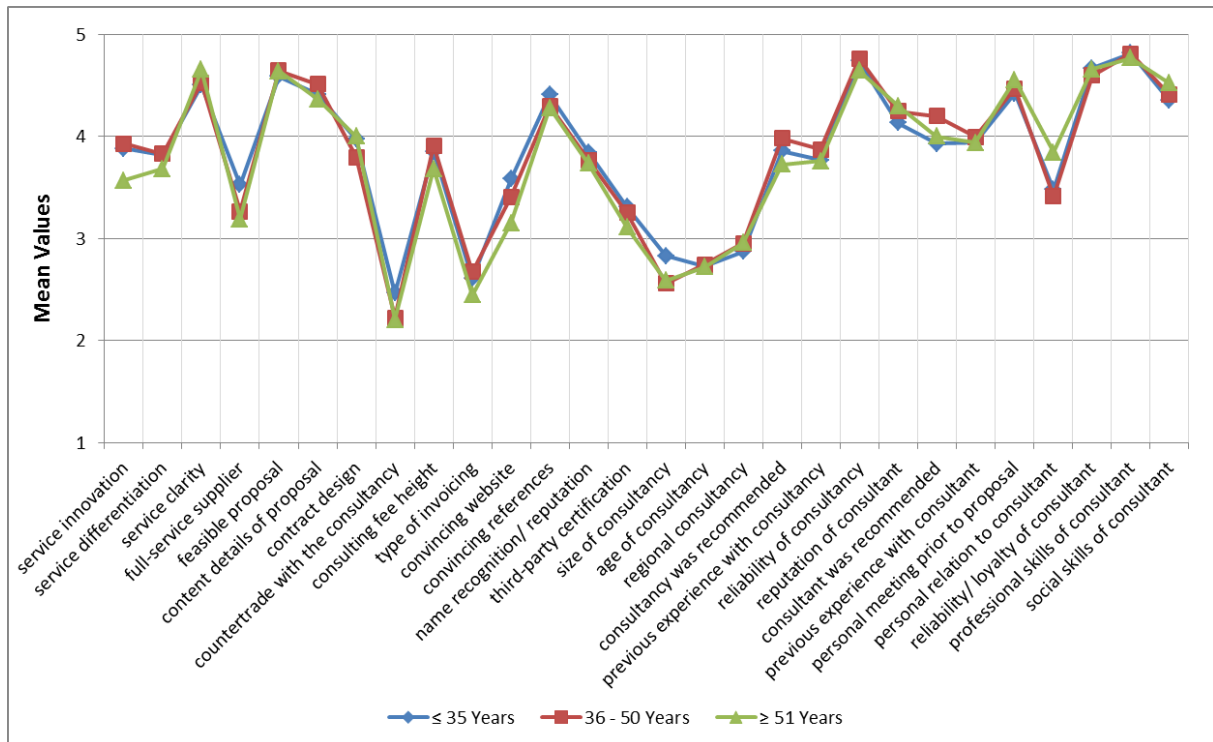


Figure 39: Difference in importance of selection criteria between age groups of managers (5 = very important; 1 = very unimportant; source: own graph)

Figure 39 divides responding managers into three age groups. Service innovation, full-service suppliers, convincing websites and the size of consulting companies are more important for young managers. Recommendations for consultants and consulting firms in contrast are of lower importance for them than for the others. Managers with an age of 51 years and more put greater emphasis on their relation to consultants.

Figure 40 subdivides the sample according to the size of the company which these managers work for. In contrast to larger companies, small companies are looking for providers which they can countertrade with, focus on the type of invoicing, and decide according to the personal meeting and their personal relation to consultants. The size of a consulting firm is of lower importance for them.

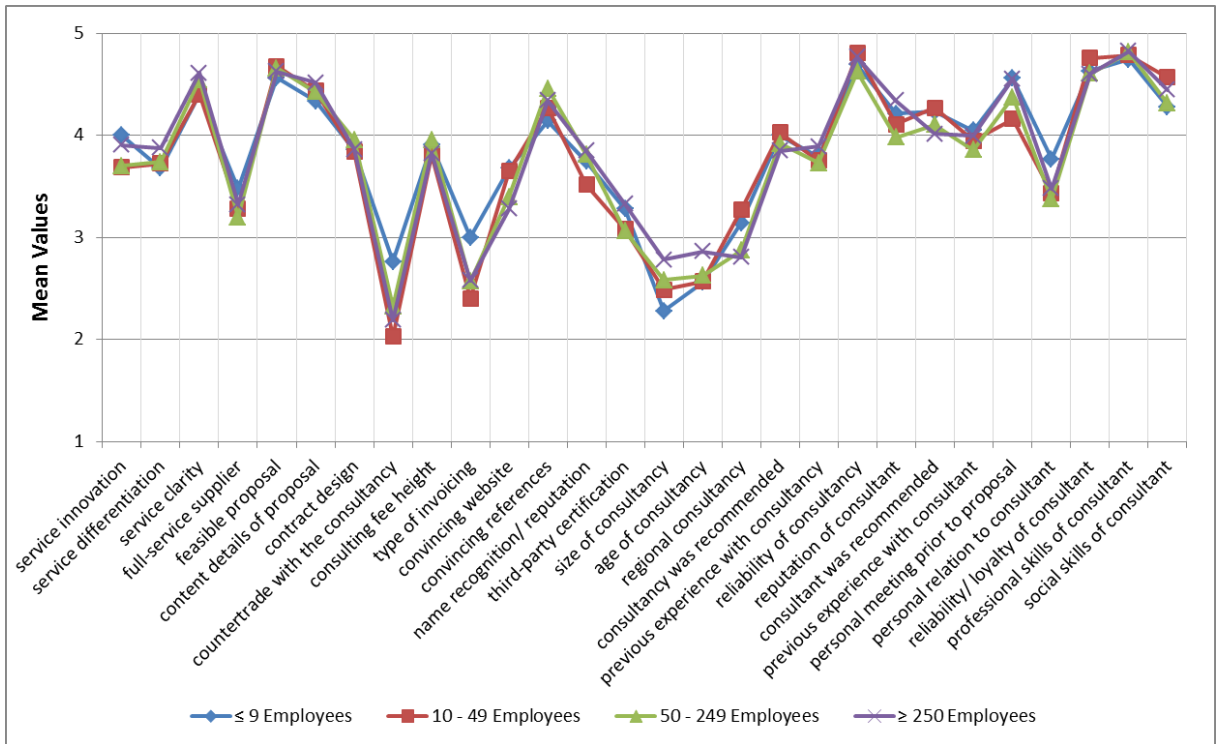


Figure 40: Difference in importance of selection criteria between company size groups (5 = very important; 1 = very unimportant; source: own graph)

### 5.3.3 CONTENTS OF PROPOSALS – THE MANAGERS’ VIEW

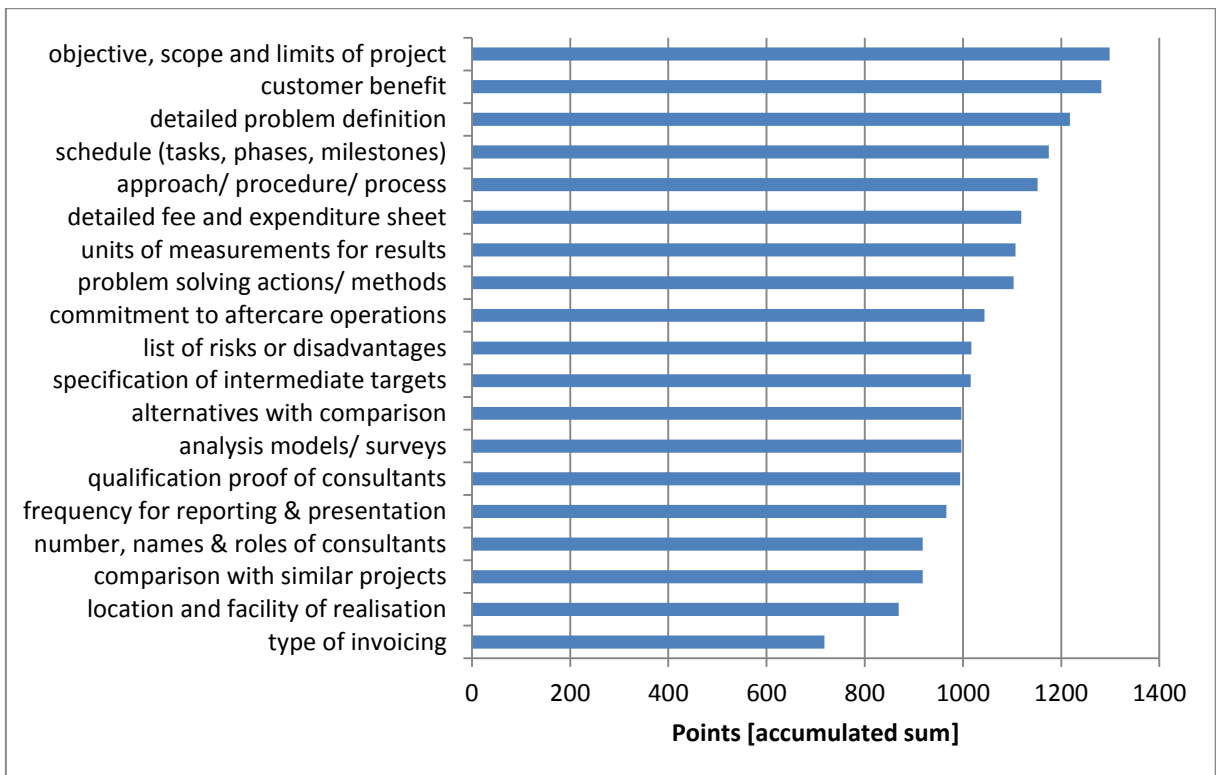


Figure 41: Importance of different proposal contents in descending order from the managers’ viewpoint (source: own graph)

The question about the importance of proposal contents (Figure 41) reveals that objective, scope and limits, and also the customer benefit, are essential to know for managers. The type of invoicing was found to be of low importance in this question of the survey too.

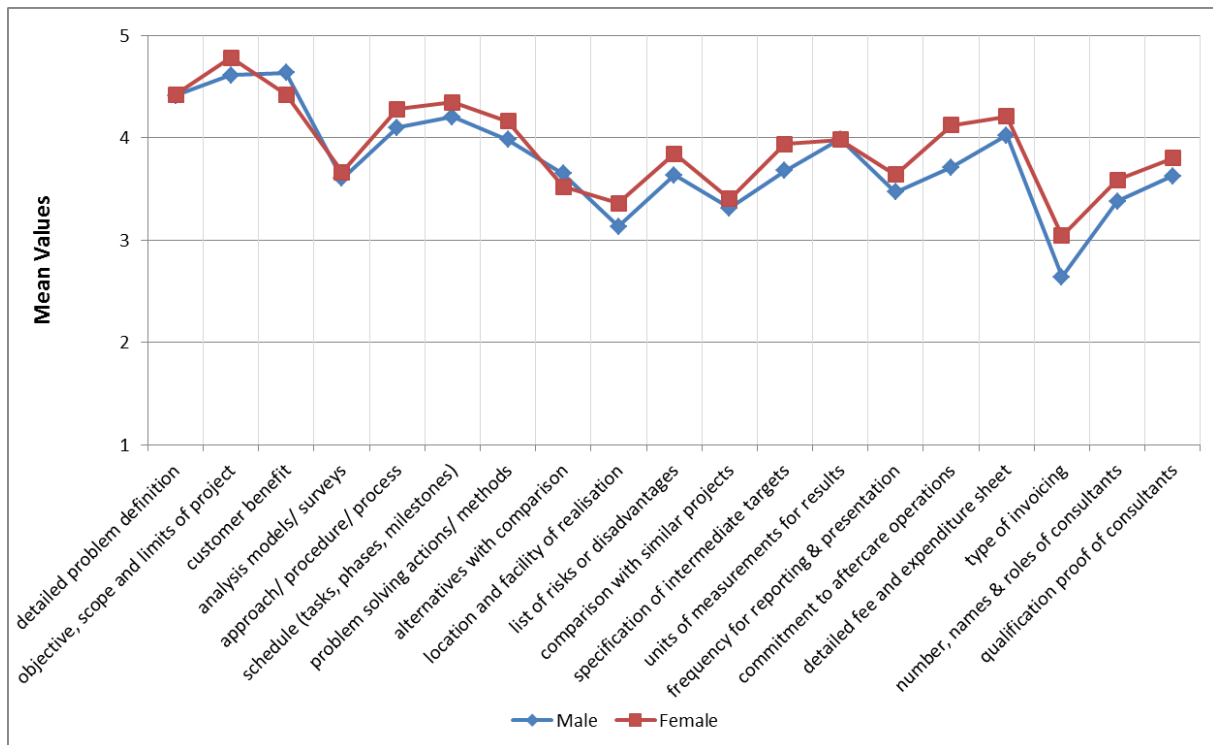


Figure 42: Difference in importance of different proposal contents between male and female managers (5 = very important; 1 = very unimportant; source: own graph)

Further differentiated, in the average opinion of male and female managers as displayed in Figure 42, a difference between male and female managers for aftercare operations and the type of invoicing exists. Commitments to aftercare operations are more important to female than to male managers. Also the type of invoicing is of greater interest for female managers, as already assessed in Figure 38.

While objective, scope and limits, as well as the schedule (tasks, phases and milestones), are more important to young managers, alternative with comparison, location and facility of realisation, a list of risks and disadvantages, as well as the specification of intermediate targets are more important to experienced managers. These results are shown in Figure 43.

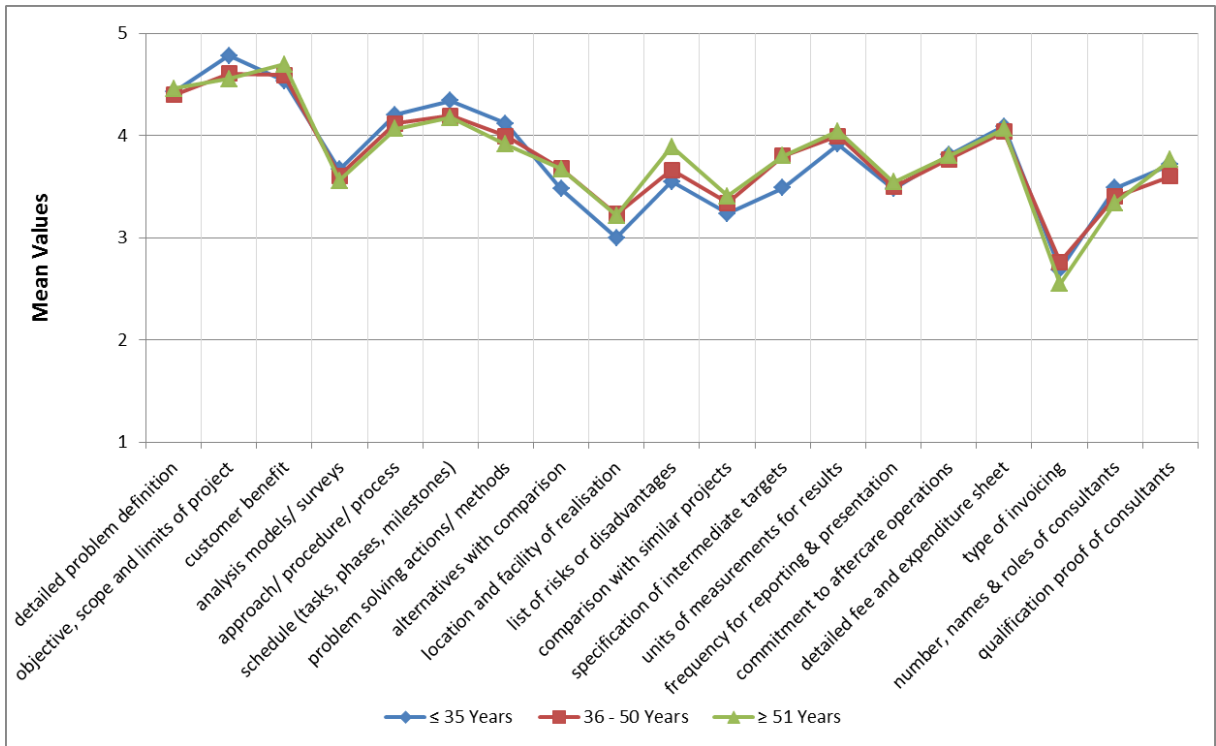


Figure 43: Difference in importance of different proposal contents between age groups of managers (5 = very important; 1 = very unimportant; source: own graph)

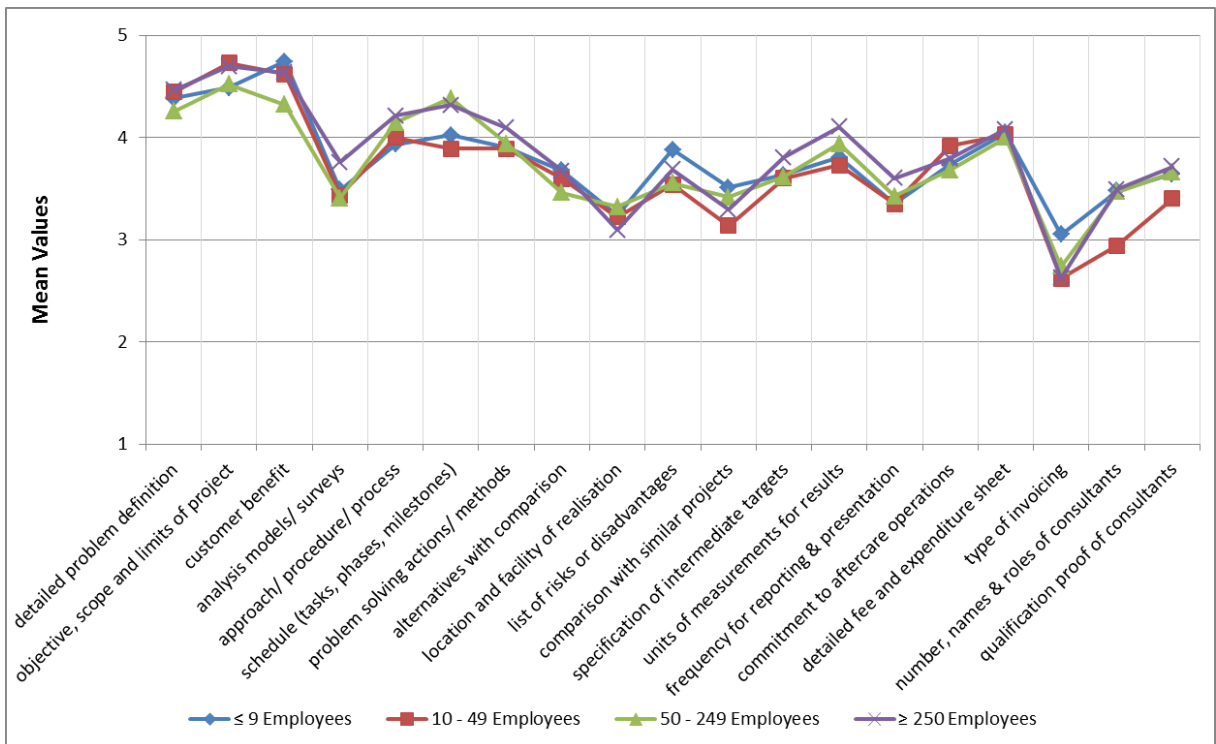


Figure 44: Difference in importance of different proposal contents between company size groups (5 = very important; 1 = very unimportant; source: own graph)

Figure 44 shows that the larger the company which the responding managers work for, the higher their interest in analysis models, the approach, procedure and process, the schedule (tasks, phases and milestones), problem-solving methods, measurement units of results, and frequency of reporting and presentation. On the other hand, managers in larger firms care less about the type of invoicing, which is also shown in the results of the investigated importance of selection criteria (Figure 40).

### 5.3.4 ACCOUNTING PREFERENCES – THE MANAGERS’ VIEW

Most preferred as displayed in Figure 45 are success fee and lump sum contract agreements for consulting services. Agreements with time-based hourly rates are not overly interesting for managers.

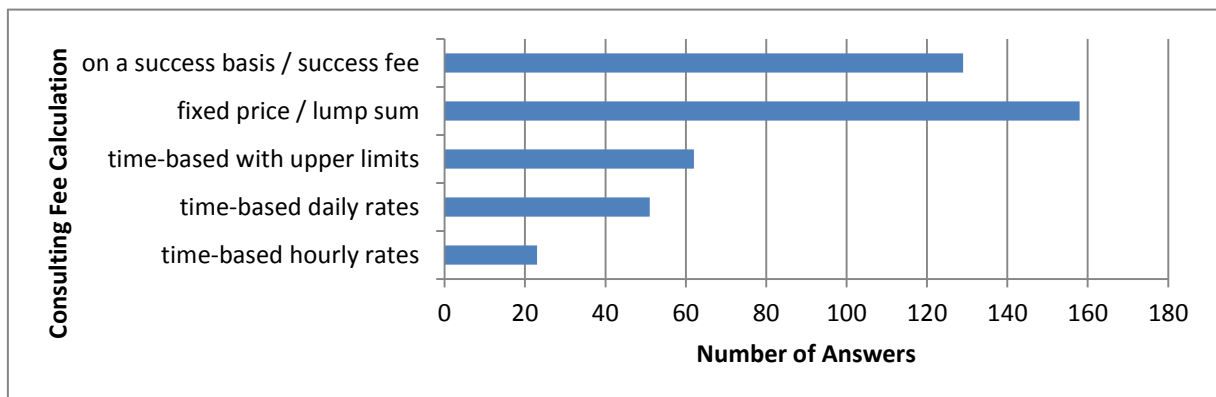


Figure 45: Preference of customer firms in terms of consulting fee calculations from the managers’ viewpoint (source: own graph)

In both charts (Figure 46 and Figure 47) the medium choices of accepted consulting fee rates dominate. Nevertheless the number of answers slightly varies between hourly and daily rates, although the final costs are the same.

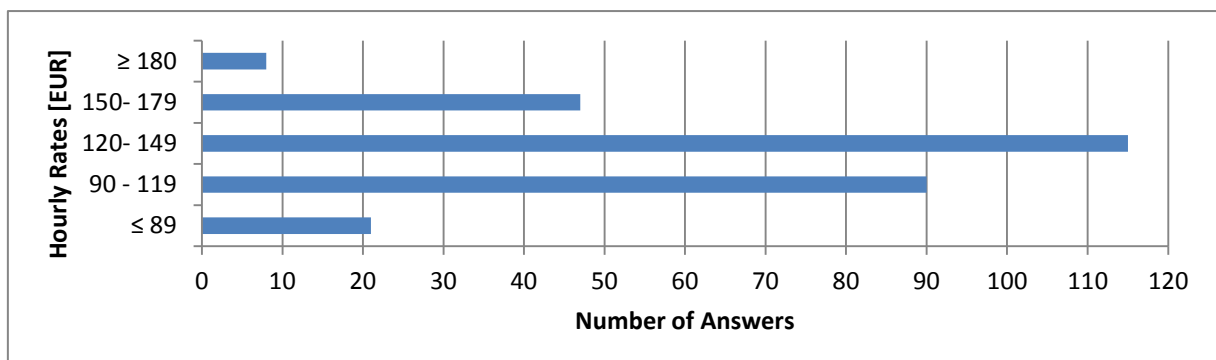


Figure 46: Acceptance of customer firms in terms of hourly consulting fee rates from the managers’ viewpoint (n = 281; source: own graph)

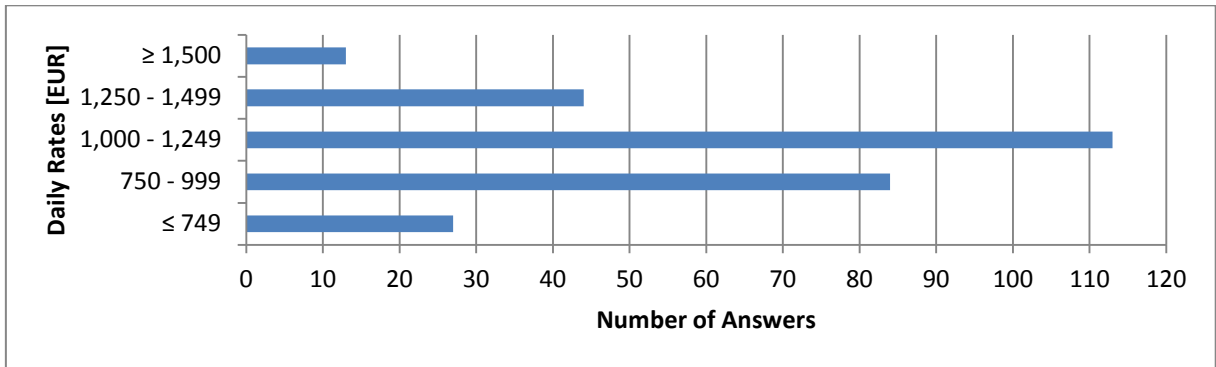


Figure 47: Acceptance of customer firms in terms of daily consulting fee rates from the managers' viewpoint (n = 281; source: own graph)

The most commonly chosen type of invoicing is the period-end settlement for fees and expenses. Surprisingly, the lowest picked option was "after order completion for fees and expenses". Figure 48 shows the various preferences of all four options which the managers had to choose from.

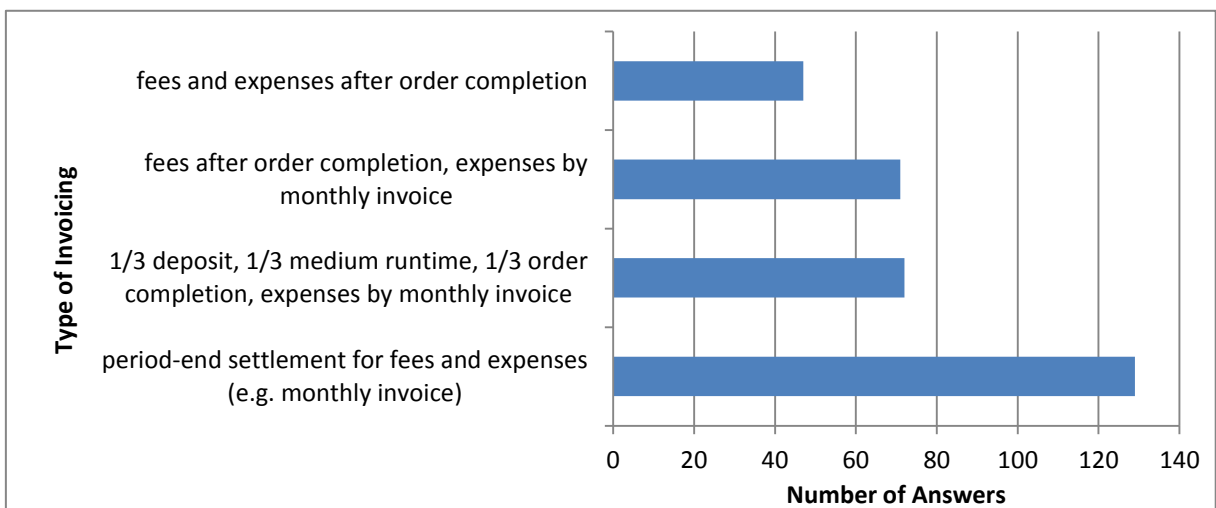


Figure 48: Preference of customer firms in terms of invoicing from the managers' viewpoint (source: own graph)

### 5.3.5 COHERENCES BETWEEN SURVEY VARIABLES

As already described in the methodology chapter, correlation is the coherence between variables. The most frequently used Pearson product-moment correlation coefficient is a measure of the linear correlation between variables. The aim of this analysis by using the Pearson correlation coefficient was to find out whether certain survey variables correlate.



Table 5: Pearson correlation coefficient cross tab 1 (source: own table)

Dimensions	satisfaction with received services in the past	willingness to fill in a form prior to a proposal preparation	preferred consulting fee calculation: "on a success basis / success fee"	preferred invoicing: "fees and expenses after order completion"	accepted hourly consulting fee range	accepted daily consulting fee range
satisfaction with received services in the past	<b>1.00</b>					
p (2-tailed)	-					
N	117					
willingness to fill in a form prior to a proposal preparation	<b>0.02</b>	<b>1.00</b>				
p (2-tailed)	0.722	-				
N	117	281				
preferred consulting fee calculation: "on a success basis / success fee"	<b>-0.10</b>	<b>0.11</b>	<b>1.00</b>			
p (2-tailed)	0.101	0.077	-			
N	117	281	281			
preferred invoicing: "fees and expenses after order completion"	<b>-0.05</b>	<b>-0.07</b>	<b>0.08</b>	<b>1.00</b>		
p (2-tailed)	0.382	0.230	0.157	-		
N	117	281	281	281		
accepted hourly consulting fee range	<b>-0.23</b>	<b>-0.06</b>	<b>-0.03</b>	<b>0.07</b>	<b>1.00</b>	
p (2-tailed)	0.000	0.307	0.633	0.262	-	
N	117	281	281	281	281	
accepted daily consulting fee range	<b>-0.07</b>	<b>-0.07</b>	<b>0.03</b>	<b>0.22</b>	<b>0.45</b>	<b>1.00</b>
p (2-tailed)	0.259	0.240	0.612	0.000	0.000	-
N	117	281	281	281	281	281
gender of managers	<b>-0.01</b>	<b>-0.04</b>	<b>0.04</b>	<b>-0.02</b>	<b>-0.06</b>	<b>-0.09</b>
p (2-tailed)	0.919	0.549	0.543	0.791	0.332	0.143
N	117	281	281	281	281	281
age group of managers	<b>-0.07</b>	<b>-0.05</b>	<b>-0.02</b>	<b>0.00</b>	<b>0.00</b>	<b>-0.04</b>
p (2-tailed)	0.249	0.378	0.695	0.936	0.967	0.453
N	117	281	281	281	281	281
size group of companies	<b>-0.04</b>	<b>-0.03</b>	<b>-0.14</b>	<b>0.04</b>	<b>0.27</b>	<b>0.27</b>
p (2-tailed)	0.516	0.573	0.017	0.527	0.000	0.000
N	117	281	281	281	281	281
state of companies	<b>0.05</b>	<b>0.02</b>	<b>-0.11</b>	<b>-0.03</b>	<b>0.15</b>	<b>0.11</b>
p (2-tailed)	0.365	0.752	0.073	0.618	0.011	0.061
N	117	281	281	281	281	281

Pearson product-moment correlation coefficients ( $r$ ) were calculated to determine strengths, directions and significances of the coherence between dimensions displayed in Table 5 and Table 6.

Table 6: Pearson correlation coefficient cross tab 2 (source: own table)

Dimensions		average influence of the group "consulting service" for decision	average influence of the group "proposal contents" for decision	average influence of the group "consulting firm" for decision	average influence of the group "consultant" for decision
gender of managers		<b>0.07</b>	<b>0.13</b>	<b>0.05</b>	<b>0.02</b>
	p (2-tailed)	0.248	0.034	0.397	0.757
	N	276	278	280	280
age group of managers		<b>-0.02</b>	<b>-0.04</b>	<b>-0.08</b>	<b>0.07</b>
	p (2-tailed)	0.142	0.558	0.210	0.217
	N	276	278	280	280
size group of companies		<b>0.08</b>	<b>-0.05</b>	<b>0.05</b>	<b>0.00</b>
	p (2-tailed)	0.189	0.408	0.429	0.960
	N	276	278	280	280

Five dimensions show a low to moderate ( $0.2 < r \leq 0.5$ ) correlation with a high significance ( $0.000 \leq p \leq 0.001$ ). For three others a low ( $0.0 \leq r \leq 0.2$ ) and significant ( $0.01 < p \leq 0.05$ ) correlation also exists. Values ( $r$ )  $>0$  imply a positive coherence, values ( $r$ )  $<0$  a negative coherence and  $r=0$  no coherence between variables.

**$r = -0.23$**  The "accepted hourly consulting fee range" for instance correlates with the "satisfaction of received services in the past" by  $-0.23$  (negative low coherence). When considering that a high accepted hourly consulting fee range is counted with a high number, and a high satisfaction for received services is counted with a low number, it can be stated that: **The higher the accepted hourly consulting fee range, the higher the managers' satisfaction with received services in the past.**

**$r = 0.22$**  The "accepted daily consulting fee range" in turn correlates with the invoicing type "fees and expenses after order completion" by  $0.22$  (positive low coherence). When taking into account that a high accepted daily consulting fee range is counted with a high number, and the nomination of fees and expenses after order completion with true or false ( $1 = \text{true}; 2 = \text{false}$ ), it can be stated that: **The higher the accepted daily consulting fee rate, the less frequent the point "fees and expenses after order completion" was chosen as the preferred type of invoicing by managers.**

$r = 0.45$  The "accepted daily consulting fee range" correlates with the "accepted hourly consulting fee range" by 0.45 (positive moderate coherence). For both variables the same applies – high fee range groups are counted with a higher number of points. Each consulting day was calculated with eight consulting hours multiplied by the hourly consulting fee, which means that the correlation is supposed to be 1. Therefore it can be summarised that: [The perception of managers between hourly and daily rates varies.](#)

$r = -0.14$  The "size group of companies" correlates with the consulting fee type "on a success basis/ success fee" by -0.14 (negative very low coherence). When taking into account that large company size groups are counted with higher numbers than small size groups, and the nomination of fees and expenses after order completion with true or false (1 = true; 2 = false), it can be derived that: [The larger the company size, the more frequent the point "on a success basis/ success fee" was chosen as preferred consulting fee calculation by managers.](#)

$r = 0.27$  The "size group of companies" correlates with both "accepted hourly consulting fee range" and "accepted daily consulting fee range" by 0.27 (positive low coherence). When taking into account that large company size groups are counted with higher numbers than small size groups, and high consulting fee range groups are counted with a higher number of points, it can be stated that: [The larger the company size, the higher the accepted consulting fee range.](#)

$r = 0.15$  The "state of the company" correlates with the "accepted hourly consulting fee rate" by 0.15 (positive very low coherence). It can be derived that: [The location \(state\) of a company affects the managers' acceptance in terms of hourly consulting fee rate levels.](#)

$r = 0.13$  The "gender of managers" correlates with the "average influence of the group of proposal contents for decisions" by 0.13 (positive very low coherence). From this it can be derived that: [The average influence of proposal contents for decision is higher for female managers.](#) This conclusion confirms the result displayed in Figure 38.

### 5.3.6 EXECUTIVE SUMMARY OF THE SURVEY RESULTS

This empirical research was conducted on Austrian company owners and managers at all management levels. From the total of 334 returned questionnaires 281 were correctly and fully filled in. These 281

questionnaires were analysed by the use of different methods. A low number of 18% were returned from female managers, a high number of 54% were returned from managers in firms with 250 and more employees, a similar high number of 59% were returned from managers between 36 and 50 years of age and from the state of Burgenland not a single questionnaire was returned. Forty-two per cent of respondents personally employed external consultants in the last few years and a further 23% cooperated with them. The majority (61%) of those that had employed external consultants in the last few years declared that the received performance often corresponded with the expected performance, 32% sometimes met their expectations, 4% seldom and only 1% never. Also only 2% always achieved their expected performance. The majority of managers declared that they are willing to fill in a document to outline their requirements prior to the preparation of proposals.

Professional and social skills of consultants, the reliability and loyalty of both consultants and consulting firms, a consulting firm's references, contents and feasibility of proposals, the clarity of services, and a personal meeting with the consultant are the most important considerations for managers on average. Experience and personal relation to consultants, regionality, age and size of a consulting firm, the type of invoicing, and a possible countertrade are in contrast of little importance for them. The biggest influence on the managers' decision by far is the consultant himself. Important proposal contents are objective, scope and limits, and also the customer benefit. The type of invoicing in turn has a low importance.

Female managers look rather for full-service suppliers and regional consulting providers, and give more importance to the type of invoicing, size of a consulting company and a convincing website. They also look more for commitments to aftercare operations and are more greatly influenced by proposal contents than male managers. Male managers in contrast rather look for consultants and consulting firms which they already have experience with.

Points like service innovation, full-service suppliers, convincing websites and the size of consulting companies are more important for young managers. Recommendations for consultants and consulting firms in contrast are of lower importance for them. Objective, scope and limits as well as the schedule (tasks, phases and milestones) are required proposal contents from their point of view. Experienced managers in turn put

greater emphasis on their relation to consultants. Rather necessary content in proposals for them are alternatives with comparison, location and facility of realisation, a list of risks and disadvantages, as well as the specification of intermediate targets.

Small companies are looking more for providers which they can countertrade with, focus on the type of invoicing, and decide according to the personal meeting and their personal relation to consultants. The size of a consulting firm is of lower importance for them. Larger companies in turn show more interest in analysis models, the approach, procedure and process, the schedule (tasks, phases and milestones), problem-solving methods, measurement units of results, and frequency of reporting and presentation. Larger firms care less about the type of invoicing.

Most preferred by managers are success fee and lump sum contract agreements. Agreements of time-based hourly rates are not overly interesting for them. A highly accepted fee rate is from 120 to 149 euros per hour and from 1,000 to 1,249 euros per day. A frequently used type of invoicing is the period-end settlement for fees and expenses. A surprise was that the type of invoicing "after order completion for fees and expenses" is just rarely accepted.

The higher the accepted hourly consulting fee range, the higher the managers' satisfaction with received services. This implies that high consulting fee rates are unlikely to be the reason for dissatisfied customers of management consulting services. The higher the accepted daily consulting fee rate, the less frequently managers insist on payments after order completion. In other words, managers which accept high fee rates do not necessarily hold out paying fees and expenses after order completion at the earliest. The perception of managers between hourly and daily rates varies, although the final costs are the same. Therefore it has to be considered where hourly or daily fee rates are proposed to customers. The larger the company size, the more frequently its managers prefer working with consultants on a success fee basis anyway. On the other hand the larger the company size, the higher the accepted consulting fee range. The accepted consulting fee rate is however also affected by the state where the company is located.

## 5.4 SUMMARISED FINAL ANSWERS TO HYPOTHESES

Secondary data sources were used to define the theoretical construct of management consulting services. Primary data sources were used to define hypotheses and to verify or reject them. Primary data was collected by using structured interview guidelines for management consultants and online questionnaires for managers in customer firms of business consulting services.

### 5.4.1 HYPOTHESIS 1

#### H 1

When comparing the four main groups of criteria (service, proposal, consultancy and consultant) that are relevant to customers' decision for selecting consulting firms, the following assumption was made:

**Criteria related to the group "consultant" are most important for purchasing decisions of customer firms. Hence, consultants have the greatest influence on customer decisions.**

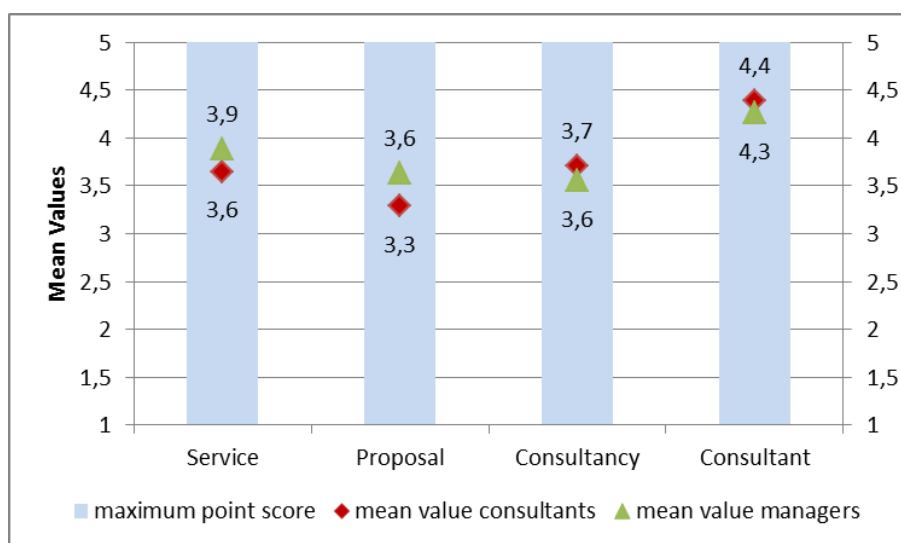


Figure 49: Selection criteria main groups: the consultants' and managers' viewpoints in comparison (5 = very important; 1 = very unimportant; source: own graph)

The assumption resulting from the consultants' opinion that management consultants have the greatest influence on the decision of managers in customer firms can clearly be confirmed as displayed with the mean value of 4.4 of 5.0 points in Figure 49. Also the validation of the literature (Table 3) confirms this circumstance.

Figure 49 also shows the difference between managers and consultants in terms of the average importance of proposal contents. Figure 50 and Figure 51 display further details.

### 5.4.2 HYPOTHESIS 2

#### H 2

When taking into account all criteria of all groups that are relevant to customers' decision for selection, the following assumption was made:

**Most important criteria to customers are**

- "professional skills" and "reliability/ loyalty" in the consultant group,
- "reliability" in the consultancy group,
- "feasibility" in the proposal group, and
- "clarity" in the service group.

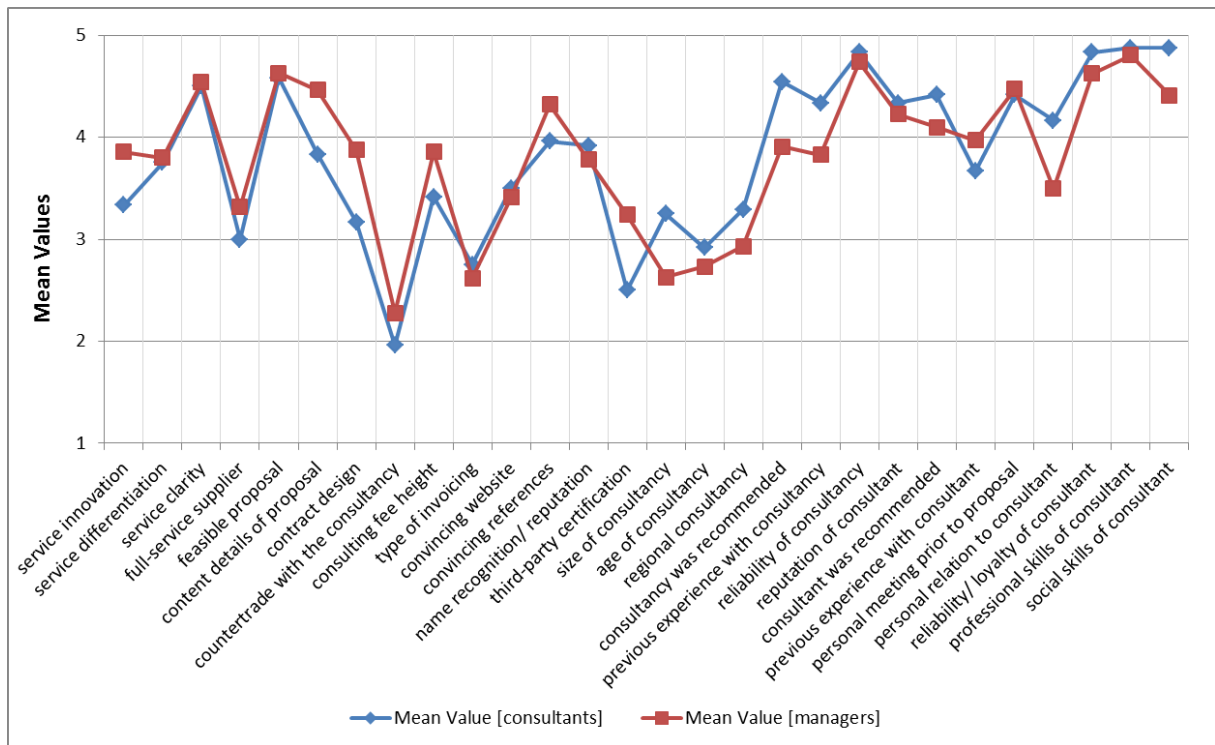


Figure 50: Selection criteria: the consultants' and managers' viewpoints in comparison (5 = very important; 1 = very unimportant; source: own graph)

It can clearly be confirmed that both criteria – professional skills as well as reliability and loyalty – are the most important when managers compare characteristics of consultants. Also the criterion reliability of a consulting firm as the highest importance can clearly be verified by the outcome of the manager survey. Feasibility is, as assumed, the most

important criteria for managers in proposals and service clarity the most important in the service group.

Huge differences between the consultants' and managers' view have been revealed. Consultants greatly overestimate the importance to managers of the size of, experience with and recommendation for a consulting firm, and the personal relation between manager and consultant. On the other hand, consultants greatly underestimate the importance of service innovation, content details of proposals, contract design and a third-party certification.

### 5.4.3 HYPOTHESIS 3

#### H 3

When taking into account all content commitments of proposals that are relevant to customers' decision for selection, the following assumption was made:

**Content commitments of greatest importance are**

- "customer benefit",
- "objective, scope and limits of the project",
- "detailed fee and expenditure sheet" and
- "detailed problem definition".

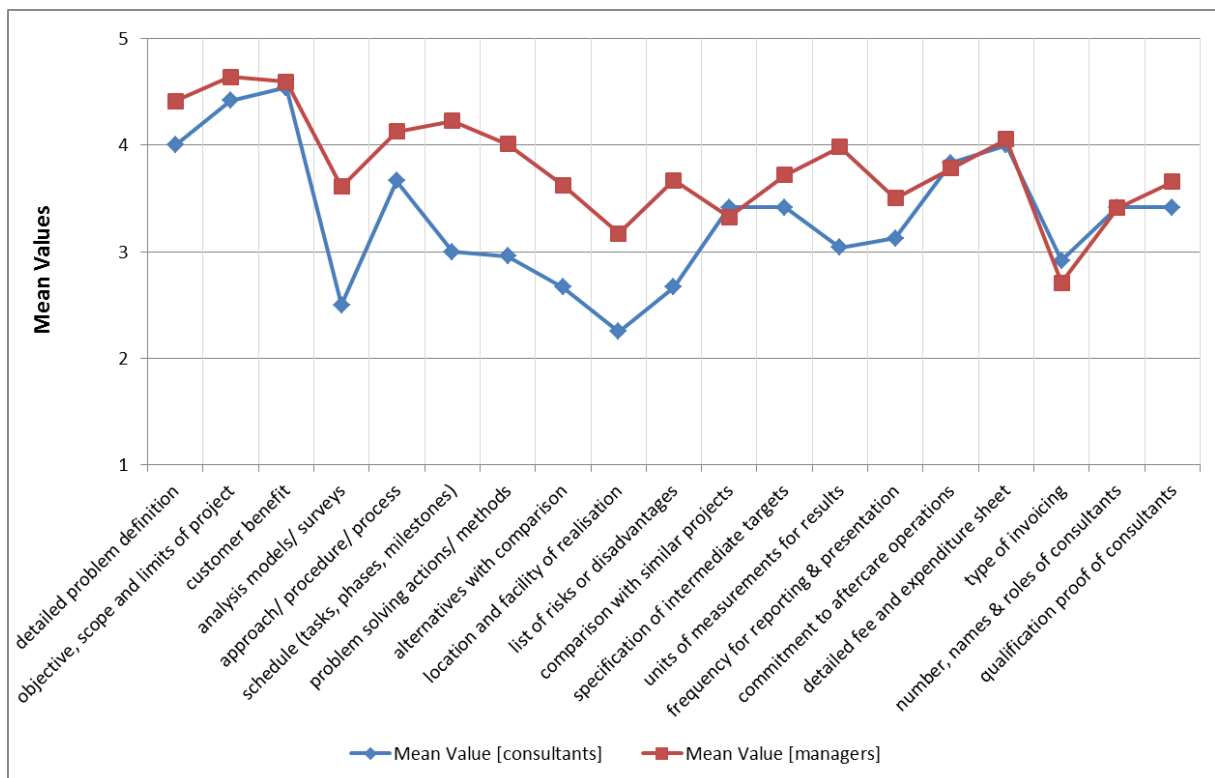


Figure 51: Proposal contents: the consultants' and managers' viewpoints in comparison (5 = very important; 1 = very unimportant; source: own graph)



As the importance of proposal contents was already rated lower by consultants than by managers (Figure 50), Figure 51 confirms this view for the majority of all single proposal details. Three points – objective, scope and limits of a project, the customer benefit, and detailed problem definition are by far the most important details of a proposal for both consultants and managers. Therefore the hypothesis can only be confirmed on these three points. Although the fourth point – detailed fee and expenditure sheet – is of high importance for managers, there are some others which are more important for them.

The biggest opinion differences between consultants and managers are the importance of analysis models, schedule (tasks, phases and milestones), problem-solving methods, alternatives for comparison, location and facility of realisation, list of risks and disadvantages, and units of measurement of results. All these points are greatly underestimated by the interviewed management consultants.

**5.4.4 HYPOTHESIS 4**

**H 4**  
 Preferences of managers in customer firms in terms of consulting fee calculations:  
**Customers prefer**

- **“hourly rates” in comparison to “daily rates”, and**
- **“lump sums” in comparison to “success fees”.**

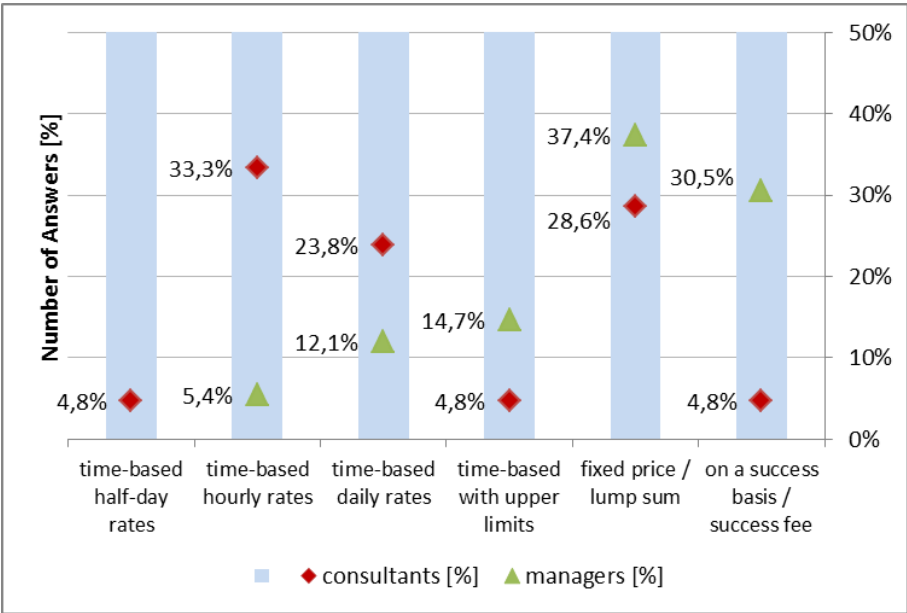


Figure 52: Consulting fee calculation: the consultants’ and managers’ viewpoints in comparison (source: own graph)

Also hypothesis 4 can only be confirmed partly (Figure 52). In contrast to the assumption managers prefer time-based daily rates instead of time-based hourly rates but as assumed they prefer lump sum agreements instead of success fee contracts, which can also be confirmed by the literature as displayed in Table 4.

However, the number of managers who picked success fees as an attractive consulting fee calculation is very high and varies strongly from the consultants' viewpoint. Such a huge gap can also be seen for the time-based hourly rates. In contrast to the consultants' viewpoint, time-based hourly rates are unattractive for managers.

### 5.4.5 HYPOTHESIS 5

#### H 5

Preferences of managers in customer firms in terms of the invoicing:

**Customers prefer "period-end settlements for fees and expenses" for received consulting services.**

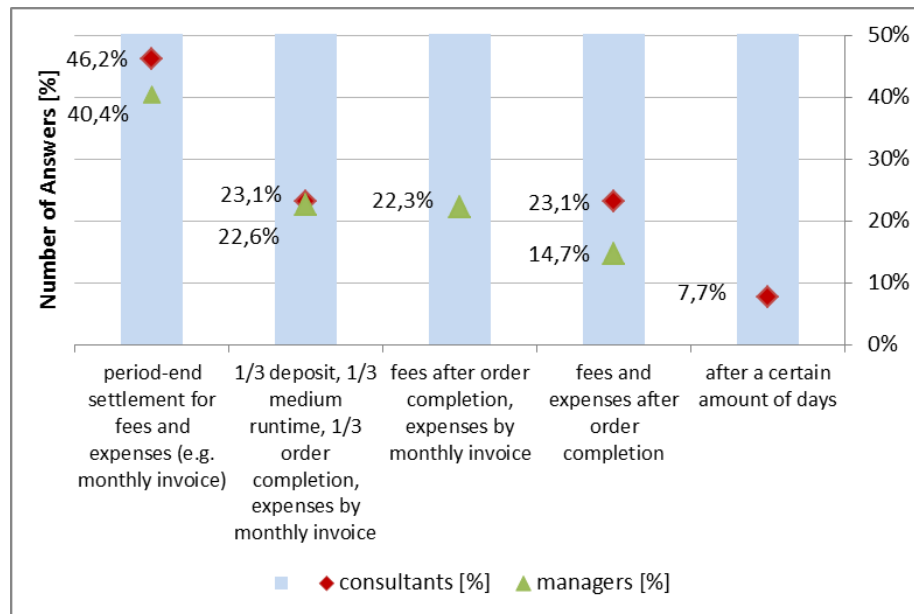


Figure 53: Type of invoicing: the consultants' and managers' viewpoints in comparison (source: own graph)

Hypothesis 5 is clearly confirmed, as displayed in Figure 53. A period-end settlement for fees and expenses is by far the most attractive type of invoicing for managers.

Also the gap between the viewpoints of consultants and managers is marginally low.

5.4.6 HYPOTHESIS 6

**H 6**  
 Perception of managers in customer firms in terms of consulting fee rates:  
**The perception of customers varies between hourly and daily rates. By using hourly rates for charging services, higher revenues can be expected for the same duration.**

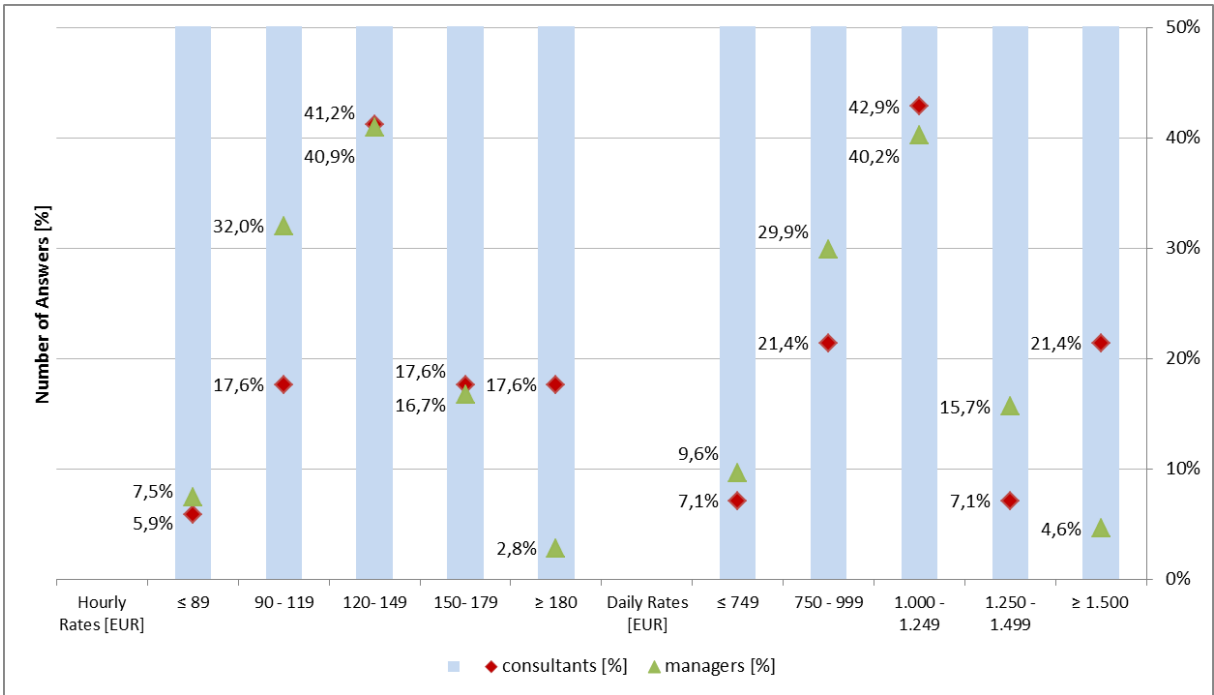


Figure 54: Consulting fee rates: the consultants' and managers' viewpoints in comparison (source: own graph)

As displayed in Figure 54, the ratings between hourly and daily rates do not correspond. Each consulting day was calculated with eight consulting hours, which implies the same costs for customers per day regardless of whether hourly or daily rates are agreed. Nevertheless, amounts of nominations vary between hourly and daily rates. It's a matter of perception customers are facing.

On average, management consultants are massively overestimating the potential in terms of accepted and hence achievable consulting fee rates of both hourly and daily rates. However, as already mentioned in the results of the manager survey, high consulting fee rates are unlikely to be the reason for dissatisfied customers if the managers agreed with the contract fee rates in advance.

## **6 CONCLUSIONS**

### **6.1 DISCUSSIONS AND LIMITATIONS**

These comprehensive results of the literature analysis, expert interviews and the manager survey provide a proper reflection of the management consulting market in Austria. Although the manager survey focused on the wood industry, it can be assumed and expected that particularly in similar branches where managers have to decide between consulting services, consultants and consulting firms, the situation is similar. It can also be assumed that the situation in some, especially German-speaking countries, is very similar in related industries too. Nevertheless the results are fully verified only for the wood industry in Austria.

The calculated minimum number of survey participants for a representative result has been clearly exceeded. The greater the managers' influence on the decision-making process for hiring consultancies and the greater their knowledge and experience on the subject, the more reliable their opinion pointed out on the questionnaire. Due to the large number of respondents which personally hired consultants in the last few years and many others that cooperated with them, this result can clearly be assessed as reliable and valid.

However, this data collection method was not able to control for external variables and their influence on the company business and hence the respondents' statements. A poor economic situation for instance will reduce the company's investment in management consulting services, which affects the customer's opinion on consulting services, consultants and consulting firms.

### **6.2 RECOMMENDATIONS TO CONSULTING FIRMS**

#### **6.2.1 IMPORTANT CRITERIA FOR MANAGERS**

The following criteria are on average highly important to all managers in customer firms, without taking into account differences between gender, age or company size:

- professional and social skills of acting consultants
- reliability and loyalty of consultants

- reputation of and recommendation for a consultant
- personal meeting with consultants prior to proposal preparation
- reliability of the consulting firm
- convincing references of the consulting firm
- establishment of a feasible and clear proposal
- definition and description of the existing problem
- objective, scope and limits of proposed projects
- approach, procedure and process of proposed projects
- tasks, phases and milestones of proposed projects
- description of the customer benefit
- include detailed fee and expenditure sheets

Criteria with reference to consultants have by far the greatest influence on the decision of managers.

Management consultants overestimate the average importance to managers with regard to the:

- size of a consulting firm,
- managers' experience with a consulting firm,
- recommendation for a consulting firm and
- personal relation to consultants.

On the other hand they underestimate the average importance to managers in terms of the:

- innovation of the service,
- contract design for consulting services,
- demand for a third-party certification,
- expected models for analyses,
- determined tasks, phases and milestones,
- defined problem-solving methods,
- alternative solutions with assessment for comparison,
- considered list of risks and disadvantages of the methods,
- determined measurement units for results and
- location and facility of the project realisation.

### **6.2.2 MALE VERSUS FEMALE MANAGERS**

When the decision for an assignment in customer firms depends on female managers, it's necessary to consider the following additional and very important points when creating proposals:

- include the frame of contract details
- include methods for solving a problem
- offer aftercare services

When the decision for assignments in contrast is up to male managers, the following points which are very important for them need to be considered:

- involve consultants which the manager already had experience with

### **6.2.3 YOUNG VERSUS EXPERIENCED MANAGERS**

If the decision for assignment is made by young managers it's important to know the following points which they focus on in addition to the listed general important criteria:

- include methods for solving a problem

If the decision is subject to experienced managers the following points are essential to be considered during the preparation of proposals:

- determine units of measurement for results

### **6.2.4 SMALL VERSUS LARGE CUSTOMER COMPANIES**

No additional points which are important to managers in smaller customer companies were identified but for managers in larger customer firms the following three points are of high importance when they compare different proposals:

- include methods for solving a problem
- determine units of measurement for results

### **6.2.5 FEE RATES AND TYPE OF INVOICING**

Most preferred by managers are lump sum contracts for calculating consulting fee rates. Success fee agreements for consulting services also enjoy high acceptance. Particularly managers in large customer firms look for contracts based on success.

Managers on average accept a daily fee rate between 1,000 and 1,249 euros or alternatively 120 and 149 euros per hour. The larger the size of a customer company, the higher the consulting fee rates that are accepted by their managers. Due to the different perceptions of managers between hourly and daily rates, it needs to be considered when which type of rate should be applied. It also needs to be considered that on average management consultants overestimate the achievable fee levels which managers are willing to pay for consulting services.

The most widely accepted type of invoicing is the period-end settlement for fees and expenses.

### **6.3 IMPLICATIONS FOR MARKETING MANAGEMENT**

Management consulting services are improving the performance of organisations in a limited period of time. Management consulting is the practice of helping companies to improve their performance and operates primarily by the analysis of problems existing in customer firms and by the development of plans for improvement. Management consultants provide support and information in the current or planned strategy of a business. They apply deep domain expertise and wide project experiences in a structured way to solve problems.

The knowledge of the benefit for customers has to be at the centre when defining a strategy for competition. The key to success is meeting customer expectations and not exceeding them. Process improvement actions should first focus on eliminating dissatisfaction before trying to delight customers. Nowadays managers and consultants need to be more flexible and open-minded in terms of diversification, transparency and accountability. Higher transparency of management consulting services can be an advantage for both managers and consultants. This transparency of contents and agreements can be the basis for a professional contract design and furthermore the basis for a successful cooperation and realisation.

There are a number of reasons why failures occur during consultations, for instance because consultants are working on the wrong problem, because customer firms selected the wrong consulting firm or consultant, because consultants do not have the skills or experience they need to have, and so forth. In larger and globally acting organisations the decision to hire a consultancy is highly decentralised. These managers often have

significantly less experience structuring consulting projects. The failure and hence dissatisfaction also often points back to the insufficient definition of requirements by clients. They often have no clear perception of the real problem. With an undefined or poorly defined problem by customers, prepared proposals and calculations of consultancy firms will differ widely from the content and cost point of view. Furthermore consultants have the natural tendency to view the issues through the prism of their capabilities and experience and define the problem for clients which may not necessarily be the actual problem that needs to be solved. It would generate lots of work and costs that, in the end, will provide little or no value. Mostly and wrongly the rule is that a customer gets what it asked for. Therefore a request for proposals from the customer side saves time for the proposal preparation and ensures that it receives proposals which it is able to compare. As the outcome of the manager survey has shown, many managers are willing to fill in a requirement sheet prior to the establishment of proposals, which can replace typical and comprehensive requests for proposals in the case of small consulting tasks.

The customers' perception of consulting service results may be positively affected by displaying implementations of individually recommended solutions, rather than foisting standard solutions on customers. In that sense, the phase of project initiation is important to identify and define the customer's problem clearly prior to setting consulting goals. In addition to that, better transparency of the price-benefit ratio can be ensured by a project flow chart including payment stages to specific project phases and a written final report summarising the customer benefit. Additionally, managers in customer firms enhance positive perceptions of consulting services by the implementation of communication activities at all project phases.

By grouping some criteria surveyed and analysed in all the research, the following assertion on how to influence the customers' expectation, perception and satisfaction (Figure 55) was made. The first group, namely issue-specific criteria, contains commitments and prices which directly affect each other, the reputation of either consultants or consulting firms on specific project types, and alternatives which customers have. Commitments and promises can either be made directly by specific service proposals and contracts or indirectly by website content and advertising. The second group, namely relationship criteria, comprises recommendation, past experience, personal relationship, trust and



customer involvement. Recommendation affected past experiences and influences trust; a past experience in turn affects trust and the personal relationship, personal relationship again influences past experiences and builds trust, and trust on the other hand builds personal relationships. Customer involvement also belongs to this relationship group. Greater customer involvement can imply higher expectations on the one hand but also a positive perception and higher satisfaction on the other. The huge effect of this relationship group confirms the importance of personal contacts and networks in business relations. Intrapsychological, contextual and situational criteria describe the third group, which contains for instance the real demand and its urgency.

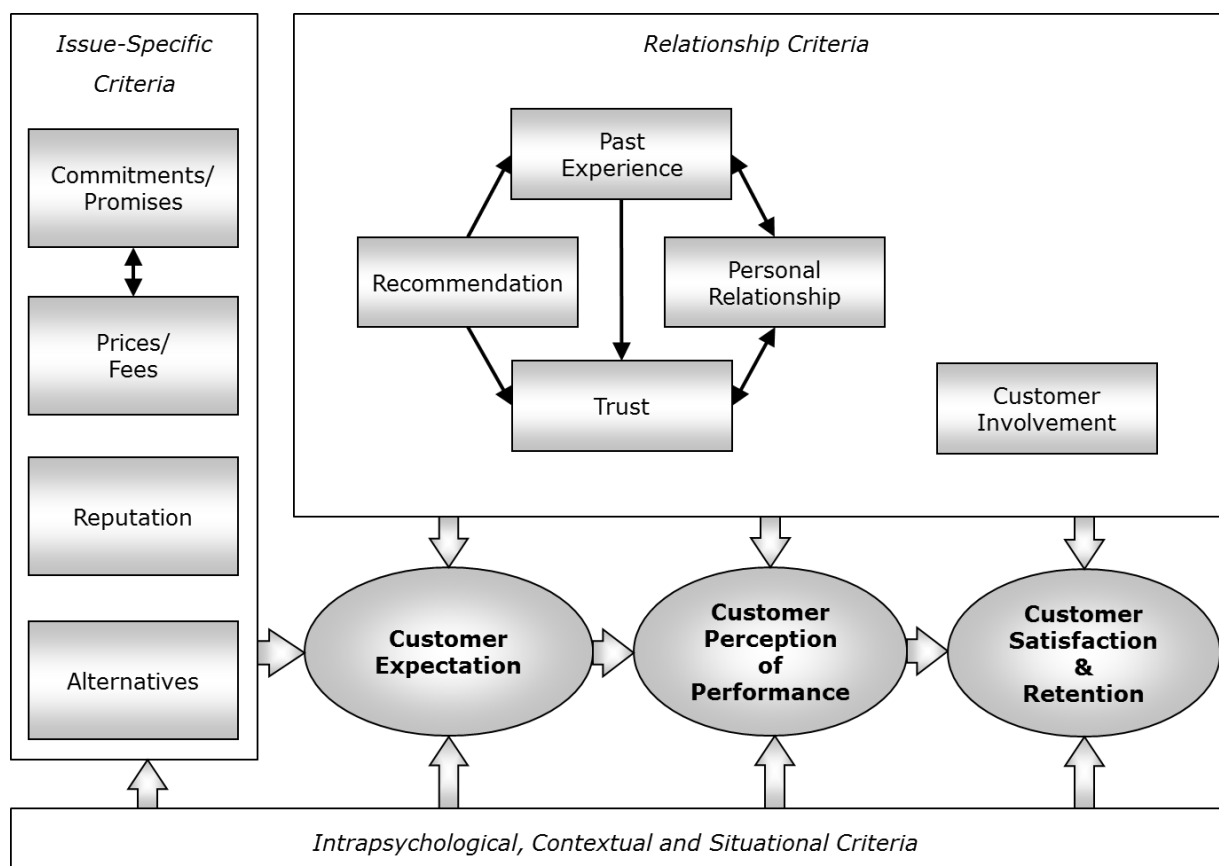


Figure 55: Conceptual model of the influence on customer purchasing behaviour for consulting services (source: own model)

While issue-specific criteria only affect customer expectations, relationship criteria influence customer expectation, customer perception and finally customer satisfaction. The group of intrapsychological, contextual and situational criteria has consequences for the whole process from the receipt of proposals to the satisfaction of customers.

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## 8 APPENDICES

## 8.1 GUIDELINE FOR THE EXPERT INTERVIEWS

### Guideline and Questionnaire for the Expert Interview

#### *Leitfaden und Fragebogen für die Expertenbefragung*

These expert interviews are a complement to the quantitative research (survey to customer firms on the subject of consulting services) and hence a part of the comprehensive research work dealing with the topic transparency of consulting services. Two aims are connected to this qualitative interview: firstly the viewpoint collection of several management consultants to compare their view with those of customers afterwards, and secondly the reception of ideas on how to modify questions for the quantitative manager survey, the output of which is intended to be a comprehensive customer viewpoint in terms of choosing and hiring management consulting services. The Hypotheses will be formulated between the qualitative research and quantitative research.

**The most important point for you to know is, that your responses are only evaluated anonymously and never identified by name.**

*Diese Expertenbefragungen sind eine Ergänzung zur quantitativen Forschung (Kundenfirmenbefragung zum Thema Beratungsdienstleistungen) und somit ein Teil der umfassenden Forschungsarbeit über das Thema Transparenz von Beratungsprodukten. Zwei Zielsetzungen sind mit dieser qualitativen Befragung verbunden: einerseits die Ansichterhebung von mehreren Unternehmensberatern zum Vergleich mit der Kundensicht, danach, andererseits der Erhalt von Ideen wie die Fragen für die quantitative Umfrage angepasst werden können. Diese quantitative Umfrage soll eine umfassende Kundensicht darüber reflektieren, wie Unternehmensberater ausgewählt und angestellt werden. Die Hypothesen werden zwischen der qualitativen und quantitativen Forschung formuliert.*

**Der für Sie wichtigste Punkt ist, dass Ihre Antworten nur anonym und niemals in Verbindung mit Ihrem Namen ausgewertet werden.**

<b>1</b>	<b>General points to be filled in by interviewer</b> <i>Generelle Punkte zum Ausfüllen durch Befragter</i>		
<b>1.1</b>	Interview number / <i>Befragungsnummer</i>		
<b>1.2</b>	Date and time of interview / <i>Datum und Uhrzeit der Befragung</i>		
	Date / <i>Datum</i>		Time / <i>Uhrzeit</i>
<b>1.3</b>	Place of interview / <i>Ort der Befragung</i>		
<b>1.4</b>	Gender of respondent / <i>Geschlecht des Befragten</i>		
	Male / <i>Männlich</i>		Female / <i>Weiblich</i>
<b>1.5</b>	Name of respondent / <i>Name des Befragten</i>	Refer to name / <i>Erwähnen des Namens</i>	
<b>1.6</b>	Position and Company name of respondent / <i>Position und Firmenname des Befragten</i>		

<b>2</b>	<b>Criteria for the selection of consultancies and their services</b> <i>Kriterien für die Auswahl von Beratungsunternehmen und deren Dienstleistungen</i>
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<b>2.1</b>	How important are the following criteria to customers for selecting consultancies? Please assess each single point. <i>Wie wichtig sind die folgenden Kriterien zur Auswahl von Beratungsunternehmen für Kunden? Bitte bewerten Sie jeden einzelnen Punkt.</i>
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	Service <i>Dienstleistung</i>	very important <i>sehr wichtig</i>	important <i>wichtig</i>	indifferent <i>gleichgültig</i>	unimportant <i>unwichtig</i>	very unimportant <i>sehr unwichtig</i>
Criteria_Service/ Kriterien_Dienstleistung	service innovation <i>Dienstleistungs- innovation</i>					
	service differentiation <i>Dienstleistungs- differenzierung</i>					
	service clarity <i>Dienstleistungs- klarheit</i>					
	full-service supplier <i>Komplettservice- dienstleister</i>					
	Proposal <i>Angebot</i>	very important <i>sehr wichtig</i>	important <i>wichtig</i>	indifferent <i>gleichgültig</i>	unimportant <i>unwichtig</i>	very unimportant <i>sehr unwichtig</i>
Criteria_Proposal/ Kriterien_Angebot	feasible proposal <i>plausibles Angebot</i>					
	content details of proposal <i>inhaltliche Angebotsdetails</i>					
	contract design <i>Vertragsgestaltung</i>					
	countertrade with the consultancy <i>Gegengeschäft mit der Beratungsfirma</i>					
	consulting fee height <i>Honorarhöhe</i>					
	type of invoicing <i>Art der Fakturierung</i>					

	Consultancy <i>Beratungsfirma</i>	very important <i>sehr wichtig</i>	important <i>wichtig</i>	indifferent <i>gleichgültig</i>	unimportant <i>unwichtig</i>	very unimportant <i>sehr unwichtig</i>
Criteria_Consultancy / Kriterien_Beratungsfirma	convincing website <i>überzeugende Homepage</i>					
	convincing references <i>überzeugende Referenzen</i>					
	name recognition/ reputation <i>Bekanntheit/ Reputation</i>					
	third-party certification <i>Zertifizierung durch Dritte</i>					
	size of consultancy <i>Größe der Beratungsfirma</i>					
	age of consultancy <i>Alter der Beratungsfirma</i>					
	regional consultancy <i>regionale Beratungsfirma</i>					
	consultancy was recommended <i>Beratungsfirma wurde empfohlen</i>					
	previous experience with consultancy <i>bereits Erfahrung mit Beratungsfirma</i>					
	reliability of consultancy <i>Zuverlässigkeit der Beratungsfirma</i>					
	Consultant <i>Berater</i>	very important <i>sehr wichtig</i>	important <i>wichtig</i>	indifferent <i>gleichgültig</i>	unimportant <i>unwichtig</i>	very unimportant <i>sehr unwichtig</i>
/ Kriterien_Berater	reputation of consultant <i>Reputation des Beraters</i>					
	consultant was recommended <i>Berater wurde empfohlen</i>					
	previous experience with consultant <i>bereits Erfahrung mit Berater</i>					
	personal meeting prior to proposal <i>persönliches Treffen vor dem Angebot</i>					



Criteria_Constantant /	personal relation to consultant <i>persönliche Beziehung zum Berater</i>					
	reliability/ loyalty of consultant <i>Zuverlässigkeit/ Loyalität des Beraters</i>					
	professional/ social skills of consultant <i>Sach-/ Sozialkompetenz des Beraters</i>					

**2.2** How important are the following content commitments of proposals to customer firms to compare proposals of different consultancies? Please assess each single point.  
*Wie wichtig sind die folgenden inhaltlichen Zusagen von Angeboten für die Kunden, um Angebote verschiedener Beratungsunternehmen vergleichen zu können? Bitte bewerten Sie jeden einzelnen Punkt.*

		very important <i>sehr wichtig</i>	important <i>wichtig</i>	indifferent <i>gleichgültig</i>	unimportant <i>unwichtig</i>	very unimportant <i>sehr unwichtig</i>
/ Kriterien_Angebotsinhalte	detailed problem definition <i>detaillierte Problemdefinition</i>					
	objective, scope & limits of project <i>Ziel, Umfang und Grenzen des Projekts</i>					
	customer benefit <i>Kundennutzen</i>					
	analysis models/ surveys <i>Analysemodelle/ Untersuchungen</i>					
	approach/ procedure/ process <i>Vorgehen/ Ablauf/ Prozess</i>					
	schedule (tasks/ phases/milestones) <i>Plan (Aufgaben/ Abschnitte/ Meilensteine)</i>					
	problem solving actions/ methods <i>Problemlösungsschritte/ -methoden</i>					
	alternatives with comparison <i>Alternativen mit Vergleich</i>					
	location and facility of realisation <i>Durchführungsort und -einrichtung</i>					
list of risks or disadvantages <i>Liste von Risiken oder Nachteilen</i>						

Criteria_Proposal Contents /	comparison with similar projects <i>Vergleich mit ähnlichen Projekten</i>					
	specification of intermediate targets <i>Präzisierung der Zwischenziele</i>					
	units of measurements for results <i>Messeinheiten für Ergebnisse</i>					
	frequency reports & presentations <i>Frequenz Berichte &amp; Präsentationen</i>					
	commitment to aftercare operations <i>Zusagen zu Nachbetreuungen</i>					
	detailed fee and expenditure sheet <i>detailliertes Honorar- und Ausgabenschema</i>					
	type of invoicing <i>Art der Fakturierung</i>					
	number, names & roles of consultants <i>Anzahl, Namen &amp; Rollen der Berater</i>					
	qualification proof of consultants <i>Qualifikationsnachweis von Beratern</i>					

<b>3</b>	<b>Further qualitative information</b> <i>Weitere qualitative Informationen</i>
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<b>3.1</b>	<p>What do customers associate with the term transparency referring to consulting services from your point of view? Please mention all factors that come to mind. <i>Was bringen Kunden mit dem Begriff Transparenz bezugnehmend auf Beratungsdienstleistungen aus Ihrer Sicht in Verbindung? Bitte erwähnen Sie alles das Ihnen einfällt.</i></p>	
<b>3.2</b>	<p>How do customers measure scope, quality, benefit, success and sustainability from your point of view? Please mention criteria to each point. <i>Wodurch messen Kunden Leistungsumfang, Qualität, Nutzen, Erfolg und Nachhaltigkeit aus Ihrer Sicht? Bitte erwähnen Sie Kriterien zu jedem Punkt.</i></p>	
	Further Criteria / <i>Weitere Kriterien</i>	
	scope of services <i>Leistungsumfang</i>	
	quality <i>Qualität</i>	
	benefit <i>Nutzen</i>	
	success <i>Erfolg</i>	
	sustainability <i>Nachhaltigkeit</i>	

<b>4</b>	<b>Accounting method</b> <i>Abrechnungsmethode</i>					
<b>4.1</b>	Which consulting fee calculation do customers usually prefer from your point of view? Multiple answers possible. <i>Welche Beratungshonorarberechnung bevorzugen die Kunden aus Ihrer Sicht üblicherweise? Mehrfachnennungen möglich.</i>					
	time-based hourly rates <i>zeitbasierender Stundenverrechnungssatz</i>		fixed price / lump sum <i>Festpreis / Pauschalpreis</i>			
	time-based daily rates <i>zeitbasierender Tagesverrechnungssatz</i>		on a success basis / success fee <i>auf Erfolgsbasis / Erfolgshonorar</i>			
	time-based with upper limits <i>zeitbasierend mit Obergrenzen</i>		further <i>Weitere</i>			
<b>4.2</b>	Which fee ranges are customary in the branch and accepted by customers from your point of view? Please choose one of each (hourly, daily) because customer perception varies between hourly and daily rates. Multiple answers possible if necessary. <i>Welche Honorarbereiche sind üblich in der Branche und von Kunden akzeptiert aus Ihrer Sicht? Bitte wählen Sie jeweils (stündlich, täglich) eine Möglichkeit da die Wahrnehmung der Kunden zwischen stündlich und täglich variiert. Mehrfachnennungen möglich falls notwendig.</i>					
	hourly rates [EUR] <i>Stundensatz [EUR]</i>	≤ 89	90 - 119	120 - 149	150 - 179	≥ 180
	daily rates [EUR] <i>Tagessatz [EUR]</i>	≤ 749	750 - 999	1.000 - 1.249	1.250 - 1.499	≥ 1.500
<b>4.3</b>	Which type of invoicing do the majority of all customers prefer from your point of view? Please choose only one option. <i>Welche Form der Fakturierung bevorzugt die Mehrheit der Kunden aus Ihrer Sicht? Bitte wählen Sie nur eine der Möglichkeiten.</i>					
	period-end settlement for fees and expenses (e.g. monthly invoice) <i>Periodenabrechnung für Honorare und Spesen (z.B. monatliche Fakturierung)</i>					
	1/3 deposit, 1/3 medium runtime, 1/3 order completion, expenses by monthly invoice <i>1/3 Anzahlung, 1/3 Laufzeitmitte, 1/3 Auftragsabschluss, Spesen durch monatliche Rechnung</i>					
	fees after order completion, expenses by monthly invoice <i>Honorare nach Auftragsabschluss, Spesen durch monatliche Rechnung</i>					
	fees and expenses after order completion <i>Honorare und Spesen nach Auftragsabschluss</i>					
	according to other terms of the agreement <i>nach anderen Vereinbarungen</i>					

Figure 56: Guideline and questionnaire for the expert interview

## 8.2 SCREENSHOTS OF THE MANAGER SURVEY

Umfrage zum Thema Transparenz bei Beratungsdienstleistungen (ID:922173)

URL dieser Umfrage - Deutsch: <http://oriold-consulting.com/umfrage/index.php/922173/lang-de>

**Beschreibung:**

**Willkommenstext:** Sehr geehrte Führungskräfte, danke, dass Sie sich die Zeit nehmen, den nachfolgenden Online-Fragebogen auszufüllen. Die Inhalte und Fragen können für Sie bei zukünftigen Entscheidungen über den Einsatz von Unternehmensberatern und deren Dienstleistungen von großem Nutzen sein. Sie benötigen ungefähr 7 Minuten, um den Fragebogen zu durchlaufen. Ihre Angaben werden selbstverständlich streng vertraulich behandelt und nur anonymisiert in zusammengefasster Form veröffentlicht. Allerbesten Dank für Ihre Teilnahme. Mit freundlichen Grüßen, Thomas Oriold

**Endnachricht:** Sie haben das Ende des Fragebogens erreicht. Vielen Dank für Ihre Teilnahme.

**Administrator Name:** Administrator (thomas.oriold@oriold-consulting.com)

**Start-Datum/Zeit:** -

**End-Datum/Zeit:** -

**Vorlage:** citronade

**Basis-Sprache:** Deutsch

**Zusätzliche Sprachen:** -

**End-URL:** Oriold Consulting & Leadership e.U.

**Anzahl Fragen/Gruppen:** 16/5

**Umfrage aktiv:** Ja

**Name der Umfrage-Tabelle:** lime\_survey\_922173

**Hinweise:** Antworten auf diese Umfrage sind NICHT anonymisiert.  
Es wird Gruppe für Gruppe angezeigt.  
Antworten werden mit einem Zeitstempel versehen.  
IP-Adressen der Antwortenden werden protokolliert.  
Referrer-URL wird gespeichert.  
Es werden Cookies für die Zugriffskontrolle benutzt.  
Teilnehmer können teilweise fertiggestellte Umfrage zwischenspeichern.

Wissenschaftliche Umfrage

Administration -- Angemeldet als: **admin**

Umfragen: Bitte auswählen..

**Umfragen**

Status	SID	Umfrage	Erstelldatum	Eigentümer	Zugriff	Anonymisiert Antworten	Vollständig	Teilweise	Gesamt	Verfügbare Zugangsschl	Antwortrate
Egal					Egal						
<input type="checkbox"/>	92217	Umfrage zum Thema Transparenz bei Beratu	30.10.2014	skyadmin	(Bearbe	Offen	Nein	0	0		

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Umfrage zum Thema Transparenz bei Beratungsdienstleistungen (ID:922173)

**Bearbeite Umfrage-Einstellungen**

Generell | Präsentation & Navigation | Publizieren & Zugangskontrolle | Benachrichtigung & Datenverwaltung | Zugangsschlüssel | Panel-Integration | Ressourcen | Plugins

**Basis-Sprache:** Deutsch

**Zusätzliche Sprachen:**

<< Hinzufügen  
Löschen >>


Afrikaans  
Albanisch  
Amharisch  
Arabisch  
Armenisch

**Administrator Name:** Administrator

**Administrator E-Mail:** thomas.oriold@oriold-consulting.com

**E-Mail für Rückläufer:** thomas.oriold@oriold-consulting.com

**Faxnummer:**

Generell	Präsentation & Navigation	Publizieren & Zugangskontrolle	Benachrichtigung & Datenverwaltung	Zugangsschlüssel	Panel-Integration	Ressourcen	Plugins
Format: <input type="text" value="Gruppe für Gruppe"/>							
Vorlage: <input type="text" value="citronade"/>							
Vorlagen Vorschau: 							
Zeige Willkommenseite? <input type="text" value="Ja"/>							
Navigationsverzögerung (Sekunden): <input type="text" value="0"/>							
[<< Zurück] Button zeigen <input type="text" value="Ja"/>							
Zeige Fragenindex / erlaube Springen <input type="text" value="Deaktiviert"/>							
Virtuelle Tastatur für Geräte ohne Tastatur <input type="text" value="Nein"/>							
Zeige Fortschrittsbalken <input type="text" value="Ja"/>							
Teilnehmer dürfen Antworten ausdrucken? <input type="text" value="Nein"/>							
Öffentliche Statistik? <input type="text" value="Nein"/>							
Zeige Diagramme in öffentlicher Statistik? <input type="text" value="Nein"/>							
URL automatisch laden, wenn die Umfrage abgeschlossen ist? <input type="text" value="Ja"/>							
Zeige "Diese Umfrage besteht aus X Fragen." <input type="text" value="Nein"/>							
Zeige Fragengruppennamen und/oder -beschreibung <input type="text" value="Zeige beides"/>							
Zeige Fragennummer und/oder Fragencode <input type="text" value="Verstecke beides"/>							
Zeige "Keine Antwort" <input type="text" value="An (Erzwingen durch Systemadministrator)"/>							

Generell	Präsentation & Navigation	Publizieren & Zugangskontrolle	Benachrichtigung & Datenverwaltung	Zugangsschlüssel	Panel-Integration	Ressourcen	Plugins
Umfrage öffentlich listen: <input type="text" value="Ja"/>							
Start-Datum/Zeit: <input type="text"/> ...							
End-Datum/Zeit: <input type="text"/> ...							
Setze Cookie um wiederholte Teilnahme auszuschließen? <input type="text" value="Ja"/>							
Benutze CAPTCHA für: <input type="text" value="----- / Registrierung / Speichern &amp; Laden"/>							

Generell	Präsentation & Navigation	Publizieren & Zugangskontrolle	Benachrichtigung & Datenverwaltung	Zugangsschlüssel	Panel-Integration	Ressourcen	Plugins
Normale Bestätigung per E-Mail senden an: <input type="text"/>							
Ausführliche Bestätigung per E-Mail senden an: <input type="text"/>							
Zeit-Datumsstempel? Antworten werden mit einem Zeitstempel versehen. <i>Kann nicht geändert werden</i>							
IP-Adresse speichern? IP-Adressen der Antwortenden werden protokolliert <i>Kann nicht geändert werden</i>							
Referrer-URL speichern? Referrer-URL wird gespeichert. <i>Kann nicht geändert werden</i>							
Speichere Timings? Timings werden gespeichert. <i>Kann nicht geändert werden</i>							
Bewertungsmodus aktivieren? <input type="text" value="Nein"/>							
Teilnehmer darf speichern und später fortsetzen? <input type="text" value="Ja"/>							
Google Analytics API Schlüssel für diese Umfrage? <input type="text"/>							
Google Analytics Stil für diese Umfrage? <input type="text" value="Google Analytics nicht nutzen"/>							

Generell	Präsentation & Navigation	Publizieren & Zugangskontrolle	Benachrichtigung & Datenverwaltung	Zugangsschlüssel	Panel-Integration	Ressourcen	Plugins
Anonymisierte Antworten? Antworten auf diese Umfrage sind NICHT anonymisiert. <i>Kann nicht geändert werden</i>							
Aktiviere Teilnehmerbasierte Antworten-Persistenz? <input type="text" value="Nein"/>							
Mehrere ausfüllen oder nachträgliches Ändern mit einem Token erlauben? <input type="text" value="Nein"/>							
Offene Registrierung erlauben? <input type="text" value="Nein"/>							
HTML Format für Teilnehmer-E-Mails benutzen? <input type="text" value="Ja"/>							
Sende Bestätigungs-E-Mails? <input type="text" value="Ja"/>							
Setzte Länge der Zugangsschlüssel auf <input type="text" value="15"/>							

Figure 57: Settings of the online manager survey

Wissenschaftliche Umfrage

Administration -- Angemeldet als: admin

Umfragen: Bitte auswählen...

Umfragen

Status	SID	Umfrage	Erstelldatum	Eigentümer	Zugriff	Anonymisierte Antworten	Vollständig	Teilweise	Gesamt	Verfügbare Zugangsschlüssel	Antwortrate
Egal					Egal						
	922173	Umfrage zum Thema Transparenz bei Beratungsdiensten	30.10.2014	skyadmin (Bearbeiter)	Offen	Nein	281	53	334		

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Wissenschaftliche Umfrage

Antworten anzeigen: (Umfrage zum Thema Transparenz bei Beratungsdienstleistungen)

Antworten-Zusammenfassung

Vollständige Antworten	281
Unvollständige Antworten	53
Antworten Gesamt	334

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Figure 58: Final responses of the online manager survey

## Wissenschaftliche Umfrage

## Umfrage zum Thema Transparenz bei Beratungsdienstleistungen

Sehr geehrte Führungskräfte,

danke, dass Sie sich die Zeit nehmen, den nachfolgenden Online-Fragebogen auszufüllen. Die Inhalte und Fragen können für Sie bei zukünftigen Entscheidungen über den Einsatz von Unternehmensberatern und deren Dienstleistungen von großem Nutzen sein.

Sie benötigen ungefähr 7 Minuten, um den Fragebogen zu durchlaufen. Ihre Angaben werden selbstverständlich streng vertraulich behandelt und nur anonymisiert in zusammengefasster Form veröffentlicht.

Allerbesten Dank für Ihre Teilnahme.  
Mit freundlichen Grüßen,  
Thomas Oriold

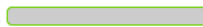
Weiter ➤

Zwischengespeicherte Umfrage laden

Umfrage verlassen und Antworten löschen

## Wissenschaftliche Umfrage

## Umfrage zum Thema Transparenz bei Beratungsdienstleistungen

0%  100%

## Einleitungsfragen

**\*Haben Sie selbst in den letzten Jahren externe Unternehmensberater beauftragt?**

Bitte wählen Sie eine der folgenden Antworten:

- ja
- nein
- nein, aber mit ihnen zusammengearbeitet

◀ Zurück Weiter ▶

Später fortfahren

Umfrage verlassen und Antworten löschen

**\*Wie oft hat die erbrachte Leistung mit der angebotenen Leistung übereingestimmt und somit Ihre Erwartungshaltung getroffen?**

Bitte wählen Sie eine der folgenden Antworten:

- immer
- oft
- manchmal
- selten
- nie

◀ Zurück Weiter ▶

Später fortfahren

Umfrage verlassen und Antworten löschen



# Wissenschaftliche Umfrage

## Umfrage zum Thema Transparenz bei Beratungsdienstleistungen

0%  100%

### Auswahlkriterien

Wie wichtig sind für Sie die folgenden Kriterien zur Auswahl von Beratungen? Bitte bewerten Sie jeden einzelnen Punkt.

1 - sehr wichtig, 2 - wichtig, 3 - gleichgültig, 4 - unwichtig, 5 - sehr unwichtig

### Dienstleistung

	1	2	3	4	5	keine Antwort
Dienstleistungsinnovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Dienstleistungsdifferenzierung	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Dienstleistungsklarheit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Komplettservicedienstleister	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

### Angebot

	1	2	3	4	5	keine Antwort
plausibles Angebot	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
inhaltliche Angebotsdetails	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Vertragsgestaltung	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Gegengeschäft mit der Beratungsfirma	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Honorarhöhe	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Art der Fakturierung	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

### Beratungsfirma

	1	2	3	4	5	keine Antwort
überzeugende Homepage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
überzeugende Referenzen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Bekanntheit/ Reputation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Zertifizierung durch Dritte	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Größe der Beratungsfirma	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Alter der Beratungsfirma	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
regionale Beratungsfirma	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Beratungsfirma wurde empfohlen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
bereits Erfahrung mit der Beratungsfirma	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Zuverlässigkeit der Beratungsfirma	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

### Berater

	1	2	3	4	5	keine Antwort
Reputation des Beraters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Berater wurde empfohlen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
bereits Erfahrung mit dem Berater	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
persönliches Treffen vor dem Angebot	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
persönliche Beziehung zum Berater	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Zuverlässigkeit/ Loyalität des Beraters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Sachkompetenz des Beraters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Sozialkompetenz des Beraters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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Später fortfahren

Umfrage verlassen und Antworten löschen

## Wissenschaftliche Umfrage

## Umfrage zum Thema Transparenz bei Beratungsdienstleistungen

0%  100%

## Angebot

Wie wichtig sind für Sie die folgenden inhaltlichen Zusagen in Angeboten, um Angebote verschiedener Beratungsunternehmen vergleichen zu können? Bitte bewerten Sie jeden einzelnen Punkt.

1 - sehr wichtig, 2 - wichtig, 3 - gleichgültig, 4 - unwichtig, 5 - sehr unwichtig

## Angebotsinhalte

	1	2	3	4	5	keine Antwort
detaillierte Problemdefinition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Ziel, Umfang und Grenzen des Projekts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Kundennutzen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Analysemodelle/ Untersuchungen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Vorgehen/ Ablauf/ Prozess	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Plan (Aufgaben/ Abschnitte/ Meilensteine)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Problemlösungsschritte/ -methoden	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Alternativen mit Vergleich	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Durchführungsort und -einrichtung	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Liste von Risiken oder Nachteilen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Vergleich mit ähnlichen Projekten	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Einzelaufstellung der Zwischenziele	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Messeinheiten für die Ergebnisse	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Frequenz für Berichte & Präsentationen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Zusagen zu Nachbetreuungen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
detailliertes Honorar- und Ausgabenschema	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Art der Fakturierung	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Anzahl, Namen und Rollen der Berater	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Qualifikationsnachweise von Beratern	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

\*Würden Sie einen Anforderungsbogen/ ein Anforderungsformular vor der Angebotserstellung ausfüllen, um vergleichbare und qualitativ hochwertigere Angebote zu erhalten?

Bitte wählen Sie eine der folgenden Antworten:

- ja, mit Sicherheit  
 ja, wahrscheinlich schon  
 bin mir nicht sicher  
 nein, wahrscheinlich nicht  
 nein, sicher nicht

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Später fortfahren

Umfrage verlassen und Antworten löschen

## Wissenschaftliche Umfrage

## Umfrage zum Thema Transparenz bei Beratungsdienstleistungen

0%  100%

## Abrechnungsmethode

## \*Welche Beratungshonorarberechnung bevorzugen Sie üblicherweise?

Bitte wählen Sie einen oder mehrere Punkte aus der Liste aus.

- zeitbasierender Stundenverrechnungssatz
- zeitbasierender Tagesverrechnungssatz
- zeitbasierend mit Obergrenzen
- Festpreis/ Pauschalpreis
- auf Erfolgsbasis/ Erfolgshonorar

Sonstiges: 

## \*Welcher stündliche Honorarbereich (in EUR) ist aus Ihrer Sicht üblich und akzeptiert?

Bitte wählen Sie eine der folgenden Antworten:

- ≤ 89
- 90 - 119
- 120 - 149
- 150 - 179
- ≥ 180

## \*Welcher tägliche Honorarbereich (in EUR) ist aus Ihrer Sicht üblich und akzeptiert?

Bitte wählen Sie eine der folgenden Antworten:

- ≤ 749
- 750 - 999
- 1.000 - 1.249
- 1.250 - 1.499
- ≥ 1.500

## \*Welche Form der Fakturierung bevorzugen Sie?

Bitte wählen Sie einen oder mehrere Punkte aus der Liste aus.

- Periodenabrechnung für Honorare und Spesen (z.B. monatliche Fakturierung)
- 1/3 Anzahlung, 1/3 Laufzeitmitte, 1/3 Auftragsabschluss, Spesen durch monatliche Rechnung
- Honorare nach Auftragsabschluss, Spesen durch monatliche Rechnung
- Honorare und Spesen nach Auftragsabschluss

Sonstiges: [◀ Zurück](#) [Weiter ▶](#)[Später fortfahren](#)[Umfrage verlassen und Antworten löschen](#)

## Wissenschaftliche Umfrage

## Umfrage zum Thema Transparenz bei Beratungsdienstleistungen

0%  100%

## Statistische Fragen

## \*Größe des Unternehmens:

Bitte wählen Sie eine der folgenden Antworten:

- 1 - 9 Mitarbeiter
- 10 - 49 Mitarbeiter
- 50 - 249 Mitarbeiter
- $\geq 250$  Mitarbeiter

## \*Bundesland des Unternehmensstandortes:

Bitte wählen Sie eine der folgenden Antworten:

- Burgenland
- Kärnten
- Niederösterreich
- Oberösterreich
- Salzburg
- Steiermark
- Tirol
- Vorarlberg
- Wien

## \*Geschlecht UmfrageteilnehmerIn:

- weiblich  männlich

## \*Altersgruppe UmfrageteilnehmerIn:

Bitte wählen Sie eine der folgenden Antworten:

- $\leq 35$  Jahre
- 36 - 50 Jahre
- $\geq 51$  Jahre

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## Wissenschaftliche Umfrage

## Umfrage zum Thema Transparenz bei Beratungsdienstleistungen

Sie haben das Ende des Fragebogens erreicht. Vielen Dank für Ihre Teilnahme.

<http://www.oriold-consulting.com/kontakt/>

Figure 59: Online questionnaire for the manager survey