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INDEPENDENT MANAGEMENT CONSULTING BUSINESS SUCCESS

A Research Project

Presented to the Faculty of

The George L. Graziadio

School of Business and Management

Pepperdine University

In Partial Fulfillment

of the Requirements for the Degree

Master of Science

in

Organization Development

by

Michael Jonckheere

August 2015

This research project, completed by

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under the guidance of the Faculty Committee and approved by its members, has been submitted to and accepted by the faculty of The George L. Graziadio School of Business and Management in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE
IN ORGANIZATION DEVELOPMENT

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Abstract

The purpose of this study was to determine the key factors involved in operating a successful independent management consulting business. For those working in the independent management consulting industry or looking to begin, this study aimed to provide information to help define what success means and identify the most important contributors to achieving that success. The study gathered data via online survey and semi-structured interviews from people who have owned an independent management consulting business. Trends in the data were identified and compared with current research to determine the key factors in operating a successful independent management consulting business.

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Chapter 1

Introduction

The independent management consulting industry is a challenging field that differs from traditional industries in many ways. Those that succeed as independent management consultants are able to navigate the most conspicuous dynamics that characterize the industry such as, among others, a lack of structure, general unpredictability, minimal peer collaboration, and an absence of regulation and standards. In addition, less conspicuous dynamics such as the intricacies of human relations and communication add depth to the challenges presented by the industry. This study was designed to assist independent management consultants in addressing these challenging dynamics with the overall intent of helping grow their consulting practice, better address the needs of their clients, and contribute to improved business results in the industries they touch. To accomplish this, the study was intended to offer insight into what it means for an independent management consultant to achieve success and offer key considerations in how to get there.

Nickols and Bergholz (2013), with a combined 60 years in the field of management consulting, wrote that 85% of independent management consultants fail within five years of stepping out on their own. This statistic suggests that management consultants face a significant challenge in simply maintaining a viable business, let alone helping it grow. Therefore, the findings presented in this study can be a useful tool for navigating through an industry that sees the majority of its participants flounder.

By the very nature of the profession, independent management consultants frequently work on their own. Typically, their most prevalent source of feedback is from clients as it relates to their engagement. This differs from many other industry

professionals who benefit from the feedback of peer groups, structured training sessions, industry networks or co-workers in addition to the clients they serve. The feedback offered by clients in any industry likely comes from a different perspective than peer groups, structured training sessions, industry networks or co-workers as clients likely have a strong vested interest in the independent management consultant's success. As such, it was the belief of the researcher that a comprehensive study offering insight into key success factors for independent management consultants based on the perspective of independent management consultants themselves provides value. For both those that are currently working as independent management consultants hoping to grow their practice and those looking to enter the industry, such as the researcher, the findings of this study were intended to offer useful insight.

The independent management consultants included in the data set were sourced entirely from Pepperdine University's Masters of Science in Organization Development (MSOD) alumni network and comprised entirely of those who had, at the time of the study or in the past, been the sole proprietor of an independent management consulting business.

Although it is not the primary intent of this study, managers who are considering hiring a management consultant may also benefit from the results. They may use the results to recognize what practices successful consultants tend to exhibit in order to make a more informed choice about which, if any, consultant to hire. In attempting to grow, no business is immune from challenges arising from a lack of competency, experience, time or cooperation or even motivation among employees. As a result, external resources are often sought out for unique and potentially valuable yet easily expendable assistance. Having worked in organizations of various sizes and spanning a variety of industries, the

researcher has witnessed both micro and macro business challenges. It is the researcher's view that the challenges a manager faces can be described as the interplay between a manager's drive to uncover competitive advantages and overcoming barriers in implementing these advantages. The role of the management consultant is to impact the severity of these challenge by offering skills, a perspective and/or resources that the manager would otherwise have significant difficulty addressing.

There is by no means a formula or narrow set of approaches, techniques, methods or styles that guarantee success in independent management consulting engagements. However, there are common fundamental principles and methods that all independent management consultants must engage in in order to succeed, regardless of their expertise or industry focus. For example, every independent consultant must be able to use interviewing techniques, assess the client's problems and purposes, structure and plan the work to be done, enlist the client's collaboration, communicate with the client, share information and knowledge with the client, and present proposals and conclusions orally and in writing (Kubr, 2002). Understanding this, successful independent management consultants must therefore possess qualities, traits, tools and practices that contribute to the success of their operation. With the idea that there exists a common set of qualities, traits, tools and practices that impact success, the purpose of this study was to identify these factors and attempt to establish a priority as well as the way in which these factors contribute to operating a successful independent management consultant business.

Management Consulting

Management consulting is about helping an organization become more efficient. It can be defined as an advisory service contracted for and provided to organizations by specially trained and qualified persons who assist, in an objective and independent

manner, the client organization to identify management problems, analyze such problems, and help in the implementation of solutions (Greiner & Metzger, 1983).

Whether practiced as a full-time occupation or an ad hoc service, management consulting can be described as transferring knowledge to clients that is required for managing and operating businesses and other organizations. To provide added value to clients, this knowledge must help the clients to be more effective in running and developing their business, public administration agency or other non-profit organization (Kubr, 2002).

Management consulting can take the form of working with IT/technology, operations, HR, marketing, sales, real estate services or any other business unit or industry sector. Large, established management consulting businesses typically offer services in a variety of sectors whereas smaller “boutique” and independent businesses might only consult within a niche segment.

Independent Management Consultants in This Study

The participants included in this study were comprised entirely of graduates of Pepperdine’s MSOD program. At the time of the study, all participants were currently, or had been in the past, the sole operator of their business. To be considered independent, the participants must have been the sole employee of their business and worked externally to the organizations they served. As an external resource, these independent management consultants must have worked on a contract basis for a fee and engaged with multiple, changing clients. As such, these individuals were governed by a different set of rules, expectations and boundaries than what are typically associated with internal employees. The term “independent management consultant” in this study therefore refers only to management consultants that fit within this definition in the for-profit or not-for-

profit sector. In terms of geographic location, the independent management consultants included in this study were based in the U.S., Canada, Central America and Europe.

Defining Success

Since the nature of the term “success” is relative, further exploration was needed to more clearly establish what defines success in the independent management consulting industry. The researcher held assumptions about success in this context. Success, according to the researcher, was defined as a business that had been in operation for at least five years, was financially solvent and where the owner (the independent management consultant) defined himself or herself as a successful business owner. However, for the purpose of this study, the researcher’s assumptions were set aside in order for participants to offer their own unique definition of success based on the assumptions they carry.

With respect to defining success, the vast array of independent management consulting business specialties posed a challenge in creating comparable data among samples. Once the data were collected, they were analyzed for consistent attributes. These attributes offered evidence of what matters most to independent management consultants with respect to achieving success for their business.

Research Questions

The principal question this study addressed was: What are the key factors (such as qualities, traits, tools and behaviors) in determining the success of an independent management consulting business?

In addition to the principal question of what factors are most important in operating a successful independent management consulting business, two questions were also addressed as part of the study.

1. How do independent management consultants define success for their business?
2. What relationship, if any, exists between the behaviors of the independent management consultants and the success of their business?

Organization of the Study

This chapter explored the background, purpose, and importance of this study as well as key definitions. A framework for relevant literature is provided in Chapter 2. Chapter 3 presents the methods followed as part of this study. Specifically, the design of the study, the researcher's role, the methods of data collection and analysis are discussed. Chapter 4 provides the results of the study, including data collection and analysis. Finally, Chapter 5 presents a summary of the study, conclusions, implications, limitations, and suggestions for additional research.

Chapter 2

Literature Review

The conceptual framework explored present research regarding the nature of the management consulting industry, specifically an overview of the independent management consulting industry, the motivation for becoming an independent management consultant and the various types relationships among consultants and their clients. In addition, the conceptual framework explored the considerations managers face when deciding between hiring an independent management consultant versus a medium or large-sized management consulting business. Finally, the conceptual framework explored current literature around what it means to be a successful independent management consultant and the requirements for any business to achieve this success.

Present Research: An Overview of Management Consulting

Management consulting firms range in size from sole practitioners (independent management consultants) to large, multinational management consulting businesses. By definition, any individual or company that offers business advice in exchange for compensation may be classified as a management consultant. As far as areas of expertise, some management consulting entities are devoted to specific practice areas while others offer a broad range of services to varied clientele. In general, the management consulting industry is robust. Management consulting engagements span just about every business sector imaginable.

The independent management consulting industry is characterized as highly unstructured with low barriers to entry. Any person may call themselves an independent management consultant. No governing body exists to regulate standards and usage of the title. As such, a consulting business can be established with relative ease and the way in

which the business operates, such as its strategy, focus, service offering and value system is as unique as the consultant behind it. Typically, independent management consultants are classified as outplaced or retired executives and part-time consultants who offer expertise in areas where they have a great deal of experience. Sole practitioners are often engaged by smaller firms and even their previous employers. This classification of the consulting industry also includes university professors who provide consulting in their areas of teaching expertise (The Gale Group, 2014).

According to the U.S. Census Bureau in 2008, there were 101,900 establishments engaged in the management consulting services industry in the United States. These businesses employed about 582,000 workers with an annual payroll of \$43.3 billion. Annual revenues were \$108.6 billion. About 60,000 of these businesses operated in the administrative management consulting sector; 7,000 in human resources consulting; 23,000 in marketing consulting; 6,000 in process and logistics consulting; and 5,500 in other management consulting sectors (The Gale Group, 2014). For the purpose of the conceptual framework, the focus of the analysis will be on independent management consulting businesses.

Becoming an Independent Management Consultant

The motivation for individuals to work as independent management consultants is addressed in a number of literary sources, including Harrison (1995), Kubr (2002), Paterson and Gill (1998), Ramsey (2010), Sandlin, Riddle, and Entrepreneur Press (2010), and Steele (2012). Collectively, the works of these authors suggests there are six commonly referenced drivers that motivate nearly all independent management consultants to follow their chosen career path. These drivers include:

- A desire for more control over time and work

- A desire for more freedom of self-expression
- Greater opportunity for personal growth
- Potential for greater income
- Recently laid off or fired
- Leverage current position (such as a university professor consulting part-time)

Types of Management Consulting Relationships

An independent management consultant may be hired by an organization for any number of reasons. In addition to the vast array of industries touched by management consultants, the nature of the relationship between the management consultant and the client can take many forms. Edgar Schein, a renowned figure in the management consulting industry and an independent management consultant himself, states that any client-consultant relationship falls into one of the three basic categories:

1. An expert to undertake a well-defined assignment
2. A doctor to diagnose an organizational illness and prescribe a cure
3. A process consultant to help the organization help itself (Schein, 1999)

Normally, the first approach of expert means expert in a particular industry (e.g. food processing), function (e.g. equipment selection), or functional area (e.g. finance), while the second approach of doctor implies an expectation that the management consultant will provide an outside, independent diagnosis, based on certain capabilities or insights (McLachlin, 2000). The third approach of process consultant may be used among independent management consultants but is especially relevant to those in the field of organization development.

Process consultation is a style of consulting performed in conjunction with providing expertise or advice (The Gale Group, 2014). More specifically, process

consultation is a philosophy about and attitude towards the process of helping individuals, groups, organizations, and communities. It is not merely a set of techniques to be compared to and contrasted with other techniques. Process consultation is the key philosophical underpinning to organizational learning and development in that most of what the management consultant does in helping organizations is based on the central assumption that one can only help a human system to help itself. The management consultant understands that he or she never knows enough about the particular situation and culture of an organization to be able to make specific recommendations on what the members of that organization should do to solve their problems (Schein, 1999).

Another way to view the nature of the client-consultant relationship during an independent management consulting engagement is to plot the process and degree of client contact on a matrix (see Table 1):

- Nurse: The client knows the problem and also has an idea of the process to fix it. However, he or she wants to be involved and learn from the process.
- Pharmacist: The client is looking for a solution to a well-defined problem.
- Brain surgeon: Involves high levels of customization, creativity and innovation combined with a low degree of client interaction.
- Psychotherapist: Involves high levels of customization and client contact. This is typically where management consulting takes place (Bech, 2011).

Table 1

Client-Consulting Relationships

	High degree of client contact	Low degree of client contact
Standardized process	Nurse	Pharmacist
Customized process	Psychotherapist	Brain surgeon

Note. Based on Bech (2011)

Success as an Independent Management Consultant

Part of this study's purpose was an attempt to define success for an independent management consulting business while recognizing success is a subjective topic. As expected, analysis of present research on operating an independent management consulting business successfully showed that there are many ways to define success. Several authors, including Appelbaum and Steed (2005), Greenbaum (1990), Kubr (2002), Paterson and Gill (1998), Ramsey (2010), Steele (2012), and Weiss (2009), indicated success might include one or more of the following:

1. Percentage financial growth
2. Gross billable revenue growth
3. Break-even
4. Project success
5. Social impact
6. Leadership development
7. Career stability
8. Personal recognition

The lack of a clear definition of success among current literature suggests that an attempt by this study to reach a definitive conclusion on the definition of success may be an exercise in futility. The most useful contribution is to amalgamate current literature with the findings of this study and present the most commonly cited definition or definitions of success.

From the researcher's point of view, success was defined as a business that had been in operation for at least five years, was financially solvent and where the independent management consultant defined himself or herself as a successful business

owner. However, attaching a fixed definition such as this or using any of the measures in the list above presents several challenges.

First, due to the subjective nature of success, even if confined to one definition such as total billings, year-over-year growth or client recognition, one business owner might consider their results a success whereas the very same results could be considered unsuccessful by another business owner's standards. This might be the case particularly in the instance where the measure is total billings and one independent management consultant's cost of living is substantially higher than another's.

Another challenge considered by the researcher was that participants in this study would likely not be willing to divulge their financial results. In the absence of the ability to compare definitive results, a plausible assumption therefore is that any independent management consultant that has managed to remain in business for five or more years must have achieved some level of success. The degree of their success may be indecipherable but the assumption is that remaining in business as a for-profit entity for over five years is not possible without some degree of success. As a result, the tactics that business owner attributes to their success likely carry validity.

A third challenge has to do with deriving key success factors as a result of the subjectivity of success. As discussed, in the theoretical instance where two businesses achieve identical results, their owners may view their level of success differently. On top of that, however, the owners might cite different key factors for achieving their results. Determining which method was correct, or at a minimum more effective, is therefore an exercise based only on opinion.

A final challenge with defining success using a pre-determined measure is that in the data collection process, if the definition was shared with participants, it may influence

their personal definition of success response. The integrity of the conclusions of this study might be less authentic as a result.

Hence, for the purpose of this study, the researcher's assumptions about success were set aside in order for participants to offer their own unique definition of success based on the assumptions they carry. One must simply bear in mind that there are many ways to define a successful independent management consulting business and there is more than one way to get there. The various ways in which success is defined can be categorized and listed according to popularity but ultimately it is unlikely a single definition will be reached. The same principle applies to establishing a roadmap to success. Even if present literature provided a clear step-by-step methodology for success in the independent management consulting industry such as Holtz (1993) or Weiss (2009) attempts to do, for the reasons noted above it cannot be considered the only path.

Theories on Achieving Success

Current literature lists many different criteria as essential for creating a successful independent management consulting business. Each source has a unique perspective. Nickols and Bergholz (2013) see the requisite competencies as having three major components: Business, consulting and technical. The business component includes skills such as strategy development, goal setting and action planning, managing professional services, pricing, proposal writing, project management and time management. Consulting skills include relationship building, public speaking, meeting leadership, active listening, coaching, facilitation and self-discipline. Technical skills include planning methodologies, classical business models, market research, competitor analysis, strategic planning methodologies and analytical reading and accurate interpretation of standard business documents.

Another approach is that the success criteria fit into one of two categories: operational success and engagement success. Operational success addresses the general business operations and management practices any independent management consultant must excel at in order for the business to survive, for example, networking, selling, managing internal costs and scheduling. It can also include the independent management consultant's education level or general behaviors the independent management consultant brought to the business such as drive to succeed and level of self-discipline.

Engagement success deals more specifically with what an independent management consultant must do in order for their engagements, the lifeblood of their business, to succeed in the eyes of their client. While there is overlap between the two areas, the sheer volume of literature dedicated to business success and consulting engagement success (such as books, journals, articles, online publications) suggests that both must be managed prudently in order for an independent management consulting business to succeed. Both areas, operational success and engagement success, are explored in more detail, below.

Operational success. There are countless resources available to any business owner looking for guidance on how to operate a business in just about every industry imaginable, management consulting included. Among reputable sources, such as Block (2010), Greenbaum (1990), Kubr (2002), and Nickols and Bergholz (2013), numerous recurring criteria emerge as requirements for operating a successful independent management consulting business. The most commonly listed criteria from such resources can be categorized into four main areas: attitude, business structure, operational practices, and external forces.

Attitude. This category encompasses the overall attitude and personality traits an independent management consultant brings to the business. Key components of an independent management consultant's personality are as follows:

Passion: is referenced by Steele (2012) as the number one ingredient for success. Steele states that successful consultants are living out their life purpose and are so excited by their work that they would do it for free and have no thought or intention of retirement. They truly could not imagine doing anything else and consider themselves lucky to have the best job in the world. The management consultant's passion is easily expressed and very attractive to potential clients.

Positivity: Steele (2012) also comments on the concept of positivity. Steel writes that management consultants have "can-do" attitudes. They believe in themselves and trust that they will find a way around obstacles in order to survive and thrive. While they may experience fear and doubt, they never view these as reasons for "no."

Confidence: Weiss (2009) writes that people know confidence when they see it and it is critical to exude confidence and power. A consultant needs to be seen as a credible peer by clients and prospects, not as a vendor, salesperson, or subordinate. The consultant must have confidence that what he or she offers is of value to the organization.

Influence: According to Weiss (2009), a consultant must be able to speak, either formally or informally, in such a way that can command a room or persuade an individual.

Focus: It is important for an independent management consultant to excel in a niche area of the consulting industry. A small consulting business or sole proprietorship diminishes its ability to compete if it offers too broad a spectrum of services (Burdett, 1994).

Worry: Fear of failure or worrying about results was listed by Patterson and Gill (1998) as a critical component of one's attitude. Developing a corporate mentality in which worry is focused on moving the business forward is going to build an entrepreneurial spirit within the organization that is customer focused and productive.

Authenticity: Steele (2012) writes that a consultant must "walk their talk" by truly living the values he or she preaches.

Education: Steele (2012) also states that when a management consultant values his or her education and invests new knowledge and skills, it helps prospective clients see the value of investing the management consultant

Entrepreneurial mindset is another quality referenced by Steele (2012) as necessary for operating a successful independent management consulting business. Practitioners must enjoy the challenge of pioneering successful businesses that are expressions of their gifts, mission, and purpose.

Business structure. Financial stability is a key ingredient for anyone setting out on his or her own. Two years' salary must be saved in advance, according to Phillips (2013). One of the primary reasons that people who enter the profession fail is not due to contacts, talent, competition, or methodology, but to undercapitalization (Weiss, 2009).

Branding / Defining the product: A consultant's product, or service must stand out from the crowd by being different from that of any competitor. What distinguishes the successful consultants from those who barely survive is the ability to carve out a distinctive competitive position by becoming a unique brand and establishing a unique brand identity (Patterson & Gill, 1998). This concept is similar to that of *focus*, listed above.

Partnership and support: Many successful consultants use partnerships to help build their businesses. These consultants recognize the need for additional resources to strengthen their marketplace positions (Patterson & Gill, 1998). For the independent management consultant, this might include contracting with additional consultants to join their engagements in order to help their business succeed.

Staffing is generally not an issue associated with independent management consultants unless the owner chooses to take on work that requires additional resources. In this instance, independent management consultants caught between big consulting opportunities and a lack of capital to hire senior-level people sometimes form alliances with other consultants as either partners or subcontractors (Brown, 1994).

Operational practices. A key operational practice is relationship building. According to Kubr (2002), the relationship between consultants and their clients lies at the very heart of the consulting profession. Similarly, Weiss (2009) writes that an independent management consultant should not focus solely on business skills, consulting methodologies, or even marketing. Consulting is a relationship business, and the more a consultant is conversant in a variety of areas, the better the chances of building those relationships. The way in which a business is structured must allow for the time and necessary resources to build relationships. In building these relationships, Schein (1999) states that the consultant should be maximally visible and maximally available for interaction. Relationships are a key ingredient to the success of a consulting engagement as well as referral business. Referral markets are extremely important in a consultancy because the marketing done by the clients of the firm is probably the best (and most inexpensive) form of marketing. Payne and Poulfelt (1992) referenced a study that Poulfelt completed in 1991 that discussed a recent Danish analysis of the buying

behavior of consultancy users. The analysis showed that, when looking for the appropriate consulting firm, one third of the potential clients asked colleagues outside their company for recommendations.

Pricing: According to Brown (1994), if there is one truism about consulting, it is that independent management consultants rarely charge enough for their services when they first start out. The ability to price work effectively would likely be a major factor in determining success, particularly in the business' first five years.

Marketing: Brown (1994) suggests that the independent management consultant should never stop selling services. Brown states that it is easy to get laid-back about marketing when business is going strong, but the shock will hit the minute all contracts end and there is no new work lined up. In managing growth for independent management consulting firms, two issues are important: The decisions on growth options to support the development of the consulting firm and the marketing strategy used to support the firm's development (Brown, 1994). Growth options can be characterized at three levels: Organic growth (such as new acquiring new clients through marketing efforts), non-binding external relationships (such as assisting another independent management in their engagement), and committed external relationships (Payne & Poulfelt, 1992). However, the marketing activities undertaken by consulting firms frequently do not support plans for growth through the development of integrated marketing plans.

With respect to marketing, Payne and Poulfelt (1992) cite ten common marketing pathologies associated with the marketing activities of management consulting firms. While the focus of this research is on medium to large-sized management consulting firms as opposed to independent management consultants, the information is likely transferable:

1. Professional class syndrome: Highly educated individuals feel marketing is beneath them
2. Undertaking marketing without market analysis
3. Viewing marketing from a functional perspective (rather than as an integrated strategic philosophy)
4. Peripheral marketing: Those in charge of developing the marketing material do not have a clear understanding of the business
5. Clients being the sole focus for marketing: Referral sources, potential employees, suppliers, opinion markets should also be included
6. Concentration on new client acquisition over existing clients
7. Lack of strategic focus
8. Marketing without measurement
9. Promotional emphasis on short term focus
10. Inadequate marketing culture and commitment: Changes in the culture or approach of the consultant's business are marketed without proper commitment

With the 10 pathologies listed above in mind, a key challenge in many professional firms (or businesses) is to ensure a fit between the strategic profile of the business, its position in the marketplace and the client base. This includes client retention (defensive marketing) and how to develop new clients (offensive marketing). These are the key strategic tasks in marketing for consulting businesses (Payne & Poulfelt, 1992).

Increase labor intensity: An independent management consultant's business is capped based on their schedule if the consultant cannot continually reduce labor intensity. A consultant does not have the time to increase workload by four or five times in order to increase revenue. The nature of the tasks must be managed differently (Weiss, 2009).

External forces. One key external force is comprised of economic conditions. Phillips (2013) writes that the best time to enter consulting is obviously in the best

economic environments. The fundamental reasons are fewer unemployed, would-be consultants exist with which to compete, the backdrop of a solid economy alone can "carry" new entrants a long way and as a new consultant, one can make mistakes and still achieve positive market penetration.

Socioeconomic and occupational background: Miner (1971) hypothesized that successful consultants to business management typically come from socioeconomic, educational, and occupational backgrounds that provide maximum exposure to the corporate top management "culture." Such exposure is assumed to yield not only greater personal effectiveness in dealing with people in top management positions, but also greater access to future clients for the firm.

While Miner's study relates to consulting not as an independent but with a large consulting firm, the perspective is relevant to an independent management consulting practice considering the approach and clients might overlap. In any case, with respect to socioeconomic, educational and occupational background or what Miner calls "eliteness motivation" the conclusion suggests that there appears to be something operating to produce the correlations between eliteness motivation and consulting success.

Referrals: For the independent consultant or small group, the magic growth elixir is the referral. The referral is the most valuable of all business generators (Phillips, 2013). While the success of an engagement is mostly within the control of the consultant and the consultant can make it clear that referrals are the lifeblood of the business, the ultimate decision to refer is the client's, hence its position in the category of *external forces*. The importance of and ability to influence a referral is closely tied with relationship building, as described above.

Engagement success. No independent management consultant would remain in business if not for the successful completion of the primary reason for its existence: To assist the client organization to identify management problems, analyze such problems, and help in the implementation of solutions (Greiner & Metzger, 1983). This process always takes place in the form of an engagement between the independent management consultant and the client.

As discussed above, several challenges arise when attempting to settle on a single definition of success for an independent management consulting business as well as the path to get there. Challenges of the same nature exist when attempting to determine the most effective way to ensure client engagement success. There are countless factors that influence whether or not an engagement is considered a success and many ways in which to achieve a successful engagement. It is possible that should several different independent management consultants be exposed to the same business issue, each would propose a unique approach to the solution. Many investigations have cited criterion problems in determining the success of consulting efforts. They note that “hard” criteria, such as productivity and profitability are often not applicable to consulting engagements. Instead, much of the research on consultation is based on criteria such as self-reported measures of satisfaction, leadership and group process. Further, early studies of organization development effectiveness tended to focus on comparisons between techniques used, rather than the actual behaviors exhibited by consultants during the intervention process (Appelbaum & Steed, 2005).

McLachlin (2000) states that engagement success would be best described as keeping promises (meeting client expectations) by improving one or more of client performance, client capabilities, or organizational culture, without making any category

worse. Further, engagement success, or lack thereof, falls into one of four categories depending on whether client needs have been met and core competencies have been addressed. McLachlin (2000) presents four types of management consulting engagement categories (see Figure 1). It must be noted that each of the four categories are not entirely exclusive of the other three:

- Quadrant I (meaningful engagement). In these situations, both a core need is addressed and client expectations are met. There is no doubt that these engagements should be considered successful.
- Quadrant II (clean contract). For these engagements, there is no intention that core needs are to be addressed. Rather, the consultant simply fulfills a contractual obligation, as promised (e.g. the provision of training in computer skills). Such an engagement may have nothing to do with core needs but it does meet particular client expectations. Clearly, these types of engagements should fit the definition of engagement success, in spite of core needs not being addressed.
- Quadrant III (unstable relationship). Here, client expectations are not met even though a core need is addressed. These situations could arise in two ways. One, the consultant addresses core needs but performs the work poorly. But the other more interesting situation is where the consultant accurately addresses core needs, counter to client expectations. Such engagements can involve hidden agendas or suspect motives on the part of the client. For example, the client may simply want to confirm or receive support for actions already decided (e.g. to fire someone). However, the consultant may decide to look beyond this and focus on the core problem which, for example, might be the client's management ability (e.g. the boss is the real problem). In this case, a core need was (accurately) addressed but client expectations were not met. These situations are unstable and cannot be considered successful, even though core needs are addressed.
- Quadrant IV (outright failure). These engagements are normally easy to recognize. However, this quadrant should also include those situations mentioned previously, in which the consultant either knowingly or unknowingly leads the client to believe that core needs have been met (because the consultant is either selling snake oil or simply lacks knowledge). As the consultant has failed to meet the implicit expectations of the client that core needs are being properly addressed, such situations properly belong in quadrant IV (outright failure), even though they first appear to belong in quadrant I (meaningful engagement) (McLachlin, 2000).

	Core Needs Addressed	Core Needs Not Addressed
Expectations Met	I. Meaningful Engagement Example: Consultant diagnoses and implements changes in core operations capabilities	II. Clean Contract Example: Consultant organizes and delivers a seminar, as promised
Expectations Not Met	III. Unstable Relationship Example: Consultant reports a correct diagnosis that the boss/client is the real problem	IV. Outright Failure Example: Consultant sells whatever is in the toolkit (snake oil) without regard for client

Note. Based on McLachlin, 2000

Figure 1

Types of Consulting Engagements

Schaffer's (2002) position is that management consultants conduct their interventions based on a model that limits full collaboration. Schaffer further describes a model of three specific outcomes necessary for a consulting project to be considered a success. First, the consultant must provide a solution or a method new to the client. Second, the client must achieve measurable improvement in its results by adopting the solution. Third, the client must be able to sustain the improvement over time (Appelbaum & Steed, 2005). To support his position, Shaffer (2002) lists five main flaws that increase the risk of a failed engagement:

1. Consulting projects are defined in terms of the work the consultant will do and the "product" the consultant will deliver, but not in terms of specific client results to be achieved (project is about change, not effecting change);
2. Project scope is determined mainly by subject to be studied or the problem to be solved, with little regard for the client's readiness for change (ability, motivation, sense of urgency);
3. Projects aim for one big solution rather than incremental successes;

4. Projects entail a sharp division of responsibility between client and consultant; there is little sense of partnership between them; and,
5. Projects make labor-intensive use of consultants, instead of leveraged use (Schaffer, 2002).

Among other factors, the way in which the consultant puts together the consulting process will significantly affect the relationship with the client and consequently the success of the engagement. Appelbaum and Steed (2005) wrote that based on the anecdotal views, conceptual frameworks and empirical studies, literature suggests that consulting engagements that possess the following success factors will lead to more favorable outcomes:

- competent consultants;
- an emphasis on client results versus consultant deliverables;
- clear and well communicated expectations and outcomes;
- visible executive support;
- an adaptation to client readiness;
- an investment up front in learning the clients environment;
- defined in terms of incremental successes;
- real partnership with consultants; and
- inclusion of the consultants through the implementation phase

Many of the success factors listed above by Appelbaum and Steed (2005) are challenging to define with a specific technique or approach since each management consulting engagement is unique in some way. Furthermore, these factors offer little in the way of a roadmap should a management consultant wish to translate them into practice. For example, the factors “competent consultants” and “real partnership with consultants” are words that carry a great deal of subjectivity. Similar to Appelbaum and

Steed (2005), Block (2010) offers a list of key factors that drive engagement success and these are also subjective in nature. Block (2010) states that for every moment of consultation, the management consultant needs three basic but important skills to do a good job: *Technical, interpersonal and consulting skills*. He justifies the purposeful subjectivity of these factors by stating that consulting is not simply the implementation of a technique. There are dimensions to the consulting role that transcend any specific methods one might employ and contribute to the effectiveness of a management consultant regardless of the technical expertise. A unique and beguiling aspect of doing consulting is that the management consultant's own self is involved in the process to a much greater extent than if one was applying expertise in some other way. The management consultant's reactions to a client, feelings during discussions, ability to solicit feedback from the client – all are important dimensions to consultation (Block, 2010).

Other authors attempt to address the roadmap to a successful engagement issue by offering more definitive factors. The most prominent among current literary sources are discussed as follows:

Clarity of client goals: Measurement of management consulting engagements has been attempted by several researchers, with the goal of identifying a methodology for achieving engagement success. With the goal of exploring the contribution of a range of consultant behaviors and goal setting activities to the overall consultation effectiveness, O'Driscoll and Eubanks (1993) conducted a study that applied a behavioral competency model to organizational development interventions. The study concluded that organization development programs were more highly rated by both consultants and clients when the consultant had gathered information about the organization to increase

their understanding of the group they were working with and to develop their intervention, who also interpreted data for the client, and who provided feedback to the organization. These engagements were even rated more highly than those instances where the client believed their intervention goals had been specific. According to the study, understanding the needs of the client by working towards an increased understanding of the group was a significant factor from the clients' point of view. Ford (1985) wrote that at the heart of most poor client-consulting project is one significant factor; poor client consulting relationships. Additionally, Brown (1994) writes that the consultant must ensure that the client and consultant's expectations are in alignment in order for an engagement to succeed. One of the challenges of creating clarity around client goals is to recognize the actual problem, particularly if the approach is based in process consulting. Schein (1999) writes that it takes extraordinary discipline to reflect for a moment on what is actually going on (in other words, deal with reality) and to ask a question that might reveal more and encourage the other to tell the management consultant more before the management consultant accepts the doctor role (in other words, access ignorance). Schein goes on to write that the first and most important pitfall is failing to agree on a goal to be achieved and/or performance standards to be met.

Integrity: McLachlin (1999) presents the idea that consultants must exhibit integrity, in particular by always putting the client's best interest first. Clients must be involved in the project, and ready to change (Appelbaum & Steed, 2005). Integrity, as described by McLachlin (1999) is similar in nature to the concept of authenticity.

Authenticity means a consultant puts into words what is being experienced with the client as work is completed. This is the most powerful thing a management

consultant can do to have the leverage necessary to build client commitment (Block, 2010).

Teach the client: According to Schein (1999), who writes from a process consulting standpoint, the goal of process consultation is to increase the system's capacity for learning so that the system can fix its own problems in the future.

Meet promises: An independent management consultant has the freedom to make whatever promises he or she deems appropriate. But, according to the Kolb and Frohman (1970), an engagement cannot be considered a success without the consultant meeting these agreed-on goals. For a successful engagement to take place, the consultant must ensure not to make any promises on paper that cannot be kept.

Client readiness: If a client is not actively involved and ready to change, a consulting engagement is very unlikely to be successful (McLachlin, 1999). The consultant must be able to identify whether or not a client is in the ready state.

Additional factors cited by current literature relating to successful engagement outcomes includes having *adaptability* (Ramsey, 2010) and the management consultant displaying competency in *interpersonal skills* (Block, 2010).

With the most prominently listed practices for achievement of engagement success in mind, current literature references another perspective of management consulting engagements referred to as knowledge management. According to the literature, knowledge management is simply a lens through which to view the nature of management consulting engagements. It can therefore be viewed as an operating philosophy within which engagement techniques such as the expert, doctor or process consultation roles and all of the above-listed behaviors and techniques fit.

Knowledge management is a frame of reference cited in current literature regarding management consulting engagements. It attempts to classify engagements as a form of managing knowledge amongst all parties involved. This is because the purpose of consulting is to offer clients the experience and knowledge of the management consultant. Further, the industry is essentially founded on knowledge itself as the core product. In order to begin analysis of what is required for a knowledge management project to succeed, current literature first attempts to offer a definition for a successful outcome from a knowledge management perspective. To build on the above section regarding the challenges of defining success, it is interesting to consider what “success” means in the context of a knowledge management project. Jennex, Smolnik, and Croasdell (2008) wrote that researchers have long sought to define this concept by reaching a mutual understanding or definition. However, accomplishing this is difficult due to the dynamic nature of the concept of knowledge. With that in mind, defining the success of knowledge management is imperative to comprehending how these engagements should be structured and implemented. Jennex and Olfman (2006) define knowledge management success as reusing knowledge to improve organizational effectiveness by providing the appropriate knowledge to those who need it when they need it (Mas-Machuca & Costa, 2012). Given the subjective definition of the terms “knowledge” and “appropriate”, this explanation provides a rather loose interpretation of how knowledge is used to create successful consulting engagements. Nonetheless, Saraph, Benson, and Schoeder (1989) offer a list of achievements they believe that a successful knowledge management implementations outcome is able to provide an organization. These include competitive advantages, customer focus, improved employee relations and development, innovation, and lower costs.

With respect to knowledge management projects, critical success factors are defined by Skyrme and Amidon (1997) as those critical areas of managerial planning and action that must be practiced in order to achieve the success outcome. These practices need either to be nurtured if they already exist or to be developed if they are not yet in place (Mas-Machuca & Martinez Costa, 2012). Essentially, critical success factors are internal and controllable factors whose application helps companies to maximize the effectiveness of their projects.

Mas-Machuca and Martinez Costa (2012) asserted that three groups of critical success factors are applicable for any knowledge management or management consulting engagement: Strategic, cultural, and technological factors. These three factors can be thought of as components of the roadmap to achieve the above defined success outcome of competitive advantages, customer focus, improved employee relations and development, innovation and lower costs (see Table 2).

Table 2

Critical Success Factors to Knowledge Management Projects

Critical Success Factors	Items
Strategic factor	Top management support
	Organizational structure
	Incentives to encourage knowledge sharing
	Knowledge management strategy aligned with corporate strategy
Cultural factor	Corporate culture, based on the values of: 1. Trust, transparency, honesty 2. Collaboration, professionalism, and 3. Flexibility and commitment
Technological factor	Measurement
	Business process
	Technological infrastructure

Note. Based on Mas-Machuca & Costa, 2010)

Understanding the three critical success factors identified by Mas-Machuca and Martinez Costa (2012) and how they impact knowledge management project success can

be useful for improving the effectiveness of an independent management consultant's results. For example, the consultant can ask, "How has my company considered these factors?" or, "In which factors should a greater effort be made?" To better understand why these factors are essential to the success of a knowledge management initiative, it is important to explore each in more detail.

The first factor listed in Table 2 is the strategic factor. This has been shown to be positively related to knowledge management success and its adoption will increase the effectiveness of knowledge management projects. At a company where top management provides support, where there is a suitable organizational structure, where incentives for sharing knowledge are in place and where the knowledge management project forms part of the corporate strategic plan, there is a greater chance of success than in an organization that does not consider these factors (Mas-Machuca & Martinez Costa, 2012).

With respect to the components of the cultural factor, these were shown to have a considerable influence on the success of knowledge management projects. The first group of values (trust, transparency and honesty) and the basis for creating an environment conducive to the sharing of knowledge and information within the organization, and for people belonging to the organization to be able to learn and interiorize new practices. For the second group (collaboration and professionalism), the professionalism of an organization's staff is clearly and directly reflected in customer satisfaction and thus in the good progress of the company. Teamwork (both internally and at client level) is vital for knowledge management to be alive within the organization, so staff should collaborate and work together in multidisciplinary teams to make the company more efficient. Finally, with respect to the third group (flexibility and commitment), each organization should be aware of the degree of flexibility it can sustain in accordance with

the type of people it employs. The greater the staff's commitment to the company, the greater the degree of flexibility will be (Mas-Machuca & Martinez Costa, 2012).

Finally, the technological factor, according to Ruggles (1998), is one of most important factors contributing to the success of a knowledge management project. The need to measure the effects of knowledge management initiatives, to integrate knowledge management in the business process and to choose a proper technological infrastructure plays an important role in knowledge management projects. Technology can enhance positive results.

Without question, the variations on techniques, skills, behaviors and traits that a consultant brings to the table, either from a knowledge management perspective or otherwise, is limitless. While every consultant's offering is unique in this regard, it is likely that some of these factors are more important than others in achieving engagement success in general.

Large, Established Management Consulting Firms

There are a variety of alternatives available for any manager seeking help from a management consultant. Depending on the business or industry, this might include an internal or external management consultant. If the manager wishes for an external management consultant, there are numerous types available. External consultants range from independent to large, multi-national consulting organizations. There are benefits and drawbacks to each alternative. The considerations in hiring a consultant are very similar to the decisions employers make when hiring a fulltime associate. Candidates are checked out for the resources and powers they bring. Their talents, abilities, and style allow their uniqueness to show, which selects them in or out of the process. The employer looks through the better applicants for fit and generally uses fit to decide

(Bellman, 1990). Research by Day and Barksdale (1994) indicates that the selection criteria of a management consultant includes four major dimensions:

1. Perceived experience, expertise, and competence of the consulting service provider;
2. The provider's understanding of the client's needs and interests;
3. The provider's relationship and communication skills; and
4. The likelihood of the provider conforming to contractual and administrative requirements.

In deciding between hiring a large management consulting firm or independent management consultant, there are numerous factors to consider. The reasons a manager might decide to use a large management consulting firm include:

- Cachet (e.g. the brand name) is critical
- Broad, simultaneous geographic reach is required
- Large number of people is required to address the issue
- Best people to address the issue are not available (Fields, 2012)

As expected, large management consulting firms typically offer a broad range of tried and tested services, skill sets and resources. The depth and variety of talent and resources available at the larger management consulting firms can be attractive to a manager. The reasons a manager might decide to avoid a large management consulting firm and hire an independent management consultant instead include:

- Larger staff does not equate to more efficacy
- Big ideas emanate from small consultancies
- Increased personnel drives decreased efficiency
- Entrepreneurial thinking may be more prominent
- The big thinker might not be working on the project

- Large management consulting firms may be slow to adopt new ideas
- The consultant's success is not aligned fully with the outcome (Fields, 2012)

According to Gupta (2011), independent management consultants can provide more specialized focus to clients than larger, more established firms. Independent management consultants tend to deliver a small number of high quality services. The arms length experience and shorn of hierarchy, which is the hallmark of large firms, can make these independent management consultants more preferable to managers. Additionally, independent management consultants provide a comparatively cost-effective alternative in the areas like management consulting where the established players tend to be very expensive.

Summary

The management consulting industry is highly unregulated with low barriers to entry and management consultants offer a variety skills and expertise to just about every business sector imaginable. There are many reasons people chose to become independent management consultants. Once involved, the nature of their client relationships can take on one of several forms including that of an expert, a doctor or a process consultant (McLachlin, 1999). Additionally, the management consulting can be viewed as a practice in knowledge management. Fundamentally, an independent management consultant must achieve success in either operating their business or working with clients for their business to be considered successful. Determining the degree to which success is necessary in these two areas is required is not straight- forward due to the variability in both the definition of success and the path to it. For example, an independent management consultant who is limited by poor management of internal operations of the business might still succeed if engagement work is exceptional. An additional

consideration for independent management consultants that is cited by current literature is the way in which the management consultant competes versus larger, more established firms. These two entities typically offer a different value proposition in terms of, among other factors, cost effectiveness, focus, and agility.

Ultimately, the path to success for any one independent management consultant is unique depending on where his or her strengths and the focus of his or her practice lie. In order to define success and the way in which to achieve it, current literature offers a number of views, some of which are more commonly cited and fundamental to success than others. However, due to the nature of independent management consulting, literature can only serve to offer possibilities as to what areas should be considered. Whether or not these dynamics will lead to success as the independent management consultant defines it is, to a large extent, up to that particular independent management consultant.

Chapter 3

Methods

This research project was designed to uncover the key factors involved in operating a successful independent management consulting business. This chapter describes the design of the study, the researcher's role, the methods of data collection and recording as well as data analysis and validity.

Research Design

A qualitative research approach was aligned with the purpose of this study, which was to understand the key factors involved in operating a successful independent management consulting business. The aim of qualitative research in this regard is to “share the goal of understanding the complex world of lived experience from the point of view from those who live it” (Schwandt, 1998). It was the researcher's belief that the advantages associated with a qualitative approach supported the purpose of this study by helping to understand the experience of those who have operated an independent management consulting business. The primary advantages included: local context, flexibility, and richness and holism of the information collected (Luddy, 2007). Another advantage was that qualitative research allows for emergent themes and encouraged the researcher to move beyond the initial conceptual framework (Creswell, 2014). This flexibility allowed for adaptation during the data gathering process as required by probing more thoroughly if needed as well as accurately interpreting data.

Research Sample

Data were gathered in two stages, described below.

Stage 1. A group of individuals was asked to participate in an online survey provided they own or have owned an independent management consulting business. As

sample sizes in qualitative research tend to be small and purposive (Punch, 2005), the researcher's goal was for 30 participants in this stage. The sample was limited to graduates of Pepperdine University's MSOD program. Participants were indirectly contacted through the alumni section of an online enterprise social media platform called Yammer, through which many graduates of the MSOD regularly communicate. On this website, an invitation was posted to MSOD alumni that outlined the purpose of the study, the criteria for participating and offered a hyperlink to access an online survey. Those that clicked the link were directed to the online survey. Consent was required from participants and a consent form was available in order for participants to understand the purpose of the study and participation criteria. The consent form clearly stated that their participation is optional, results were kept confidential and they may be contacted to participate in the second, voluntary stage of the study following the survey.

The Stage 1 online survey asked participants basic demographic and perceptual information in multiple choice as well as open-field form. Demographic information included areas such as gender, location, nationality, and years in business. Perceptual information included areas such as their definition of success, whether or not their business is or was successful, drivers for business and engagement success as well as competing successfully against larger, more established firms.

To ensure the online survey was both clear and relevant, stage one survey questions and optional answers were validated by a panel of experts prior to the study.

Stage 2. Stage 2 consisted of semi-structured personal interviews of 10 participants from the stage one sample. As described by Kvale (1996), the interviews were interviews whose purpose was to obtain descriptions of the life world of the interviewee with respect to interpreting the meaning of the described phenomenon.

Viewed as a purposeful conversation, interviews allowed the researcher a degree of control over the line of questioning and useful when participants cannot directly be observed (Creswell, 2014), as was the case with the online survey. Interviews also provided access to large amounts of data relatively quickly.

The interview candidates were chosen based on the nature of their responses from stage one. Contact was made to potential interview candidates by email. If a candidate was emailed and did not reply within two business days, in some instances the researcher attempted to contact the participant by telephone. All stage two interviews were conducted by telephone and the conversations were recorded using telephone recording software.

Consent was obtained both verbally and by the voluntary decision to remain with the interviewer throughout the interview. To protect the anonymity of participants, neither their name nor the name of their business was shown in the results from either stage. Each participant was given a number and their business was not referred to by name, rather, it was categorized based on location. Participants were informed that all information was to be coded such that their identity remained anonymous. There was no cost to participating in the project, apart from a break in productivity from the participant's current job, if applicable

Four main questions and a variety of follow up questions guided the interview and were constructed to collect a large amount of qualitative data from the participants. In order to ensure the interview questions were clear and relevant, they were validated by a panel of experts prior to the study. The purpose of developing questions prior to the interviews was to ensure that all relevant areas of discussion were sufficiently covered. When appropriate, researcher probed the participant with follow-up questions in order to

gather additional information about relevant subject areas. The interview script with the main four areas are shown in the Appendix, along with potential follow-up questions shown as sub-bullets.

The findings collected from the interviews were analyzed and contrasted for common themes and summarized to address the following principal research question: What are the key factors (such as qualities, traits, tools and behaviors) in determining the success of an independent management consulting business?

The findings were also analyzed to address the supporting research questions;

1. How do independent management consultants define success for their business?
2. What relationship, if any, exists between the behaviors of the independent management consultants and the success of their business?

Researcher's Role

With a background as a manager in a variety of small and large businesses and having completed over half of the MSOD degree at the time of the study, the researcher brought a bias to the study in terms of what “success” means. The researcher’s intention to start an independent management consulting business added another bias in that challenges or successes as described by participants may not have been interpreted as they were intended. For example, the researcher may have disagreed with a statement by a participant that a certain challenge is difficult to overcome. Careful consideration was given to avoid results being clouded by personal experience and bias.

Data Analysis

Data from the online survey and telephone interviews were analyzed separately. Online survey data were analyzed using the software through which the survey was conducted (Qualtrics) in combination with a spreadsheet application (Microsoft Excel).

Following each telephone interview, recordings were transcribed into a central electronic database along with any observational notes or supplemental documents. Analysis of telephone interviews was done using an online qualitative data analysis software program (Dedoose) in combination with a spreadsheet application (Microsoft Excel).

As the Stage 2 data set grew, the information was analyzed and “clustered” to reveal themes within each sample, also known as “coding”. Additionally, the data were analyzed for consistent themes across samples. As described by Maxwell (2005), both similarity relations (resemblances and common features or coding) and contiguous relations (identifying things by seeing connections between them rather than similarities and differences) were sought. The researcher looked for relationships that connected statements and events within a context into a coherent whole.

Reliability and Validity

A combination of strategies were used in order to validate the data. The researcher’s own bias was thoroughly clarified along with the results. Also, an external auditor was used to review the entire project.

Two key factors threaten the validity of this study. First, given that a clear definition of success was not provided to participants, the study relied on their ability to determine and sufficiently communicate what success meant to them. Second, participants’ ability to understand and clearly communicate what led to their success may have been a challenge. Even with carefully designed questions and recorded responses, there is no guarantee that the meaning intended by the participants is either an accurate depiction of reality or articulated clearly enough to be adequately represented in the study.

Chapter 4

Results

The purpose of this study was to determine the key factors that are involved in operating a successful independent management consulting business. This chapter presents the findings of the study and describes the data collection results and data analysis. The first section presents the data gathered using the online survey. The second section presents the data gathered during telephone interviews with study participants, all of whom completed the online survey.

Online Survey Findings

The findings for the independent management consulting key success factor online survey are presented in the subsequent sections. The findings review the demographic information, data regarding consultant's definition of success, whether or not success has been attained, factors involved in achieving success, and competing against larger firms.

Demographics. In total, 32 graduates of Pepperdine's MSOD program who either currently (at the time of the study) or had in the past operated their own independent management consulting business completed the online survey. The demographic information collected from the sample included gender, business location and approximate number of years practicing management consulting independently. Of the 32 participants, gender distribution was 21 females (66%) and 11 males (34%). The location distribution was 25 participants in the United States (78%), 5 in Canada (16%), 1 in Costa Rica (3%), and 1 in Bulgaria. A distribution for years of experience is captured in Figure 2.

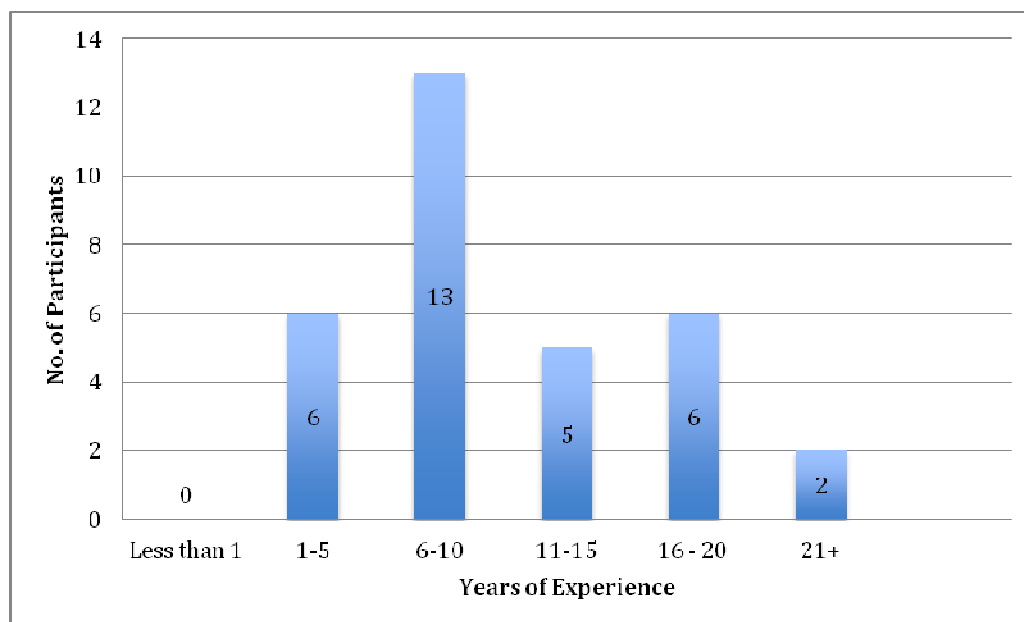


Figure 2

Experience Distribution Among Online Survey Participants

The data show that the majority of participants (13 of 32, or 41%) had 6 to 10 years of management consulting experience as an independent. No participants had been consulting for less than one year and a small percentage (2 of 32, or 6%) brought over 20 years of experience to the study.

Achievement of success. Survey participants were asked if they consider their independent management consulting business to be successful. In response to this question, 28 of 32 participants answered, “Yes” (88%) and 4 answered, “No” (12%). Of the 4 participants that answered, “No”, 3 had been in business for 1-5 years and 1 had been in business 6-10 years.

Definition of success. The data show that the most common indicator of success among the sample is how successful client engagements are. Survey participants were asked to select all items that represent success for their business. They were provided

with a list of potential answers and an open field in which they could write their own response in addition to or instead of the options provided. Table 3 depicts the distribution of results.

Table 3

Definition of Success by Participant Response

Definition of Success	Responses	
	N=32	%
How successful client engagements are	29	91%
A comfortable work / life balance	23	72%
Amount of profit	22	69%
Recognition from clients and others	20	63%
Client roster	17	53%
The number of people affected by a successful engagement (social impact)	16	50%
Fewest number of hours worked while sustaining a viable business	5	16%
Other items that represent success (Open field - please describe as many as you believe apply)	17	53%
Total	149	

Of the 17 open-field answers participants provided, four of the participants listed client referral as representing success for their business. This was the most common answer among the open-field answers provided by the sample. A comparison of responses to this question, both prompted and open-field, versus level of experience revealed no significant correlations or trends.

Drivers of success

General aspects that lead to success. The data showed that the majority of the sample (N=28 of 32, or 88%) selected “Strong relationships with your network and clients” most often as an aspect that contributes to business success. The next most frequently selected aspect was “Completing engagements as successfully as possible” which 20 participants (63%) chose. Table 4 depicts the distribution of answers regarding aspects that contributed most to participants’ business success. For comparative purposes,

those that believe their business had been successful have been separated from those that do not believe their business had been successful.

Table 4

Drivers of Success by Participant Type

Driver of Success	Do you consider your business to be successful?					
	Yes		No		Total	
	N=28	%	N=4	%	N=32	%
Strong relationships with your network and clients	25	89%	3	75%	28	88%
Completing engagements as successfully as possible	18	64%	2	50%	20	63%
Your passion to succeed	11	39%	1	25%	12	38%
Clear focus on a market niche	7	25%	0	0%	7	22%
Being located in a favorable geographic market	5	18%	3	75%	8	25%
Having clear goals	4	14%	0	0%	4	13%
Favorable economic conditions	3	11%	1	25%	4	13%
The way you have branded your business	3	11%	0	0%	3	9%
Marketing	1	4%	2	50%	3	9%
Sales skill	1	4%	0	0%	1	3%
Expense and financial management	0	0%	0	0%	0	0%
Other (Open field - please describe)	15	54%	1	25%	16	50%

The largest discrepancy between those that considered their business successful and those that did not is with “Being located in a favorable geographic market”. Only 18% of those that considered their business successful selected this answer where as 75% of those that did not consider their business successful. The second largest discrepancy was marketing wherein only 4% (1 participant) of those who considered their business successful selected this as opposed to 50% of those that do not.

The most common answers in the open-field option were based on delivering value to clients. Three of sixteen open-field answers addressed this concept.

Strategy, project and technical skills that lead to success. The data showed that among all the strategy, project and technical skills the participants could choose from, only two aspects were selected by more than 2/3 of the sample. These are Relationship management (84%) and authenticity (69%); both of which are considered project skills.

Table 5 depicts the two most common selections from each of strategy, project and technical skills category.

Table 5

Strategy, Project, and Technical Related Skill Selection Distribution

Category	Aspect	Participants	
		N=32	%
Strategy related skills	Setting clear business objectives	14	44%
	Project management	10	31%
Project related skills	Relationship management	27	84%
	Authenticity	22	69%
Technical related skills	Project planning methodologies	11	37%
	Understanding formal business models	10	33%

Competing against larger firms. When asked why a manager might hire a larger, more established firm versus an independent consultant, the most common reason given was brand name. The data showed that the majority of participants (N= 22, 68%) believed this was the case. The next most common reason was the scale of the project (N=15, 47%) followed by a similar concept to “scale of the project” which was that the client needs more resources than an independent management consultant can provide (N=12, 38%). The next most common response was from participants who stated they simply do not compete versus larger, more established firms (N=12, 31%).

Telephone Interview Findings

All 10 interview participants spoke about what success meant to them, how they achieved their success, challenges they have faced in achieving their success and competing (or not) versus larger firms. The results of the study suggest that the definition of success is not the same among all participants. All interview participants stated that they have achieved their desired level of success but the factors listed that define that

success varied among participants. Some factors; however, were listed by nearly all ten participants and others by only a small number. The responses suggest that there are four principal dynamics one must consider in uncovering the key factors involved in operating a successful independent management consulting business. These factors include (a) the consultant's definition of success, (b) relationship-building behaviors, (c) general business and personal practices, and (d) macro forces. The following section describes these dynamics in detail.

Definition of success. Analysis of the data suggested that each consultant defined success in their own way and frequently used multiple definitions as opposed to just one. While there is an unlimited range of potential definitions of success, the study showed that some are common among most of the participants. Table 6 shows a distribution of the definitions for success as well as their frequency among the participants.

Table 6

Distribution of Success Definitions

	Participants N = 10	
	N	%
Ability to choose clients	5	50%
Referred to additional clients	5	50%
Amount of money earned	3	30%
Comfortable work-life balance	3	30%
Positive impact on client	3	30%
Asked for additional business	3	30%
Large number of people affected	2	20%
Consistently full work schedule	1	10%
Ability to keep schedule flexible	1	10%
Recognition by client	1	10%
Strong relationships built	1	10%
Ability to work from home	1	10%

The ability to choose clients was referenced by half of the participants and was, therefore, one of the two most frequently cited definitions of success. Some participant comments in this area included: “I feel successful because I have the freedom to choose the type of work that I am interested in.” Another participant stated the following:

I don't do work that is not aligned with who I am, what I'm passionate about and how I believe the work needs to be done. Things like from an appreciative perspective or a generative perspective rather than a problem solving perspective, a problem orientation. I'm saying that type of thing. If people, the way they approach work, their perspective on life and organization and people is different than mine then I will give them someone else to work with because it's not work that I need to do.

Half of the participants also listed references from clients as a definition of success. One comment on this subject was as follows:

That's success: Word of mouth. That's my business. I don't advertise. I don't market, so I am reliant on word of mouth and recommendations and certainly recommendations are more likely to be made if the client is satisfied that the reason why they hired me is what happened.

Another participant commented, “Yes. I would say about 70 percent of my business is all referral based. It's from happy clients that have re-engaged with me or told somebody about me.”

Four other definitions of success were mentioned by three of the ten participants. These definitions included the amount of money made, a comfortable work-life balance, a positive impact on the client and whether or not the client asked for additional work from the consultant. Although three of the ten participants cited the amount of money they make as a definition of their success, four participants mentioned the amount of money they earn does not impact their definition of success. They said they simply need to earn enough to maintain lifestyle. Comments on this subject included:

I was financially successful and I'm weirdly unattached to money. So while I was financially successful, I never measured the success of my firm by financial success.

I'm not really driven by needing a lot of income. I have enough to kind of do the things that I want to do with my life right now.

I work for the intellectual stimulation and knowing that I'm helping other people as opposed to money.

Of these four participants, three of them listed their experience level as 5-10 years and the fourth participant's experience was 11-15 years. All four had worked in other industries and were in the mid to later stages of their career, suggesting that perhaps financial gain is not as strong a driver of success after at least 5 years of consulting.

A healthy work-life balance is an important measure of success to three participants. Their stance on the importance of work-life balance was often emphatic and can be summarized by one participant's comment:

Work-life balance has been huge for me and I think as a consultant that's been one of the biggest benefits. My kids are grown now but when they were small it was particularly important to me because I'm one of the few people that I know who had a high powered career and felt like I could be involved in other aspects of my life in terms of my children, my husband and volunteerism and other parts of my life as much as I wanted to. So, being a management consultant, one of the greatest satisfactions is the work-life balance that I feel I was able to achieve.

Seven of the 10 participants did not mention work-life balance as a determinant of their success. One participant's commented that work-life balance is not a concern for people that truly love their work:

I think if people really love their work, they don't talk that much about balance because it just becomes a part of their life. I know people that are artists, they're into that kind of work style. They work what would appear to most to be crazy hours but you rarely, rarely hear them talk about balance. They have a period of time where they kind of get on a hot beam of productive work, they'll do that, and then they will have the ability to kind of lay back and rest.

In defining success, participants commented on areas such as obtaining a referral, repeat business and client recognition. These comments suggested there was a strong

connection between how one defines success and the strength of relationships with clients. Other dynamics, described in more detail below, suggested another direct connection existed between the general business and personal practices of a consultant and their relationships with clients. Additionally, data presented below suggest that these three dynamics (definition of success, strong client relationships, general business and personal practices) were further impacted by a fourth dynamic called macro factors. Macro factors are contributing factors to success that do not fit into the other three categories. They include big-picture factors such as self-confidence, value-system management and handling unpredictability as well as uncontrollable realities faced by independent management consultants such as economic conditions and educational resources. Figure 3 depicts the relationship between these four dynamics.

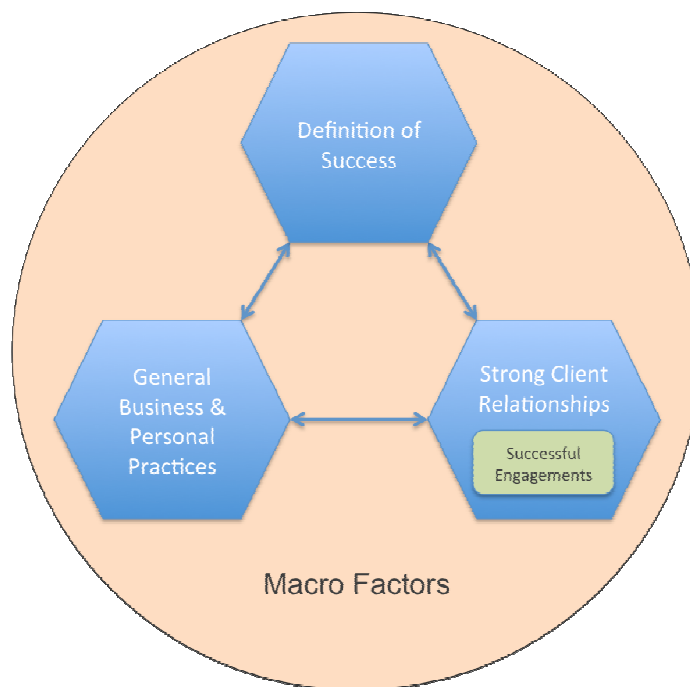


Figure 3

Independent Management Consulting Success Dynamics

Strong client relationships. When asked how their success was achieved, nine of the ten participants (90%) explicitly listed relationships or relationship building as an important factor. One participant's response was very direct: "My ability to build relationships is why I have succeeded." Another participant expanded on the concept of relationships by describing why strong relationships are important:

I know when I've connected with (a client) because there's energy. They talk about what the next steps might be and then I can come back with a proposal for those next steps. There are some where I have just a short term engagement but I know that if they needed something else, they would call me.

The only participant who omitted relationships from the conversation did not speak against the importance of relationships but commented on work process instead:

I've always entered organizations with "what's the business case here? What is it we're really trying to do for the business" and move from that vantage point. That's been my thing. The philosophy has always been "focus on the work" and we change organizations by focusing on the work and not on some sort of abstract belief that if everybody gets to know each other and love each other then the organization will be successful. Roll up your sleeves and get involved in the work processes and how people engage in these processes. That's where I always started.

Participant feedback suggested that independent management consulting is, by its very nature, a relational business where work is primarily conducted by engaging with others in one or more of a variety of ways. These engagements could include one-on-one conversations, small group or large group discussions, interviews, surveys, lectures or any number of information-exchange methods. The data in this study suggested that because management consulting is an engagement-based business, the strongest determinant of client relationships is through the perceived success of the client engagements. Next to relationships, the second most commonly mentioned factor relating to achieving their success was ensuring engagements are successful. This was explicitly listed by eight of ten participants (80%). Given that independent management consulting

engagements require some form of an engagement, engagement success can be seen as the primary driver of relationship success. One participant commented on his areas as follows: “My business is a success when I have work and I get that work by being successful with projects. And then that creates repeat business.” Another participant commented: “It really comes down to: You have to deliver the goods when you're in the class with the client. If they're not satisfied then you're not going to get invited back.” When asked what tools, behaviors, personal traits or other skills determined the success of an engagement, participants listed many factors, some with more frequency than others (see Table 7).

Table 7

Engagement Success Factors by Participants and Comment Count

	Participant Count N = 10	Comment Count
Understanding client needs	7	14
Being fully present	6	12
Contracting	6	6
Niche skill	6	11
Appropriate use of models	6	11
Authenticity	5	11
Fulfill commitments	4	6
Customized approach	3	5
Leaving client with skills	3	5
Speaking the truth	3	4
Avoiding “going native”	2	3
Identifying the real client	2	2
Public speaking skill	2	2
Business issue focus	1	1
Clear meeting plan	1	1
Frequent feedback request	1	1
Situational awareness	1	1
Business acumen	1	1

The most commonly referenced key to engagement success was understanding client needs. One comment on this factor was as follows:

Ultimately the best authority for solving the client's problem is the client themselves. If I can present material and present myself in a way that makes it possible for them to reflect and think about what they might want to change it's going to be much more successful than if I'm in there just kind of spouting something that sounds like, I don't want to say boiler plate, it's not quite that bad, but just a piece of shtick. Success comes from recognizing that each client is different, unique and shifting up what I do to deal with each client and each situation as appropriately as I can.

One participant provided a comment that indicates a connection between understanding client needs and being fully present, which was the next most commonly reference behavior for successful engagements:

I would say the other (key to engagement success) is really connecting with the client through deep listening. Connecting to the point where, as close as possible, you're one with your client. I'm one with my client because then I really get it. I'll never get it as if I am them but if I can really connect with a client and be in their perspective and really understand their perspective I can anticipate a lot of things. I can really be more helpful. That's an important behavior.

The next most important behavior in determining the success of an engagement was contracting. Setting the terms and expectations of the engagement through appropriate contracting in the initial stages was listed as a key behavior by six of ten (60%) participants. One participant commented on the importance:

Contracting was really important. The other thing which is extremely important is being able to cost your work. Those are linked. Contracting and being able to cost your work. What am I really contracting for? What am I really going to have to do with this client? How much will that cost? How much time will that take? How much will that cost? That's absolutely critical. Because if you can't do that, you might be contracting half the time that you should be, which affects revenue and affects profit. It affects your rates. There's the rate that you tell the client but then there's the real rate. Right there's the rate that you say. And if you have not calculated the appropriate number of hours then there's the real rate that you pay. So those were really, really important. Knowing how to contract effectively and knowing how you're going to get the work done.

Possessing a specific skill or set of skills was something that six of ten participants referenced either directly or indirectly as a determinant of engagement success. In this study, any skill that differentiated one consultant from another, either from background experience, education or natural abilities was categorized as a niche skill. One participant placed great emphasis on the relationship between the unique skills a consultant brings and engagement success.

I think one of the most important things that I have that some organization development consultants do not have that I think is incredibly beneficial to me personally is I can run a “P and L”. Because I have line business experience and because I have pretty deep financial acumen, I have a level of business acumen that allows me to converse with business people in their language. So I think being able to have that strong business acumen was critically, critically important.

Six of ten participants (60%) also listed their ability to make use of appropriate models or frameworks as critical to engagement success.

The other thing that was really important for me was about knowing appropriate models, frameworks, etcetera. Appropriate is really about best practice and knowing what the client thought was appropriate. Because if you go in with models and the client goes, well there's always the issue about telling the client what model you're using or not, but if the client thinks that your model's out in left field, it's going to affect your credibility. So, models and frameworks to use to get the work done and knowing best practices and staying current with what clients are learning. What clients know and what they are learning. So, you know, do clients read Harvard Business Review? Then you should be reading Harvard Business Review cover to cover. What are the latest books that your clients are using? What's the best thing that's out there right now? What are the trends of how people are doing things?

Authenticity was referenced by half of the participants as important for engagement success. One participant commented as follows:

The other thing that's really important is authenticity. And they teach it to you all day long in MSOD and they aren't kidding. People can see through that a mile away. You need to be 100% authentic and insightful and that's one thing that I'm good at.

General business and personal practices. On occasion, participants discussed a behavior or trait that they believed was key to their business's success; however, what they referenced does not fit exclusively into building strong relationships or creating successful consulting engagements. These behaviors or traits can be categorized as general business and personal practices and can indirectly contribute to both the participant's definition of success and building of strong relationships. The data listed in Table 8 represent general business and personal practices.

Table 8

Distribution of General Business and Personal Practices by Participant Count

	Participants N = 10	
	N	%
Financial planning	5	50%
Setting boundaries	4	40%
Marketing	3	30%
Reflection	3	30%
Self discipline	2	20%
Administrative tasks	2	20%
Capacity planning	1	10%
Creating re-usable work	1	10%

Financial planning was defined as budgeting practices for the consultant's businesses to ensure they survive periods between engagements. The data showed that financial planning was the most commonly referenced general business and personal practice. All five participants (representing 50%) who raised financial planning mentioned it when asked about challenges of independent management consulting. A lack of guaranteed work is the nature of the industry, they said. To be successful, independent management consultants must carefully plan their business's finances. One participant comment on this subject was as follows:

I think the biggest adjustment working externally that I had to make from a financial economic standpoint was cash flow management. Because when you're involved with a client, things are flowing pretty good but that's when you ought to be doing a little marketing toward future projects but you're not doing it. So it's kind of balancing when to be doing the work and when to be marketing as the line that you walk. In organization development, generally the engagements take a minimum of 45 days and sometimes up to 6 or 7 months to develop. So to have enough development work going on when you're doing the real work to kind of smooth the peaks and valleys from a cash standpoint are important. Particularly working independently like I do.

The data showed that setting boundaries was mentioned by four of ten participants (40%). Setting boundaries is closely tied two definitions of success, referenced earlier.

The first is work-life balance in that boundaries are about creating space from work obligations. The second is the ability to choose clients in that the consultant may always decide whether or not to let a client in (and vice versa). Viewpoints on setting boundaries differed in that one participant talked about how difficult it is to turn down a paying client, whereas another said refusing work that does not align with the participant's values is important to achieving success:

For an independent consultant, it takes a little bit more, not just effort, but you need to be willing to hold firm to something to be able to plan for time off. There's always something that you could be doing during that time. I would say you have to be able to manage your own needs for things like balance and having personal time and that kind of thing. You have to be a good boundary setter. Not just with other people but with yourself.

Three participants listed taking time to reflect on successes and mistakes as an important practice for developing skill as a consultant and business owner. One participant commented that this applies to both consulting engagements but also the direction one wants to take with the consulting business. Another participant commented:

I think that the capacity to reflect, that probably is another important success factor. Good consultants learn from their experience because none of us is ever going to be perfect. We learn and get just a little bit better each time we go out.

The data showed that marketing was mentioned by eight participants, but only in three instances was marketing described as an important factor in achieving success. Five other participants described marketing as something they avoid or simply have not been concerned with. One participant simply stated, “I don’t market.” Another participant said, “I don't do a whole lot to generate or create new opportunities other than hopefully doing good work.” Yet another stated,

I have zero tolerance for trying to sell people on the fact that this is valuable. I do not feel a sense of success in that. I want people who say, "I get the impact of this work and I want to get better at it and I need someone to partner with to help me do this really well." That's the juice for me.

Macro factors. The final dynamic is comprised of factors participants listed that did not fit squarely into definitions of success, relationship building behaviors or business and personal practices but impacted all three nonetheless. Participants mentioned a number of these macro factors (see Table 9).

Table 9

Distribution of Macro Factors by Participant and Comment Count

	Participants N = 10	Comments
Self-confidence	8	17
Managing unpredictability	5	11
Reality-based perspective	4	5
Alignment with self	3	10
Economic conditions	2	2
General task flexibility	2	4
Consulting experience	1	1
Educational resources	1	1
Tolerance for independence	1	1

The data showed that eight out of ten participants (80%) believed self-confidence was an important factor in operating a successful independent management consulting business. Self confidence was referenced 17 times which is significantly more than any

other factor in this category. Self-confidence can be demonstrated by an independent management consultant in many ways. To help clarify the concept of self-confidence the comments below provide context. The first comment is about the importance of pushing beyond what is comfortable:

I think a key is raising your hand to work on any type of opportunity and make it your own. You know the phrase "fake it 'til you make it?" I would say I've had to do that over and over and over again [laughter] throughout my entire career. It's just because I've always had this need to learn and want to keep stretching myself. People seem to think, "Okay, this person's eager to do it. They can do it." Maybe they didn't investigate how much specific experience I have in something. But you know what, I can come in and still blow them away and get the job done.

Another participant, in discussion how practicing consulting changed in the early stages of building a business, said "The only thing I've discarded was my belief that I might not be able to do this." One participant offered an alternative view of what self-confidence means and how it relates to another macro factor of alignment with self:

It's interesting because I wouldn't say, "I can do anything. I can do anything I want to do. If I put my mind to it, I can do anything." It isn't that. It's around what I'm inspired to do. What I'm inspired. When I'm inspired. When there's something in me that knows this is work that I'm supposed to do, I just have this amazing confidence and trust knowing that I can do it. And it's not that I play small, like I'm going to pull this one back or I won't do it. It's not that. It's just there's something within me when it's like, "Yes, I'm supposed to do that work. I've never done it before. I don't know how you do it." I just have this confidence.

Another participant discussed self-confidence as both a general factor and a tool for working on engagements where the experience is not going well or there is conflict in the room: "I think the other thing is that, in this point in my career, you have to have some confidence and to me you have to believe in yourself, understanding this isn't about you." One participant talked about the importance of self confidence with respect to handling the unpredictable schedule most independent management consultant face, as mentioned in the above section on general business and personal practices:

From that financial standpoint, you're putting out time and energy to develop the work that might not come back as cash flow. The thing to learn when you're in the cash flow valley is not to let it get you down psychologically. To say, "It's not about me. It's just about how things work" and to adjust to that.

This quote also touches on what the data showed was the second most referenced macro factor: Handling unpredictability. Five of ten participants (50%) stated that a consultants' skill in handling the challenge of unpredictability of the inherent "feast and famine" schedule is an important success factor. One participant stated the importance of not feeling stressed during the periods between engagements:

You can be stressed about it or not. The thing is, we think we have control of our lives. And we don't. We really don't. And so how long is it going to be between contracts? I don't know. Am I going to get stressed about it? No.

Another participant talked about the importance of not only avoiding stress but learning to actually enjoy and appreciate the periods between engagements:

It's always a challenge to manage the feast and famine. So, while you have a heavy engagement schedule, you're not spending very much time doing market development. And then when your engagements end, there's sometimes a lull between that time and when you get your next significant amount of work. And that was much harder for me to cope with than I realized. I'm going to exaggerate but there was a euphoria when my engagement calendar was full because I like the work and I like the engagement and I like the money. And then when there would be periods of time with nothing on my calendar and I faced all kinds of mental turmoil. "I'll never work again. People don't like me. Why did I ever do this? This is irresponsible. I don't know how I'm ever going to get work again. I don't know what to do because days are long." I had this mentality that you should punish yourself if you're not working. So instead of seeing the day as a gift, I would say I better hunker down and network the heck out of my calendar. I'd think, "I don't deserve to go work in the garden." just crazy stuff like that, especially at the beginning. Now, ten years later I actually look at those days without something on them and say, "Thank goodness I'm a consultant because I can go work in my garden today". But that took me by surprise. Even though people told me, "There's going to be this feast and famine" and also, "You've worked your whole life. You may wig out a bit if you don't have work" and I was like, "I can't imagine. I'll be celebrating if I have some days off". But indeed, they were quite wise.

As noted in the quote above, the participant mentioned that hearing expectations and dealing with reality can be two different things. Similar to that, the data showed that four of the ten participants (40%) believed a perspective that is based in reality and factual information is important to achieving success. By this, these participants were referring to expectations around what the independent management consultant lifestyle is actually like and whether or not that truly aligns with what a person wants and who that person is. To further clarify the reality-based expectations factor, one participant talked about advising someone looking to start as an independent management consultant:

I would really engage with someone as I do with my clients to find out why are you an independent consultant? What's it all about? What's the way you want to live? It's really about being who they are? It's not about being who someone else is. It's not about being successful in someone else's terms. It's not about doing what other people do. It's taking all that in and most importantly determining who you are. What are you all about? What do you want to do? How much money do you want to make? What's the working relationship you want to have with your clients? Do you want to live near your clients? Does it matter to you if you live near clients? So it's really about, from my perspective, knowing who you are in doing this work. And we will be successful when we are who we are. And we work with our clients from our strengths and our passion. And not trying to be like somebody else is.

The above comment quite clearly overlapped with the next most reference macro factor of alignment with self. Three of the ten participants (30%) commented on the importance of ensuring the work a consultant becomes involved in is aligned with who they are as an individual.

Competing versus larger firms. All participants were asked if they compete versus larger, more established management consulting firms. A significant majority (N=9, 90%) stated they purposefully do not compete in this space although in some cases they do not know if they competed versus larger firms on certain bids. Three participants

who had in the past competed versus larger firms stated that contracts of that nature are not a business focus anymore. One of these participants cited the following challenge:

A couple of times I have found myself competing with larger, I'm not sure international, but certainly national firms, and I have come to the conclusion that I am not going to play. It's just the overhead to even prepare to participate is, well, "crushing" would be too dramatic. It's just a lot of work that has a low chance of payoff that I just say, "That's not good business for me." If (the client) is going to entertain a national firm, their mindset is not for an independent consultant.

Another participant who had competed versus larger firms in the past mentioned the following reason for abandoning that business practice:

What independents have to deal with is a perception of depth of staff. That's a big thing that the larger firms play. But I think that's why most of the work that I do is of smaller scope, smaller duration because it's something that I'm comfortable in dealing with individually

The one participant who continued to compete versus larger firms stated that contracts are won by independent management consultants because they tend to be lower in cost, offer niche expertise and greater customization. Another participant, in postulating about what winning a contract versus a larger firm would require, stated:

Independent consultants are going to be a little cheaper. So part of it is going to be an economic advantage. And then I think it all comes down to who you are and how you come across when you're dealing with the decision maker.

Overall, the interview data suggested that competing versus a larger, more established firm is not a common practice among independent management consultants.

Summary

The first section of this chapter described the results from the online survey. Out of a sample of 32, the most common definition (N=29, 91%) was how successful client engagements are. In order to achieve success, the most commonly mentioned aspect of the business (N=28, 88%) was strong relationships with your network and clients. The second section described the results from telephone interviews with 10 survey

participants. Data from the interviews showed that achieving success as an independent management consultant can be considered based in four dynamics: Definition of success, strong client relationships, general business and personal practices, and macro factors. Additionally, within each of the first and second section, data regarding competing with larger, more established consulting firms was analyzed. Table 10 presents a summary of the findings from this section by depicting the factors within each of the four dynamics that were mentioned by at least 2 (20%) of the participants. The following chapter provides a discussion of these results.

Table 10

Dynamics and Their Associated Drivers Mentioned by at Least Two Interview Participants

Definition of Success	n
Ability to choose clients	5
Referred to additional clients	5
Amount of money earned	3
Comfortable work-life balance	3
Positive impact on client	3
Asked for additional business	3
Large number of people affected	2
Strong Relationships	
Understanding client needs	7
Being fully present	6
Contracting	6
Niche skill	6
Appropriate use of models	6
Authenticity	5
Fulfill commitments	4
Customized approach	3
Leaving client with skills	3
Speaking the truth	3
Avoiding “going native”	2
Identifying the real client	2
Public speaking skill	2
General Business & Personal Practices	
Financial planning	5
Setting boundaries	4

Definition of Success	n
Marketing	3
Reflection	3
Self discipline	2
Administrative tasks	2
Macro Factors	
Self-confidence	8
Managing unpredictability	5
Reality-based perspective	4
Alignment with self	3
Economic conditions	2
General task flexibility	2

$N = 10$

Chapter 5

Summary, Conclusions, and Implications

The purpose of this study was to determine the key factors that are involved in operating a successful independent management consulting business. This study was designed to assist independent management consultants in addressing these challenges with the overall intent of helping grow their consulting practice, better address the needs of their clients, and contribute to improved business results in the industries they touch. To accomplish this, the study was intended to offer insight into what it means for an independent management consultant to achieve success and offer key considerations in how to get there. The results may also be useful for organizations that hire management consultants by offering managers insight into key qualities and behaviors a management consultant should bring to an engagement. This chapter finalizes the study by discussing and summarizing the findings, including conclusions for each research question. This chapter will also explore limitations of the study and offer recommendations for future research.

Conclusions and Recommendations

Along with a review of literature, data collection through an online survey and telephone interviews allowed the naturally occurring themes to define factors related to successfully operating an independent management consulting business. Based on a review of the survey answers, interview transcripts and literary research, 32 success factors or themes were mentioned by at least two participants.

Conclusions were drawn for the principal research questions posed in this study: What are the key factors in determining the success of an independent management consulting business?

Conclusions were also drawn for the two questions in support of the principal research question:

1. How do independent management consultants define success for their business?
2. What relationship, if any, exists between the behaviors of the independent management consultants and the success of their business?

This study found that the 32 success factors can be categorized into four overall inter-related dynamics that determine the success of an independent management consulting business: Definition of success, Strong relationships, general business and personal practices, and macro factors.

Definition of success. Each participant described their definition of success for their business. The most prominent answer from the online survey was successful client engagements. The researcher acknowledges that it is possible participants in the survey chose this response not as definition of success but a driver of success. Additional wording clarity would have helped avoid this confusion. Regardless, the responses indicate there is a direct connection between the success of an independent management consulting business and the success of the engagements. Interview transcripts indicated the ability to obtain referrals to additional clients is one of the most important definitions of success. This aligns with the results of the online survey since a referral is highly unlikely unless preceded by a successful client engagement. Another equally important success definition according to interview transcripts was the ability to choose clients. Despite Nickols and Bergholz (2013) claim of an 85% failure rate within five years of stepping out on one's own and becoming an independent consultant, the online survey results showed that only four of 32 participants did not consider their business successful (13%). This may relate to the shared background of the participants, all of whom have

completed Pepperdine's MSOD degree, or that those who do not consider their business successful would be unlikely participate in the survey or perhaps consultants' definition of success changes as they gain experience.

Based on these findings, it can be concluded that independent management consultants define success in a number of different ways but at the heart of this success is the nature of the relationships with clients. The ability to select clients with whom to engage, the way in which the relationship is managed, and whether or not a referral or repeat business is attained are key factors in the definition of success for an independent management consultant. These factors align with Weiss (2009) who wrote that consulting is a relationship business and consultants must build relationships, not make sales calls. This conclusion cannot be valued in isolation, however, because in order to achieve success in the relationship with clients dynamic, the other three dynamics need to be addressed simultaneously.

Another notable conclusion from interview transcript analysis comes not from what participants said but what they did not say. Two factors referenced by Paterson and Gill (1998) et al as common reasons for becoming a management consultant were a desire for more control over time and work and potential for more income. Interview data showed that neither of these factors were commonly referenced. While it is reasonable to assume that income and work-life balance are important, this suggests that independent management consultants are more driven by successful engagements and relationships with the clients than earning money or time away from their business. An explanation for this phenomenon may again be the nature of the sample in that all participants are graduates of Pepperdine's MSOD program and therefore are more likely to share a common value system. Another possible explanation is the experience level of the

sample. What an independent management consultant considers success changes as the priorities in his or her life evolve with age and experience.

Strong relationships. The present findings around relationships are echoed by Kubr (2002) who wrote that the relationship between consultants and their clients lies at the very heart of the consulting profession. Analysis of both the online survey and telephone interview data showed that strong relationships with clients and relationship management were the most significant drivers of success. It was such a prominent component that it can be considered one of the four key dynamics and listed conclusively as a key to success as an independent management consultant.

In order to discover how to create these successful relationships, the interview data went deeper into this area. Interview participants stated that strong relationships are founded upon engagement success. This is logical considering an unsuccessful engagement rarely leads to repeat or referral business. Furthermore, while there are many paths to a successful engagement, the data showed that there are several critical practices that determine engagement success. One such practice is obtaining a clear understanding of client needs. This is consistent with Ford (1985) who wrote that at the heart of most poor client-consulting project is one significant factor; poor client consulting relationships. The conclusion is also consistent with the writings of Appelbaum and Steed (2005) and O'Driscoll and Eubanks (1993). Appelbaum and Steed listed clear and well-communicated expectations are one of the key drivers of engagement success. O'Driscoll and Eubanks, wrote that those who increased their understanding of the group with whom they were working by gathering as much information as possible about the organization and its people rated their organization development program more highly.

Another prominently referenced practice leading to engagement success was being able to offer a niche skill. As Patterson and Gill (1998) wrote, what distinguishes the successful consultants from those who barely survive is the ability to carve out a distinctive competitive position by becoming a unique brand and establishing a unique brand identity. The next two most important practices for engagement success were being present and contracting appropriately. The latter of which is consistent with Schein (1999) who wrote that the first and most important pitfall in an engagement is failing to agree on a goal to be achieved and/or performance standards to be met.

General business and personal practices. General business and personal practices do not fit under either the dynamic of definition of success or the dynamic of relationship building. However, according to interview participants several of these practices are critical to success as an independent management consultant. It can be concluded that the most prominent practice is financial planning. Analysis of transcripts showed that half of the interview participants cited the ability to plan for and withstand periods between paid engagements as critical to achieving success. As Weiss (2009) wrote, one of the primary reasons that people who enter the management consulting profession fail is not due to contacts, talent, competition, or methodology, but to undercapitalization.

Another surprising conclusion based on what interview participants did not say related to marketing. As Brown (1994) suggested, independent management consultant should never stop selling services. However, only three interview participants (30%) indicated marketing was an important component of independent management consulting business success. Furthermore, five interview participants (50%) stated they purposefully do not market. It is not practical to conclude that marketing has no impact on success, but

one can conclude that based on this study, marketing is not a significant factor in determining success.

Macro factors. The macro factors dynamic is comprised of factors participants listed that do not fit into definition of success, relationship building behaviors, or business and personal practices but impact all three nonetheless. The vast majority of participants spoke of self-confidence as the number one factor in determining success. Self-confidence for an independent management consultant is the belief that he or she can make a positive contribution to a business such that the cost to the client is justified. These findings align with Steele (2012) who wrote that consultants must have “can-do” attitudes and while they may experience fear and doubt, they never view them as reasons for “no.” Similarly, Weiss (2009) wrote that a consultant needs to be seen as a credible peer by clients and prospects, not as a vendor, salesperson, or subordinate.

Another macro factor gleaned from the interview data was a consultant’s ability to manage unpredictability and to have a perspective about working as an independent management consultants that is based in reality. These key drivers within each of the four dynamics listed are summarized in Table 11.

Table 11

Key Drivers Within Each of the Four Dynamics

Dynamic	Key Driver
Defining success	The ability to choose clients
Strong relationships	Engagement success, which is driven primarily by clearly establishing client goals
General business and personal factors	Financial planning
Macro factors	Self-confidence

Outside of the four dynamics, another conclusion can be drawn with respect to competing with larger, more established firms. The study set out to explore the

considerations managers face when deciding between hiring an independent management consultant versus a medium or large sized management consulting business or using internal resources to address their consulting needs. The purpose of this was to determine how independent management consultants could compete more effectively with larger, more established management consulting firms. Data analysis revealed that few independent management consultants in the study actually compete with larger, more established firms and even when they did, it was not a significant consideration in determining their business's success. Based on this, it can be concluded that competing with larger, more established firms is not a critical practice in achieving success as an independent management consultant.

These findings suggest that there are many factors that lead to success as an independent management consultant in whatever way success is defined by the consultant. However, the themes that most prominently emerge from the data are engagement success, self-confidence and building strong relationships with clients - each of which are inter-related. The path to achieving any of these three themes cannot clearly be defined. The present researcher's belief is that independent management consulting experience is a key component in developing each of these. Beneficial research projects would examine successful engagements from both the client and consultant side and identify the components involved.

Implications

This study has generated numerous insights. These insights shed light on two key implications for organization development practitioners and change agents alike. First, it is important to recognize that achieving success for an independent management consulting business is an individual proposition. There are many ways to definition for

success and doing so is up to the individual. Notwithstanding, it is impossible to separate success in the independent management consulting industry and the client relationship. It is the belief of the researcher that based on this study, success can be defined as conducting successful engagements with clients of the consultant's choosing. This can be considered the first of the four critical dynamics. In order to achieve this type of success, the independent management consultant must negotiate the other three dynamics and the necessary practices within each. These include strong client relationships, general business and personal practices, and macro factors.

Strong client relationships are predicated on successful engagements which, subsequently, are predicated on a number of practices. The most important are understanding client needs and being present. This dynamic must be supported by the appropriate general business and personal practices, the most critical of which is financial planning following by learning to set boundaries. The dynamic that is likely the most difficult to manage is macro factors. Self-confidence is the most important element in managing macro factors and, consequently, the entire independent management consulting business as a whole.

To that end, independent management consultants must consider each of these dynamics both in planning their business strategy and throughout business operation. Asking questions such as how an independent management consultant defines success, how his or her skill set matches with the most commonly cited themes in this study and understanding the macro forces affect his or her unique situation is a critical practice in the achievement of success.

The second implication from this study is that independent management consultants must be prepared to change the way in which they define success for their

business and manage themselves within the four dynamics. The independent management consultant's career stage and natural affiliation will evolve over time. While setting targets for items such as client type, revenue, billable hours and type of client targeted is important, the independent management consultant's path to his or her vision of success is unpredictable. Not only will the definition of success change as time passes but so will the key behaviors that lead there. Through experience, an independent consultant learns where his or her priorities, natural abilities and interests lie, all of which change over time. As a result, keen awareness to the way in which one is negotiating the four dynamics is beneficial to achieving success, however that is defined. Questions such as, "Did I consider this past year successful and why?", "What behaviors can I bring to my engagements that will make them more successful?", "Am I satisfied with the way I have managed my business's finances?" and, "In what ways can my self-confidence be improved?" are an important regular practice in maintaining awareness of what this study shows are the key determinants of a successful independent management consulting business.

Limitations

The results of this study are affected by three limitations. These limitations include the scope of the study, researcher and participant bias, and the method. With respect to scope, the study used purposive sample that included a relatively small and focused group of participants. The sample size of 32 survey and 10 interview participants all had a common affiliation with Pepperdine University's MSOD program. This limits the results of the study in that all participants share a common background. In addition, what one consultant states as key success factors in one geographic area or industry, for example, might not be as relevant in a different region or industry.

Second, the researcher may have been predisposed to interpreting information such as interview transcripts according to a certain bias. Participants may have been predisposed to providing responses so as to project success a level of success they do not truly believe was attained. Alternatively, participants may have provided what they believed were their keys to success; however, their responses were more about what they believed led to their success versus what actually got them there. In future, these biases could be limited by the researcher being more consistent with key question phrasing, both in wording and tonality, and delving deeper into participant responses that were not absolutely clear.

The final limitation concerned the method used to collect data. Although the online survey offered open-field response options in addition to suggested responses, participants may have been influenced by certain responses based on the order they were listed or their phrasing. With respect to interviews, the nature of management consulting success is subjective and complex which also enhances self-reporting bias. Data may have been collected more accurately and with less bias if participants were provided with interview questions in advance and given time to reflect and clarify areas they did not fully comprehend prior to their interview.

Suggestions for Additional Research

While this study has generated important insights, additional research is needed to progress an understanding of the key success factors involved in operating an independent management consulting business. The first suggestion is to examine key success factors among a sample in a similar career stage. Due to the subjective nature of success, those in the latter stages of their career likely have a differing definition of success versus those at the start. As such, the drivers of each type of success likely differ

as well. In order to offer more relevant results to a specific demographic of independent management consultants, a more specific sample would provide value.

The second suggestion is to examine whether or not independent management consultants' definition of success change as they discover their individual capabilities. If, for example, a consultant was unable to achieve a desired level of income, perhaps the consultant's definition of success would change. This would especially be the case if the consultant was insistent on his or her career path and the methodologies used to attain the level of income. A reframing of the definition of success would then be required.

A third suggestion for research is examining key success factors within more specific segments. For example, within a sample of independent management consultants who have a similar definition of success or those who focus on a specific methodology or type of management consulting. The factors that lead to a certain type of success or the skills required to succeed in various management consulting segments may differ. In order to offer more focused key factors to success, further research specific to these areas would be beneficial.

Summary

The purpose of this study was to determine the key factors that are involved in operating a successful independent management consulting business. The research questions examined the way in which success was defined as well as the factors that led to the success, as defined by the independent management consultant.

Thirty-two graduates of Pepperdine's MSOD program completed an online survey. Ten of these thirty-two then participated in a follow-up interview. The focus of both the survey and interviews was to uncover each participant's definition of success for their independent management consulting business as well as the factors that contributed

to their success, or a lack thereof. Content analysis was then used to identify key themes and dynamics in the data.

The study found that achieving success for an independent management consulting business is predicated upon addressing the key drivers within four dynamics: Defining success, creating strong relationships through engagement success, general business and personal behaviors, and macro factors. Further, competing with larger, more established firms is not a primary concern for independent management consultants.

Limitations of the study due to scope, researcher and participant bias, and method impacted the results and additional research is needed to examine success factors among specific segments of the industry. However, the findings of this study show that, despite a degree of subjectivity in the definition of success and the approach to it, a strong group of common themes emerged that align with current literature on the industry. Independent management consultants, as a result, would benefit from enhancing their knowledge, understanding, and relationship with the four dynamics in order to achieve their desired level of business success.

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Appendix: Interview Script

1. What does success for your business look like to you?
 - a. How are you able to achieve this success?
 - b. Are there certain tools, traits or behaviors that have helped?
 - c. Are there other forms of success that you considered?

2. What are the biggest challenges you have come across is becoming successful?
 - a. How did you overcome them?
 - b. Would other consultants face these challenges?
 - c. How might other consultants overcome them?

3. Where do your clients typically come from?
 - a. How important to you are referrals and word of mouth?
 - b. How much does the market you are located in influence your success?

4. Have you competed for business against larger, more established firms?
 - a. What allowed you to win contracts instead of larger, more established firms?