The Consultant-Client Relationship: A Systems-Theoretical Perspective

David Seidl
Michael Mohe

Discussion paper 2007- 06

Munich School of Management
University of Munich

Fakultät für Betriebswirtschaft
Ludwig-Maximilians-Universität München

Online at http://epub.ub.uni-muenchen.de/

The Consultant-Client Relationship: A Systems-Theoretical Perspective

Michael Mohe and David Seidl

Abstract

The aim of this paper is to explain consulting failure from a systems-theoretical perspective and to provide a new framework for analysing consultant–client relationships. By drawing on Luhmann's systems theory, clients and consultants are conceptualised as two autopoietic communication systems that operate according to idiosyncratic logics. They are structurally coupled through a third system, the so-called "contact system", which constitutes a separate discourse. Due to their different logics no transfer of meaning between the three discourses is possible. This contradicts the traditional notion of consulting as a means of providing solutions to the client's problems: neither is the consultant able to understand the client's problems nor is it possible to transfer any solutions into the client system. Instead, consulting interventions only cause perturbations in the client system. Consequently, the traditional functions of consulting are called into question. The paper discusses the implications of this analysis with relation to the traditional approach to consulting, and presents a tentative framework for a systemic concept of consulting.

Keywords: Consulting; Consultant-Client Relation, Consulting Failure; Systems Theory

The Consultant-Client Relationship: A Systems-Theoretical Perspective

Michael Mohe and David Seidl

Introduction

While the management consulting industry has been growing relatively steadily over the last decades (e.g. Ernst and Kieser 2002; Kieser 2002; Datamonitor 2005; FEACO 2006) it has come under strong criticism within the academic and business press (e.g. Shapiro *et al.* 1993; Micklethwait and Wooldridge 1996; O'Shea and Madigan 1997; Pinault 2001; Byrne 2002; Clark and Fincham 2002; Kitay and Wright 2004; Craig 2005; Kihn 2006). Furthermore, increasingly we are getting accounts of failed consulting projects (e.g. Covin and Fisher 1991; Fullerton and West 1996; Lister and Pirrotta 1996; Weiss 1996; Schaffer 1997; Czander 2001; Smith 2002; Zackrison and Freedman 2003; Pries and Stone 2004; Sobel 2004; Warren 2004; Appelbaum and Steed 2005; Klenter and Möllgard 2006). Only a comparatively small number of consulting projects seem to be successful. In some cases the reforms are abandoned during the implementation phase (Brunsson 2000). In other cases "many implementation plans do not survive contact with reality" (Obolensky 2001, p. 177). In yet other cases the consultants' recommendations have disastrous consequences for the organisation (O'Shea and Madigan 1997; Byrne 2002; Sorge and van Witteloostuijn 2004). As the former CEO of Volkswagen, Ferdinand Piëch, famously proclaimed: "If you want to ruin a company, you only have to try fixing it with the help of external consultants".

Despite such accounts the literature has surprisingly few explanations for failures in consulting. As our literature review will show, in most cases failure is attributed to personal characteristics of the consultant and client (e.g. lack of skills), technical shortcomings (e.g. ineffective project management), unstable or bad consultant–client relationships (e.g. lack of communication), and/or socio-political aspects of the client organisation (e.g. hidden agendas; unreadiness for/resistance to change). It is usually suggested that if one attends to these issues it is possible to increase the likelihood of the consulting interventions turning out to be successful. In particular, the consultant-client relationship is – more or less implicitly – seen as key for consultation success (McGivern 1983; Fullerton and West 1996; Sturdy 1997; Fincham 1999; Karantinou and Hoog 2001; Gammelsaeter 2002; Fincham 2003; Werr and Styhre 2003; Appelbaum 2004; Appelbaum and Steed 2005; Kakabadse *et al.* 2006; Sturdy *et al.* 2006a).

We agree that an attempt to explain the high failure rates needs to start with an analysis of the consultant–client relationship. However, we argue that the traditional understanding of the relationship is based on too simple a model, which does not properly account for the respective social dynamics of the involved systems. Drawing on Niklas Luhmann's theory of social systems (Luhmann 1986, 1995) we propose a more sophisticated description of the consultant–client relationship, in which client and consultant are treated as different autopoietic communication-systems that operate according to different logics (see also Kieser 2002). These two systems are coupled through a so-called contact system that operates according to yet another logic (Luhmann, 2005). This implies that no transfer of meaning between the systems is possible. This systems-theoretical perspective on consulting thus contradicts the traditional notion of consulting as providing solutions to the client's problems.

If one takes this seriously, the possibilities of consulting in general and the possibilities of intended interventions by consultants in particular have to be questioned. In the light of systems theory, the consultants' options are limited in that they can only perturb the client system. From the systems-theoretical perspective we discuss the general limits of any consulting intervention, and show that the common reasons for failure derive from an inappropriate understanding of the consultant–client relation. Following this, we accommodate the increasing doubts of traditional approaches to consulting (March 1991; Kieser 2002; Clegg *et al.* 2004; Sorge and van Witteloostuijn 2004) and introduce ideas for a "systemic" approach to consulting.

The paper is structured into five sections: we start with a review of the literature on consulting failure. In the second section we explain how the consultant and the client are conceptualised from a systems-theoretical perspective. On the basis of this conceptualisation, in the third section we will present the consulting intervention as a perturbation. The implications of this for traditional consulting approaches will be discussed in the fourth section. There we will also present some tentative ideas on a systemic approach to consulting, which takes the systems-theoretical concerns seriously. We conclude with some reflections on the traditional approach to consulting and implications for future research.

Consulting failure – a review of the literature

Despite the increasing number of critical articles both in the academic and business press, the literature on failure rates of consulting projects and the reasons behind them is very sparse. The little that is there is mostly written by practitioners, particularly by former consultants reflecting on their own experience. In doing so they typically aim at identifying "the 5 fatal flaws of management consulting" (Schaffer 1997), "the 13 cardinal sins" (Weiss 1996), or the "15 pitfalls for the client advisor" (Sobel 2004). Even if these studies do not live up to academic standards, they are – in the absence of any substantial surveys – nevertheless useful as a first indicator of the problems that consultants are facing (Armenakis and Burdg 1988).

Some consultants acknowledge in general that "despite all our efforts – and good intentions – many of our techniques and interventions fall well short of their desired goals" (Warren 2004, p. 347). Others suggest a failure rate between 25 and 50 percent (Czander 2001), or estimate that even 80 percent of all consulting interventions fail (Zackrison and Freedman 2003). A survey of projects conducted by the consultancy Droege & Company shows that "the majority of projects achieves their goals only partly and with considerable delays" (Klenter and Möllgard 2006, p. 141). In a case study by Appelbaum and Steed (2005) 102 managers of a telecommunication organisation were asked about their impression of the overall success of consulting projects. Using a scale from 1 to 10 (from "completely unsuccessful" to "completely successful"), 60 percent rated the project as quite unsuccessful or just moderately successful (mean score 5.5), "suggesting there were certainly opportunities for improvement" (Appelbaum and Steed 2005, p. 83). In a large multi-company survey Smith (2002) also used a scale from 1 to 10 (from "disaster" to "breakthrough performance"). Here, 107 respondents reported on consulting projects and evaluated their consulting projects with a total mean score of 5.6. In sum, the above mentioned literature indicates that failure of consulting projects is viewed as common by practitioners.

Empirical studies on reasons for consulting failure are sparse, too. Lack of internal communication was reported as the main reason for failure in CRM projects in a study by Pries and Stone (2004). Fullerton and West (1996) focused on the relationship between internal consultants and clients in a large British commercial organisation and concluded "that the reason many consulting relationships fail may be a result of the different views each side holds regarding effective relationship" (Fullerton and West 1996, p. 47). These findings echo the widespread notion of the importance of a good and sound relationship between the client and the consultant (e.g. Stumpf and Logman 2000; Kubr 2002; Kakabadse 2006). In a study

by Covin and Fisher (1991) the interviewed consultants listed a total of 62 reasons for consulting failure, which "can be grouped into the broad themes of consultant competency and company-tailored interventions, consultant–client relationships, and program planning" (Covin and Fisher, 1991, p. 17). In another empirical study, Lister and Pirrotta (1996) asked physician executives for their personal experiences of unsuccessful consultations. The authors state that "the two issues responsible for most failed consultations were the intrusion of internal politics into the consultation process and the failure to clearly establish and maintain consensual goals" (Lister and Pirrotta 1996, p. 37). Following Klenter and Möllgard (2006) the most critical reasons for failed consulting projects are the absence of tight project controlling and an inflation of projects. Ineffective project management was also the main reason for failure in the study by Smith (2002).

As summarised in Appendix A, practitioners and academics identify a broad spectrum of different reasons for consulting failure – impossible to enumerate and discuss here in detail. However, when we compare those reasons in a broader context, we see that explanations for consulting failure fall roughly into four groups: personal characteristics of the consultant and of the client (e.g. lack of skills), technical shortcomings (e.g. ineffective project management), an unstable or bad consultant–client relationship (e.g. lack of communication), and/or socio-political aspects of the client organisation (e.g. hidden agendas; unreadiness for/resistance to change). The authors suggest that if one attended to these four issues it would possible to increase the chances of the consulting interventions being successful. As Obolensky writes:

> "The trick, for those who wish to become masters of implementation, is to be accurately aware of what is happening, so as to anticipate better the pitfalls."
> (Obolensky 2001, p. 164)

The underlying model of this argument is that of a machine, where you need to change the input if you are not satisfied with the result. According to this model, more and better input by the consultant would lead to consulting success. Referring to the above mentioned reasons for failure, recommendations to consultants typically suggest that they enhance their skilled knowledge, intensify their communication with the client, improve techniques of project management and so forth. This corresponds to the "trivial machine model" (von Foerster 1981; 2003): the client is conceptualised as a system that transforms the input of the consultant into a specific output according to a particular transformation function (i.e. a change in the client organisation). If one understands the transformation function

appropriately, one can select the input in such a way as to achieve a desired output. Von Foerster contrasts this concept of intervention with that of a "non-trivial machine", which emphasises the unpredictable and undeterminable inner logic of the system that is subjected to intervention. Consequently, the output of an intervention is considered to be the result not so much of a particular input but of the inner dynamics of the system itself. Against the background of this model, consulting failure can no longer be attributed to the characteristics of the input but to the very notion of "consulting intervention". In the following we will elaborate on this more sophisticated notion of the consultant–client relationship and point out its implications for consulting.

The consultant–client relationship from a systems-theoretical perspective

One theoretical perspective that picks up on von Foerster's notion of the non-trivial machine is Niklas Luhmann's theory of social systems (Luhmann 1986, 1995). It is a radically sociological approach that allows addressing social dynamics without recourse to individual human beings. In this sense it offers an understanding of the logic of the social per se. In contrast to many other approaches this one seems complex enough to capture the intricacies of the consultant–client relation. In the following we will first outline the basic premises of this approach and will then show how it applies to the consultant-client relationship.

Luhmann starts off with communication as the most basic element of the social domain and builds his theory of social systems from there (Luhmann 1995). All social relations are conceptualised as processes of communication – communications that connect to earlier communications and that call forth further communications. The crucial point is that this communication process takes place relatively autonomously from the individual human beings involved. Although communication cannot be effected without the involvement of human beings, the particular development of the communication process is beyond their control. People might utter words or make particular gestures but they have no control over the way in which these are understood, i.e. what communication is ultimately realised. For example, the same word "yes" might be understood as signalling a confirmation, a doubt or even a rejection (if interpreted as irony). Thus, the meaning of a message, i.e. the concrete communication, is not produced by the speaker but by the listener (von Foerster and Pörksen 1998), or better: by the connecting communications. "Communication is made possible, so to speak, from behind, contrary to the temporal course of the process" (Luhmann 1995, p. 143).

Communications (i.e. the meanings that are ultimately realised), Luhmann says, are not the product of human beings but of the network of communications. There is no doubt that individuals interfere in this process by uttering words, but it is the ongoing communication process itself that determines what effect the interference has and what meaning is attributed to the words. In this context Luhmann famously said: humans cannot communicate "only communications can communicate" (Luhmann 2002, p. 169).

These communications often close in on themselves and become differentiated from other communication processes taking place at the same time. In this sense Luhmann speaks of different social systems. These systems are nothing but the reproduction of communications through communications. Each communication within such a system is determined with regard to its meaning through the network of other communications within the same system. Because communications within a particular system only connect to communications belonging to the same system (otherwise this would not constitute a system) the communication process becomes idiosyncratic. In other words, the different systems develop different logics of communication. As a consequence, direct communication across different systems becomes impossible (see also Kieser 2002; Königswieser and Hillebrand 2005, p. 33): the "same" communication would be a "different" communication in different systems (Luhmann 1989). In this sense, Luhmann speaks of social systems as being *operatively* closed (or "autopoietic") systems: all operations of a social system, i.e. all its communications, are brought about by the system itself; no communications can enter the system from outside (Luhmann 1986). A social system might pick up utterances from outside its boundaries, but the meaning of the utterances, and thus the communication that is ultimately realised, is determined entirely by the logic of that particular system – consequently, it is its own product. This operative closure is accompanied by an *interactional* openness, in the sense that social systems react to events outside their own boundaries. However, they always react according to their own logic (von Foerster 1981; Luhmann 1995; Seidl and Becker 2006; similarly Morgan 1986, p. 238; von Krogh and Roos 1995). As Kieser explains:

> "[A]ll business organizations are highly autonomous systems. Any organization is essentially a closed system, i.e. a system that cannot directly react to environmental changes as such, but only to environmental changes *as they are recorded and interpreted by the system*. Each organization condenses the broad streams of communication around it into highly selective and routinized codes." (Kieser 2002, p. 216; references eliminated)

Applying this idea to our particular field of interest, we can treat the consulting firm and the client company as two social systems. Each of those two systems constitutes a closed network of communications that reproduces the communications of which the systems consist through the communications of which they consist. As is true of all social systems, consultant firms and client companies develop internally idiosyncratic communication processes according to which they communicate about themselves and their external world.

Any communication within a particular client or consultant system – whether about itself or about the environment – is determined in its meaning by the particular context of other communications that are part of that system. Independently of that particular context or within a different context it would not be the same communication. As a consequence, communication across the boundary between consulting firm and client company is impossible, because a particular communication would be transformed into a different communication once it crossed the boundary between those two systems (Luhmann 2005, p. 356).

In view of the above, we have to draw more attention to boundary relations between client and consulting systems (Sturdy *et al.* 2006a). The consultant–client relation usually assumes a form that involves members of both organisations meeting more or less regularly for a certain period of time. Depending on the companies involved and the particular project, this might be a series of more informal meetings or meetings of a more formal steering group. In contrast to most descriptions, from our systems-theoretical perspective this encounter between members of the two systems cannot be treated as a general overlap between those two systems (see e.g. Kubr 2002, pp. 64–65; Kitay and Wright 2004) but has to be conceptualised as a separate system. This leads us to a third system, apart from those of client and consultant, which Luhmann (2005, p. 360) calls the "contact system" (see also Mingers 1996, pp. 94–96; Kolbeck 2001, pp. 126–127; Mohe 2003, pp. 333–340; Königswieser and Hillebrand 2005, pp. 36–37). The communications that we find in the contact system are clearly differentiated from those going on in the consulting firm or the client company. A somewhat similar conceptualisation has been proposed by Clegg *et al*. (2004, p. 38) when they speak of a "space in between", which represents "the excluded interstitial relational third" or by Czarniawska and Mazza (2003), and Sturdy *et al*. (2006b) speaking of consulting as a liminal space; i.e. as processes belonging neither to the consulting firm nor to the client organisation.

Consequently, the “usual practice and order are suspended” (Czarniawska and Mazza 2003, p. 267). In contrast to Czarniawska and Mazza, however, from the Luhmannian perspective the contact system has to be treated as a system in its own right, with its own logic and its own communication structures, rather than as a fluid and unsettled space. This accords also with the empirical observation of Sturdy and his colleagues (2006b) that consulting interactions in liminal spaces often are far from unstructured encounters.

The logic of the contact system differs from that of the other two systems in several respects. First, in contrast to the consulting firm and the client company, the contact system is only a temporary system. It is clear from the beginning that the system will terminate in the foreseeable future. In this sense the contact system constitutes an “episode” in Luhmann’s sense (Hendry and Seidl 2003). The ending of the contact system is predefined either in terms of a goal to be reached, e.g. the formulation of a particular change programme, or by the setting of a particular date, e.g. the contract with the consultant might be set up for a certain number of weeks (Luhmann 1990). Mostly the two forms of finalization are combined. The important point about the finalization is that it serves as a point of reference for the communications within the system. Communications are selected and interpreted with regard to their implications on reaching the goal within the time frame. Part of the communication again might be concerned with defining and re-defining the criterion for finalization itself; e.g. should the criterion be changed, how should the criterion be interpreted, has the criterion already been met etc. Second, while the consulting firm and the client company can be classified as *organizational* systems, i.e. systems that reproduce themselves on the basis of decision communications (Luhmann 2003; Nassehi 2005), the contact system is an *interaction* system. Interactions, according to Luhmann, are a particular kind of system; i.e. systems that reproduce themselves on the basis of a particular kind of communication: namely communications that are based on the perception of the physical presence of their participants. All communications refer to the fact that all participants perceive each other as present – and perceive each other as being perceived by others as present (Luhmann 1995). In such systems it is impossible to pretend not to have heard the communication of the other participants. Because of that the communication processes develop a very particular dynamism; it is almost impossible not to communicate. Furthermore, in the communications of an interaction system the person – defined as a bundle of social expectations (Luhmann 1995) plays a very prominent role. While in organizations decisions are largely justified by reference to earlier decisions in interactions, communications are primarily attributed to persons; the reason for

particular communications are primarily sought in the person and his/her particular intentions (Seidl 2005).

Due to the different logics of the three systems no transfer of meaning is possible. This is not even possible if the same human beings 'participate' in the different systems. The meaning of "their" communications is ultimately determined by the respective discourse. Lyotard compares this to two different games:

> "A move in bridge cannot be 'translated' into a move made in tennis. The same goes for phrases, which are moves in language games [i.e. discourses] one does not "translate" a mathematical proof into a narration." (Lyotard 1993, p. 21)

Hence, as in games, in communication too it depends on the particular discourse what operations are possible. If an operation were transferred from one of the three discourses to another the operation would either be ignored (similarly, if a player threw a card in the air and hit it with a tennis racket this would not be considered part of the bridge game) or it would be entirely reinterpreted and thus become a completely different operation. In the example above, the other player might just look at the card, once it had landed on the table, and play out his own card in response.

To summarise, in order to analyse a consulting intervention and failure, first of all one needs to distinguish three different systems – the client company, the consulting firm and the contact system – and to analyse their particular logics of communication. Based on that, one can then start to analyse their mutual influence.

Consulting intervention as perturbation

If we perceive the client company, consulting firm, and contact system as three operatively closed systems that reproduce themselves according to idiosyncratic logics, the consulting intervention becomes a highly complex operation. It is no longer possible to treat it as a straightforward input–output relation where the consultant company supplies its knowledge or particular management concepts, which are then implemented in the client organisation. Instead every intervention constitutes a "clash" of three different logics. In order to understand consulting interventions we thus need to analyse carefully the connections between the three systems.

As pointed out already above, direct communication *between* the three different systems is impossible. Every particular communication can only be understood in the context of the system in which it takes place; if it were transferred into a different system, it would constitute a *different* communication. This is true not only for the relation between consulting system and client system but also between these two systems and the contact system. Hence, none of the three systems can receive any direct communicational input from either of the other two. Instead, for every system, communication from another system first of all constitutes unspecific "noise" (Luhmann 1989). That is to say, it has no direct information value for the focal system – it is not by itself a "difference which makes a difference" (Bateson 1972, p. 315) for the system. Due to this unspecificity this noise will be usually more or less disregarded. However, a system can *make* itself take notice of the noise and construct its own information value into the noise. In other words, it can allow the noise to make a difference for the system. In this case the communication from outside does not function as "input" to the focal system – i.e. as something that enters the system – but rather as a "perturbation" – i.e. as something that triggers processes that are entirely determined by the system itself (Luhmann 1995).

Because of the particular constellation of systems, the mutual perturbations between the three systems involved in the consulting project are likely to be not entirely random. Instead, one can expect some degree of adjustment between the systems, which can be described as "structural coupling" (Maturana 1980; Luhmann 1995). The concept of structural coupling refers to the case of two systems that have adjusted their respective structures in such a way that they systematically allow for mutual perturbations. That is, whenever one system produces an event of a particular kind it is very likely that it will trigger a reaction of a particular kind in the structurally coupled system. Structural coupling, in this sense, does not presuppose the exchange of any kind of operation. As we saw above, this would not be possible; it is explicitly "non-operative" coupling. As a consequence of their structural coupling the systems become reactive or "resonant" (Luhmann 1989, pp. 15-21) to each other but only according to their very own logic.

We can distinguish two levels of structural coupling. First, on a very general level the three systems involved in the consulting intervention are coupled through language (Luhmann 2005; see also Königswieser and Hillebrand 2005, p. 33). To the extent that systems use the

same language as a medium for communication they are likely to be reactive to each other, even though that language is used in different ways in the different discourses. This coupling through language is not particular to the three systems involved in the consulting intervention. Instead the three systems are part of a wider "ecology" (Baecker 2006; Seidl 2007) of systems that are coupled through language. For example, if the particular consulting project is concerned with strategy, the three systems will be part of the wider ecology of strategy discourses (Seidl 2007); that is, discourses that all use *a shared strategy language*.

In all strategy discourses one finds that more or less the same strategy language is used. Every strategy discourse, can make (its own) sense of the label "strategic planning", "strategic forecasting" etc. – terms that might have no meaning at all in other types of discourses. Because of that, different strategy discourses have particularly strong resonance with regard to each other. However, in each discourse the words are understood differently. For example, a communication about "lean management", "business process re-engineering" or "TQM" in one discourse is something completely different from a communication on "lean management", "business process re-engineering" or "TQM" in another discourse (Zbaracki 1998; Benders and Bijsterveld 2000; Benders and Van Veen 2001). The different strategy discourses in this case all draw on the same (complexes of) labels but they construct their very own meaning behind the labels. Hence, instead of a transfer of meaning between different discourses we find "refined illusions", "refined incongruence" (Luhmann 2005, p. 361), or "productive misunderstandings" (Teubner 2000). As Teubner explains:

> "One discourse cannot but reconstruct the meaning of the other in its own terms and context and at the same time can make use of the meaning material of the other discourse as an external provocation to create internally something new." (Teubner 2000, p. 408)

Hence, the same label has entirely different meanings in the different discourses. However, since there is no meta-discourse, on the basis of which it would be possible to compare the different meanings attached to the labels, the various discourses tend to assume that they are all communicating about the same thing (Seidl 2007). In this sense the three discourses would treat their respective communications *as if* they had the same meaning.

Besides general coupling, which refers to belonging to the same wider ecology of discourses, there is also a type of more specific coupling between the three systems involved in the

consulting project. The contact system *itself* can be understood as the mechanism of structural coupling between the other two systems (cf. Luhmann 2000, pp. 397–400; Mohe 2003, pp. 333–340; Luhmann 2005, p. 360; Königswieser and Hillebrand 2006, pp. 36–37). This has to do with the way the contact system operates. Although the contact system, like any social system, is autonomous in its choice of topics (for example, in principle it is possible to talk about the weather) the particular way the system is set up makes it very likely that the topics chosen are to do with the client and consulting systems (Seidl 2005, pp. 168–170). First of all, the contact system is typically initiated by the other two systems with the explicit goal of solving a problem for the client. Second, the contact system is usually staffed by members of the consulting firm and the client company, who serve as (communicational) representations of the two systems. As a consequence the communication within the contact system is likely to be reflected in the contact system's communications on the two other systems (Königswieser and Hillebrand 2005, p. 37); in other words, to (re-)construct the structures of the two systems according to its own logic, and to relate them to each other.

Thus, as a result of the way in which the contact system couples the structures of the consultant organisation (its concepts and procedures) and the structures of the client organisation (its particular decision programmes), operations in the one system lead to not entirely arbitrary operations in the other one. However, a crucial point in this constellation is that the contact system aligns the consultant's and client's structures *on the basis of its own logic*. In other words, the description of the client's problem and the consultant's solution are *constructs* of the contact system – they are themselves necessarily based on "productive misunderstandings". Thus, the "solution" presented by the contact system to the client system is not a solution to the *real* problem situation in the client system – it does not directly fit. Consequently, rather than constituting input from the contact system to the client system, the "solution" constitutes an unspecific *perturbation* that the client system processes according to its own logic. The structural coupling between the systems merely ensures that this perturbation is acted upon at all. However, what (positive or negative) changes the perturbation results in is entirely determined by the client system itself and cannot be determined from outside. In Figure 1 we have summarised our argument so far.

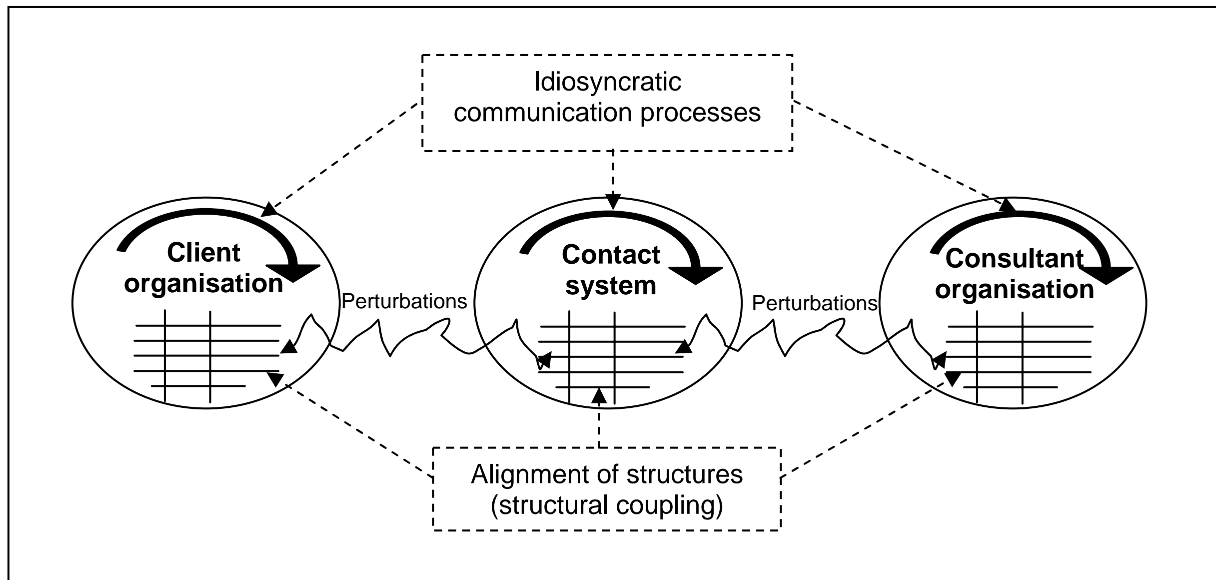

Figure 1: The three systems involved in the consulting intervention

Implications of the systemic perspective for consulting interventions

Against the background of this systems-theoretical conceptualisation the suggested reasons for consulting failure described above appear in a very different light. The first reason for consulting failure that we found in the literature was that of *personal characteristics* of the individuals involved, e.g. lack of skills. In contrast to the conventional conceptualisations of consulting interventions, from our systems perspective the individual human being plays only a subordinate role in consulting failure. As set out above, individuals are not part of communication systems. They belong to the environment of each system and merely cause perturbations in the social systems that a particular system makes use of *according to its own logic* (Luhmann 2002).

This does not mean that the individual is irrelevant to the social system. Social systems cannot do without perturbations from individuals, however, the individual has no control over the communication process. Although social systems tend to attribute communications to individuals rather than to themselves, the individual is only involved peripherally, contributing (necessary) perturbations. Undoubtedly, the individual needs to possess cognitive structures that are "compatible" with the structures of the particular communication system. For instance, lawyers working within the social system "court" need to be socialised in such a way as to be able to make (their own sense) of the language of law. Otherwise they will not be able to contribute the necessary perturbations by means of which the social system reproduces

its communications. Hence, from a systems-theoretical perspective the personal characteristics of the individual are not unimportant but they do not come to bear on the social system directly. Since it depends on the social system what communication it constructs from a perturbation, it is possible that the same perturbations result in different communications, as it is possible that two different perturbations result in the same communication.

Apart from the human being *per se* (i.e. its cognitive structures and so on), one also has to take into consideration the way social systems *construct* personal characteristics. In this sense, Luhmann speaks about the "person" as a "social identification of a complex of expectations directed toward an individual human being" (Luhmann 1995, p. 210). Hence, what is considered a skill is entirely determined by the particular social system. If communication processes are perceived as successful, the people involved will be considered skilled and vice versa. In other words, the social system attributes its own successes or failures to individuals as skills. To summarise, from our systems-theoretical perspective the potential influence of personal characteristics on success or failure of consulting interventions is only very small: firstly, the individual human being as such is only peripherally involved in the communication processes; secondly, the personal characteristics mentioned in relevant studies are a construct of the social system, i.e. they are a result of communication processes rather than their cause.

In addition to personal characteristics the literature identified *technical shortcomings* – e.g. ineffective project management or inadequate use of tools – as further reasons for consulting failure. The technical shortcomings mentioned all concern what Luhmann has conceptualised as the contact system. In particular, they concern the way the contact system is structured and the way tools or concepts are used within the contact system. From our systems-theoretical perspective these are certainly important issues but in a different way from the one the authors have in mind. With regard to the first aspect, we pointed out above that the contact system is a self-organising system, in the sense that it determines its own structures. From outside, the client system and consultant system can merely "condition" the contact system – e.g. by "staffing" it with particular people and by setting particular goals. Nevertheless, it is ultimately the contact system itself that determines what sense it makes of the conditioning. The contact system cannot even be managed (in the traditional sense) from within: the management of the contact system is itself a communication process that is determined by the network of communications of which it is part. In other words, the management does not determine the contact system; on the contrary, it is the contact system that determines its own

management structures. With regard to the second aspect, which concerns the use of tools and concepts, we pointed out above that the contact system cannot import any meaning material from outside. What appears as the use of external tools and concepts is just a (more or less productive) misunderstanding (Seidl 2007). In other words, all tools and concepts used within the contact system are ultimately its own product. In this sense, external tools and concepts can never be "adequately" used.

The third reason mentioned in the literature has to do with the *consultant–client relationship*. Relevant studies emphasise the role of communication, as our systems-theoretical perspective does. However, most such studies do this in a very different way, treating it primarily as a question of communicating "more" or "better". It is exactly this assumption, that one can communicate "more and better", that seems to be the problem: in contrast to the prevalent view, from a Luhmannian perspective communicating "more" or "better" does not help since direct communication between consultant and client is not possible anyway. Apart from that, we are dealing with a third system, positioned between consultant and client, which possesses its own logic of communication. Hence, according to the Luhmannian view, consulting success is not a question of getting certain communications across.

The last reason for consulting failure mentioned in the literature concerns the *socio-political aspects of the client*, e.g. the resistance of the client system to change. Similarly to our argument above, most (non-Luhmannite) studies emphasise the client situation as an important factor for consulting success and failure. However, such studies tend to assume that it is only a question of analysing the particular client conditions and of adjusting the consulting input accordingly. It must have become clear by now that such a stance is incompatible with our systems-theoretical perspective: neither is it possible to analyse the internal dynamics of the client organisation, since the consultant organisation or contact system cannot understand the client communications, nor is it possible to introduce any processes of change from outside into the client system. Any process of change is always the client's own product and "'implementation by others' may be an oxymoron" (Kipping and Armbrüster 2002, p. 221).

From our systems-theoretical perspective the reasons for the high failure rates of consulting interventions seem to lie in other areas, which have to do with traditional approaches to consulting in general: traditional approaches do not acknowledge that consulting interventions

involve three autonomous systems. Instead, the interventions are treated (implicitly or explicitly) as if only two systems were involved, i.e. the consultant and client systems, overlapping in the concrete project (e.g. Kubr 2002, pp. 64–65; Kitay and Wright 2004). Thus, the traditional consulting approach is "blind" not only with regard to the particular logic of the contact system, which it treats as an overlap between consultant and client, but also with regard to communication barriers. Due to the assumed overlap, consultant and client are taken to share a common ground for exchanging their knowledge. Fincham provides empirical relevance for this common assumption:

> "The preferred image was that of 'working with the client' in partnership. This brought them 'much closer' to clients and meant that knowledge could flow from client to expert (as well as the other way round)." (Fincham 2003, p. 82)

This conceptualisation underlies the "design" of most traditional consulting projects; what's more, systems too mostly describe themselves in such (wrong) terms and behave as if they could communicate directly with each other. This tendency is particularly extreme in the case of the contact system, which is mostly described as an overlap between client and consultant – a description that denies its idiosyncratic logic. In accordance with their misconception of the consultant–client relationship, the traditional consulting approaches see the transfer of (content or process) knowledge as the main service that they offer (e.g. Bessant and Rush 1995; Ko et al. 2005; Kubr 2002).

Traditional management consultancies like McKinsey or The Boston Consulting Group operate on the basis of expert knowledge. They are thought to possess and to transfer knowledge that is supposed to be superior to the client's knowledge (March 1991; Kieser 2002). As McKinsey write on their website: "We invest significant resources in building knowledge. We see it as our mission to bring this knowledge to our clients …" (McKinsey & Company 2006). The traditional consulting project presumes that consultant and client first identify the client's problem and then select an appropriate management tool from the consultant's repertoire. The focus is on "analysing and bridging the gap between [the consultant's] body of knowledge and skills and the requirements of the client organization." (Larwood and Gattiker 1986, p. 374). However, what the traditional approaches do not take into account is that it is impossible for the client system or even the contact system to arrive at an "authentic" problem description. Since neither the consultant system nor the contact system has any access to the communications of the client, they cannot but construct their

own description of the client's problem. Analogously, the client system cannot import any solutions from outside – any "solution" is its own construct. If we apply here Lyotard's example above, this is as if a bridge player were describing a particular problem of the tennis player in bridge terms, and were trying to teach the tennis player a couple of card tricks to solve his tennis problems.

The above suggests that if we speak of consulting success only in cases when the consultant provides a solution to the client's problem, we would have to treat all consulting projects as failures: neither can the consultant "know" the client's problem nor can the client receive a "solution" from the consultant. Yet, this does not mean that all consulting projects have necessarily negative outcomes. On the contrary, even traditional consulting projects can sometimes have positive effects for the client – but in a different way than intended. Rather than transfer some kind of knowledge, the consultant can cause (via the contact system) perturbations in the client system that trigger positive changes in the client's structures, which otherwise might not have been achieved (Luhmann 2005). For example, if McKinsey are employed to conduct a strategy consulting project, this does not necessary lead to a new strategy; nevertheless, the general notice alone that McKinsey are employed to conduct a project may cause "irritations" (i.e. perturbations) within the client system. However, from the consultant's perspective it is more or less a matter of chance whether the intervention yields a positive or negative effect in the client.

For the consulting industry this has important implications: traditional consulting interventions appear highly problematic. A consulting approach that takes the systems-theoretical insights seriously would have to be set up very differently. We find certain early suggestions for such an approach in the systemic family therapy developed by Selvini Palazzoli and her associates in the 1970s and 1980s (Selvini Palazzoli *et al.* 1978). Building on similar theoretical sources, they emphasised the self-referential logic of families. Their intervention strategies consequently aimed at understanding this logic and then interrupting it in a fruitful way. The most prominent amongst these is the so-called paradoxical intervention:

> "The particular interventions are contrary (para) to received option (doxa) and operate under the general assumption that 'things get better when you try to make them worse' (O'Connell, 1983, p. 12)." (DeBord 1989, p. 394)

In order to set up a paradoxical intervention, the therapist or consultant first *describes* the pathologic problem in a positive way to ensure that the external intervention is not perceived as a threat to the system. Then he or she *prescribes* the problem symptom paradoxically, in that the system is advised to maintain the symptom; that is to say, not to change. Now, the system's task is to deal with the prescribed paradox of not changing. However, the therapist or consultant introduces an "irritation", or perturbation, into the system, which initiates reflection processes that (hopefully) might result in positive changes in the system's structures and processes. Apart from family therapy this intervention strategy has also been applied to business organisations; for instance, in cases when a consultant tries to resolve the client's ambivalent attitude of wanting and not wanting to change by the paradoxical message "please don't change" (Königswieser and Hillebrand 2005, p. 86).

Analogously to our descriptions above, the result of the intervention is considered to be beyond the control of the therapist or consultant – the effect might be positive or negative. However, in contrast to our conceptualisation of the consulting intervention, it is assumed that the therapist or consultant is able to understand the logic of the client system and thus to arrive at an "accurate" description of its problems. Hence, even if it is not possible to transfer any solution to a problem directly into the client system, the therapist or consultant can at least introduce the perturbation in the "right" place. This is incompatible with the Luhmannian conceptualisation of the *mutual* intransparency of client and consultant. Thus, a systemic consulting approach would have to go further as we will outline below.

A systemic consulting approach that is strictly based on the described systems-theoretical perspective first of all would have to start out with the explicit acknowledgement of the three systems involved in the consulting intervention. It would have to respect the fact that these three systems cannot understand each other. Rather than try to overcome the communication barriers, the consulting approach should foster an awareness of one's own boundaries of communication in order to prevent unintentional misunderstandings. "Boundary management" in this context means differentiating clearly between the communications belonging to the three different systems: within one's own system one can only connect to one's own communications; communications of other systems would have to be treated explicitly as material for potential perturbation. This material might be drawn upon when doing so seems fruitful to the system, but it might also be ignored if the system sees no apparent benefit in the exercise. This also implies maintaining a flexible attitude towards the

received perturbations: the system needs to see it as its own decision whether to react to or ignore any received perturbations.

While the three systems on the one hand need to become aware of their own boundaries they also need to "manage" their structural couplings to each other. In other words, they need to make explicit through which channels the mutual perturbations are to be received. By reflecting on the logic of the other systems, a system can construct its own images of each of those other systems and adjust its structures accordingly. In this way the systems can increase their resonance towards each other. This is particularly important for the contact system, which itself serves as a main coupling mechanism between client and consultant. One way of increasing the degree of structural coupling is by selecting participants in the contact system who can serve as potential points of reference for its communications. By referring to the organisational roles of the different participants, the contact system (re)constructs the respective structures of the other two systems (Seidl 2005). Even though this reconstruction is not a true representation of the other systems' structures, the communication structures of the contact system nevertheless become adjusted in such a way as to become more responsive to perturbations from the other systems. For example, if marketing and production managers were included in the contact system, "marketing" and "production" would be categories of the communication – even though they would be understood differently in the other two systems. Consequently issues arising within the marketing and production departments of the contact system would be highly resonant.

Because of the strict separation between the different systems it doesn't make much sense for the contact system to try solving the client's problems – its solutions can not be transferred into the client system anyway. Instead, the contact system can concentrate on *second-order observation*: "The central issue is that the observer of an observer has and can use (or not use) the possibility to see that which the observed observer cannot see" (Luhmann 2005, p. 357; see also von Foerster 1981). While a first-order observer observes what he ontologically observes, a second-order observer observes how others observe. In this sense, the contact system would try to observe how the client system observes and how its own observations are being observed by it. In contrast to traditional consulting approaches, in the Luhmannian approach these second-order observations are not only latent but the explicit focus of the contact system's observations. Consequently, a lot of communication will typically take place on the level of *meta-communication*, i.e. communication about communication (Luhmann

1995). In meta-communication one communicates not only about a particular content but also about the effect that a communication has; in other words about what difference the particular communication makes, and about what and how one communicates.

Finally, a systemic consulting approach would emphasise the central role of the client in the consulting intervention. In contrast to the traditional notion of consulting, in the approach proposed here any (positive or negative) effect of the intervention is entirely the client's own product. This implies a particular responsibility for the client. Consequently, the consultant company can no longer be blamed for the quality of its input (cf. Mohe 2003). Since the consultant can only cause perturbations, it is the client's responsibility to decide what to make of the consultant's input. The consultant cannot help the client organisation to solve its problem.

Generally, such a systemic approach to consulting implies a different appreciation of the boundary between consultant and client: rather than being perceived as a problem, it is acknowledged as an opportunity for the client to draw on a source of (fruitful) perturbations, which the client would otherwise be unlikely to receive (Luhmann 2005). Firstly, this parallels with the notion of "the otherness of consultancies" described by Kipping and Armbrüster:

> "The otherness of the consultant is a condition for their possible contribution to client organisations, but at the same time the source of problems, which might in certain cases cancel the potential benefits of external advice." (Kipping and Armbrüster 2002, p. 208)

Secondly, this resonates strongly with the role of consultants that Clegg and his colleagues are propagating:

> "[W]e propose a parasitical role for management consultants as a source of 'noise' that disrupts established ways of doing and being by introducing interruptive action into the space between organisational order and chaos […]. Such an approach would seek to disturb existing patterns and structures that have become an obstacle to tomorrow's excellence." (Clegg *et al.* 2004, pp. 31, 36)

In Table 1 we have summarised our argument by contrasting the systemic approach to consulting with the traditional one.

	Traditional approach to consulting	Systemic approach to consulting
Concept of organisation	– Organisations are technical systems working like trivial machines, and manipulable	– Organisations are non-trivial machines, but are closed systems operating on their own, non-manipulable logic
Concept of discourse	– Direct communication between human beings – Transfer of meaning between discourses – Mutual understanding, shared meanings	– Only communication can communicate, human beings are not part of communication systems – No transfer of meaning between discourses – (productive) misunderstandings, different meanings
Concept of client–consultant relationship	– Two systems: client system and consultant system – Overlapping between client and consultant systems	– Three systems: client system, consultant system, and contact system – No overlapping, but structural coupling between the systems
Concept of observation	– First-order observations	– Second-order observations
Concept of intervention	– Intended, direct interventions into the client system – Transference of superior knowledge (tools and concepts)	– Consulting takes place only within the contact system – Perturbation and irritation

Table 1: Traditional consulting vs. systemic consulting

Summary and Conclusion

The aim of this article was to provide a theoretical explanation for the high failure rates of consulting interventions and to develop a framework for analysing consultant–client interactions. We started with a review of the literature on consulting failure. The few studies that one can find identify several reasons for failure, which roughly fall into four groups: personal characteristics, technical shortcomings, problematic client–consultant relationships, and socio-political aspects of the client organisation. Often, practitioners are told to improve these aspects when it comes to setting up a consulting project. However, all these reasons

derive more or less from assumptions of a “trivial machine model” (von Foerster 1981) of the consultant-client relationship. This was shown by analysing the client–consultant relationship from the perspective of Luhmann’s systems theory, which helped us arrive at a more sophisticated understanding of the consultant–client relationship. From this perspective, it became clear that the common notion of the client and the consultant systems working directly and closely together has to be replaced. Instead, we have to accept the existence of three systems: the client system, the consultant system, and the contact system as a third system, each of which operates on the basis of a different logic. Consequently, no transfer of meaning between the three systems is possible.

This theoretical perspective has several implications for consulting: against this background it was shown that the common reasons for consulting failure mentioned in literature are rather symptoms than “true” causes. For Luhmann, personal characteristics are irrelevant since individuals are not part of the systems but only peripherally involved in the communication processes. Technical shortcomings are irrelevant, because the transfer of the consultants’ tools and concepts into the client system is impossible *a priori*. Reasons concerning the problematic consultant–client relationship and recommendations to communicate “more” or better” are of no importance since there is no direct communication between the client and the consultant systems. Finally, socio-political aspects of the client are misinterpreted since the client system is an operatively closed system, i.e. a system operating on its own logic, which is neither visible to nor manipulable by the consultants.

From a systems-theoretical point of view, any intended consulting intervention becomes impossible right from its beginning. Following Luhmann, the only reason for the employment of external consultants is the possibility that the client system gets perturbed or “irritated”. However, these interventions do not follow the consultant’s logic and intentions, and not all interventions cause irritation as this is only decided by the client system itself. The more it becomes acknowledged that only the client system itself decides whether to change or not to change, the less room is there for common criticisms such as “whenever a change process turns into a failure, the (un)skilful consultant may be targeted as the bogeyman” (Sorge and van Witteloostuijn 2004, p. 1207).

As a consequence both clients and consultants have to rethink their approaches when it comes to consulting. On the one hand clients are well advised not to overestimate the possibilities

offered by consultants when engaging them, and to be aware of their own responsibility. The latter argument is in line with recent research emphasising the active and self-responsible role of the client (e.g. Sturdy 1997; Fincham 1999, 2003; Mohe 2003; Werr and Styhre 2003; Bäcklund and Werr 2005; Lindberg and Furusten 2005; Mohe 2005; Werr and Pemer 2005; Kakabadse *et al.* 2006). However, while most of these approaches imply a more sophisticated, formalised, rational or "professional" conduct towards consultancy (which involves e.g. stricter selection processes, rigorous management, control and evaluation of the consultants), a systems-theoretical approach arrives at different conclusions. From a systems-theoretical point of view, "it is not possible for the company in search of management consulting to fully rationalise the choice of consultants and subsequently to fully rationalise how each should be treated" (Luhmann 2005, p. 363). The only possibility for clients is to observe and decide which consultancy has the most potential to perturb the client – and even this has to be questioned since the client system is not able to gain any insights into the consultancy system. Provocatively speaking, it does not take a consulting firm at all to introduce such perturbations, since any external system, e.g. a group of students, is potentially able to perturb the client system (cf. Kipping and Armbrüster 2002). As the client system is not able to manipulate the consultancy system, also measures for stricter management or control of the consultants fail. Finally, the stage of evaluation becomes redundant as there is no content or objective to evaluate, and nobody is able to evaluate the degree of perturbation or irritation (Kieser 2002; Clegg *et al.* 2004).

On the other hand, also consultants have to take their limitations into account. As we argued in this paper, consultants need a new understanding of their approach, i.e. they have to accept the existence of three systems (instead of two), reflect upon their boundaries and make them explicit, and accept that possibilities for intended interventions are most limited. This raises the question of whether the traditional approach to consulting, which assumes that consulting operates on the basis of expert knowledge, is able to meet these challenges. Typically, consultants invest extensively in the development of new concepts and tools by pooling practical experiences from past consulting projects (March 1991; Luhmann 2005) and mixing them with fragments of discourses within management science (Kieser 2002). From our systems-theoretical perspective it should have become clear by now that these concepts and tools are the product of the consultants' idiosyncratic discourse, and that a direct transfer of these tools and concepts to the client system is impossible. As Luhmann (2005, p. 356) explains: "Thus, the consultants may well search for and employ theoretical principles that

cannot be accessible to the companies that hired them". In practice, we find that the exchange of communication between clients and consultants consists mainly in (more or less productive) misunderstandings. Therefore, from a systems-theoretical perspective, the traditional approach, which assumes that management consulting is based on building up expert knowledge, becomes increasingly redundant or as Luhmann (2005, p. 364) states: "Goals such as 'enlightenment' or 'the application of knowledge' have no bearing any longer." This is the case particularly when the "'value added' of what they have on offer decreases in the eyes of clients" (Sorge and van Witteloostuijn 2004, p. 1222) and when clients start to recognise that they cannot just buy and implement ready-made solutions. There is another consequence resulting from this: the more the traditional consultancies lose their status as recognised experts in possession of superior knowledge, the less can they be employed to support political agendas of their clients, as clients can no longer use consultants as a source of authority on which they can rely to legitimise their individual ambitions. Therefore, so-called unofficial side-functions – e.g. legitimising certain agendas, providing weapons for politics, or fostering careers of sponsors (Kieser 2002) – become less important.

Interestingly, we can find new approaches to consulting that build on the insights of the systems theory, as developed by von Foerster and Luhmann, by explicitly acknowledging the self-referentiality of the systems involved and the communication barriers that result from them (see e.g. Königswieser and Hillebrand 2005). However, this systemic approach to consulting seems to exist exclusively within the German-speaking consulting market (Armbrüster and Kieser 2001, p. 690). The majority of these consultants, who describe themselves as "systemic consultants", belong to the so-called Vienna School in Austria. Amongst them are consultancy firms such as Königswieser & Network, OSB international, Beratergruppe Neuwaldegg, and Connecta. However, systemic consulting seems to be still a niche in the consulting market. In an empirical study of the German-speaking consulting markets, Walger and Scheller (1998) found a market share of 0.6 percent for "systemic consultancies". This could probably explain why empirical studies on systemic consulting are sparse. We found only two German PhD theses on this topic: Mingers (1996) reported on one project of the systemic consultancy Connecta, and Kolbeck (2001) did a survey on how clients of the systemic consultancy firm OSB perceived the consultancy's work. In the international literature there is just one case study of a systemic consulting project conducted with the BAGE (*Bundesamt für Geistiges Eigentum*), the Swiss federal patent and copyright bureau (Baitsch and Heideloff 1997). However, a closer examination reveals that, in fact, this

case study speaks about “systemic consulting”, but presents an understanding of organisations as socio-technical systems (Baitsch and Heideloff 1997, p. 217), which collides with Luhmann’s conceptualisation of organisations as autopoietic systems. This indicates that there is much confusion and that we still know very little about this new approach to consulting. Another point here is this: if Luhmann is right in saying that the transfer of meaning from one discourse to another is impossible, the question arises whether systemic consultancies are able to transfer systems theory into their practice. At this point, traditional and systemic consultancies meet the same challenge. Therefore, it might be worth studying empirically to what extent the work of systemic consultancies actually accords with Luhmann’s systems theory, e.g. what techniques and methods are employed to perturb, or “irritate”, the client system. In particular, it would be worth comparing the success rates – whatever this might mean – of systemic consultants to those of more traditional ones. Finally, as it is widely acknowledged that consultants are embedded in politics and power (e.g. Bloomfield and Danieli 1995; Sturdy 1997; Fincham 1999; Gammelsaeter 2002; Fincham 2003), it may be interesting to observe if and how systemic consultancies are able to play these “political games”.

References

Appelbaum, S.H. (2004) “Critical Success Factors in the Client–Consulting Relationship”, *The Journal of American Academy of Business* 4(1/2), pp. 184–191.

Appelbaum, S.H. and Steed, A.J. (2005) “The Critical Success Factors in the Client–Consulting Relationship”, *Journal of Management Development* 24(1), pp. 68–93.

Armbrüster, T. and Kieser, A. (2001) “Unternehmensberatung – Analysen einer Wachstumsbranche”, *Die Betriebswirtschaft* 61(6), pp. 688–709.

Armenakis, A.A. and Burdg, H.B. (1988) “Consultation Research: Contributions to Practice and Directions for Improvement”, *Journal of Management* 14(2), pp. 339–365.

Bäcklund, W. and Werr, A. (2005) “Breaking the Personal Tie: On the Formalization of the Procurement of Management Consulting Services”, in S. Furusten and A. Werr (eds.) *Dealing with Confidence: The Construction of Need and Trust in Management Advisory Services* (Køge: Copenhagen Business School Press), pp. 184–200.

Baecker, D. (2006) “The Form of the Firm”, *Organization* 13(1), pp. 109–142.

Baitsch, C. and Heideloff, F. (1997) “Collective Construction Changes Organizational Reality: An Illustration of the Relative Influence of Both Consultants and Organizations”, *Journal of Organizational Change Management*, 10(3), pp. 218–236.

Bateson, G. (1972) *Steps to an Ecology of Mind* (New York: Ballantine).

Benders, J. and Bijsterveld, M. van (2000) “Leaning on Lean: The Reception of a Management Fashion in Germany”, *New Technology, Work and Employment* 15(1), pp. 33–53.

Benders, J. and Veen, K. van (2001) “What’s in a Fashion? Interpretive Viability and Management Fashions”, *Organization* 8(1), 33–53.

Bessant, J. and Rush, H. (1995) “Building bridges for innovation: the role of consultants in technology transfer”, *Research Policy* 24(1): 97-114.

Bloomfield, B.P. and Danieli, A. (1995) “The Role of Management Consultants in the Development of Information Technology”, *Journal of Management Studies* 32(1), pp. 23–47.

Brunsson, N. (2000) “Standardization and Fashion Trends”, in N. Brunsson and B. Jacobsson (eds.) *A World of Standards* (Oxford: Oxford University Press). pp. 151–168.

Byrne, J.A. (2002) “Inside McKinsey”, *Business Week* July/08, pp. 54–62.

Clark, T. and Fincham, R. (2002) (eds.) *Critical Consulting: New Perspectives on the Management Advice Industry* (Oxford: Blackwell).

Clegg, S.R., Kornberger, M. and Rhodes, C. (2004) “Noise, Parasites and Translation: Theory and Practice in Management Consulting”, *Management Learning* 35(1), 31–44.

Covin, T.J. and Fisher, T.V. (1991) “Consultant and Client Must Work Together”, *Journal of Management Consulting* 6(4), pp. 11–19.

Craig, D. (2005) *Rip-off! The Scandalous Inside Story of the Management Consulting Money Machine* (London: Original Book Co.).

Czander, W. (2001) “A Failed Consultation”, *Consulting to Management* 12(2), pp. 26–31.

Czarniawska, B. and Mazza, C. (2003) “Consulting as a Liminal Space”, *Human Relations* 56(3), pp. 267–290.

Datamonitor (2005): *Global Management & Marketing Consultancy. Industry Profile* (New York: Datamonitor).

DeBord, J.B. (1989) “Paradoxical Interventions: A Review of the Recent Literature”, *Journal of Counseling & Development* 67(7), pp. 394–398.

Ernst, B. and Kieser, A. (2002) “In Search of Explanations for the Consulting Explosion”, in K. Sahlin-Andersson and L. Engwall (eds.) *The Expansion of Management Knowledge* (Stanford, CA: Stanford University Press), pp. 47–73.

FEACO (2006) *Survey of the European Management Consultancy Market 2005–2006* (Brussels, Belgium: FEACO).

Fincham, R. (1999) “The Consultant–Client Relationship: Critical Perspectives on the Management of Organizational Change”, *Journal of Management Studies* 36(3), pp. 335–351.

Fincham, R. (2003) “The Agent’s Agent”, *International Studies of Management & Organization* 32(4), pp. 67–86.

Foerster, H. von (1981) *Observing Systems* (Seaside, CA: Intersystems).

Foerster, H. von (2003) “For Niklas Luhmann: ‚How Recursive is Communication?’”, in H. von Foerster (ed.) *Understanding understanding. Essays on Cybernetics and Cognition* (New York: Springer). pp. 305-324

Foerster, H. von and Pörksen (1998): *Wahrheit ist die Erfindung eines Lügners: Gespräche für Skeptiker*. (Heidelberg: Carl Auer).

Fullerton, J. and West, M.A. (1996) “Consultant and Client – Working Together?”, *Journal of Managerial Psychology* 11(6), pp. 40–49.

Gammelsaeter H. (2002) “Managers and Consultants as Embedded Actors – Evidence from Norway”, in M. Kippingand and L. Engwall (eds.) *Management Consulting –*

Emergence and Dynamics of a Knowledge Industry (Oxford: Oxford University Press), pp. 222–237.

Hendry, J. and Seidl, D. (2003) "The Structure and Significance of Strategic Episodes: Social Systems Theory and the Routine Practices of Strategic Change", *Journal of Management Studies* 40(1), pp. 175-196.

Kakabadse, N.K., Lourchart, E. and Kakabadse, A. (2006) "Consultant's Role: A Qualitative Inquiry from the Consultant's Perspective", *Journal of Management Development* 25(5), pp. 416–500.

Karantinou, K.M. and Hogg, M.K. (2001) "Exploring Relationship Management in Professional Services: A Study of Management Consultancy", *Journal of Marketing Management* 17(3/4), pp. 263–286.

Kieser, A. (2002) "On Communication Barriers Between Management Science, Consultancies and Business Companies", in T. Clark and R. Fincham (eds.) *Critical Consulting: New Perspectives on the Management Advice Industry* (Oxford: Blackwell), pp. 206–227.

Kihn, M. (2006) *House of Lies: How Management Consultants Steal Your Watch and Then Tell You the Time* (New York, NY: Warner Business Books).

Kipping, M. and Armbrüster, T. (2002) "The Burden of Otherness: Limits of Consultancy Interventions in Historical Case Studies", in L. Engwall and M. Kipping (eds.) *Management Consulting: Emergence and Dynamics of a Knowledge Industry* (Oxford: Oxford University Press), pp. 203–221.

Kitay, J. and Wright, C. (2004) "Take the Money and Run? Organisational Boundaries and Consultants' Roles", *The Service Industries Journal* 24(3), pp. 1–18.

Klenter, G. and Möllgard, N. (2006) "Return of Consulting – Value Added by the Consultants is All that Counts", in T. Deelmann and M. Mohe (eds.) *Selection and Evaluation of Consultants* (Mering: Hampp), pp. 139–157.

Ko, D.-G., Kirsch, L.J. and King, W.R. (2005) "Antecedents of Knowledge Transfer form Consultants to Clients in Enterprise System Implementations", *MIS Quarterly* 29(1): 59-85.

Kolbeck, C. (2001) *Zukunftsperspektiven des Beratungsmarktes: Eine Studie zur klassischen und systemischen Beratungsphilosophie* (Wiesbaden: DUV).

Königswieser, R. and Hillebrand, M. (2005) *Systemic Consultancy in Organisation: Concepts—Tools—Innovations* (Heidelberg: Carl-Auer-Systeme).

Krogh, G. von and Roos, J. (1995) *Organizational Epistemology* (Basingstoke: Macmillan).

Kubr, M. (2002) *Management Consulting: A Guide to the Profession* (4th edition, Geneva: International Labour Organization).

Larwood, L. and Gattiker, U.E. (1986) “Client and Consultant Managerial Problem-Solving Values”, *Group and Organization Studies* 11(4), pp. 374-386.

Lindberg, N. and Furusten, S. (2005) “Breaking Laws – Making Deals: Procurement of Management Consultants in the Public Sector”, in S. Furusten and A. Werr, A. (eds.) *Dealing with Confidence: The Construction of Need and Trust in Management Advisory Services* (Køge: Copenhagen Business School Press), pp. 169–183.

Lister, E.D. and Pirrotta, S. (1996) “The Art and Science of Using Consultants”, *Physician Executive* 22(11), pp. 29–33.

Luhmann, N. (1986) “The Autopoiesis of Social Systems”, in F. Geyer and J. Van der Zouwen (eds.) *Sociocybernetic Paradoxes: Observation, Control and Evolution of Self-steering Systems* (London: Sage), pp. 172–192.

Luhmann, N. (1989) *Ecological Communication* (Chicago: University of Chicago Press).

Luhmann, N. (1990) “Anfang und Ende: Probleme einer Unterscheidung”, in N. Luhmann and K.E. Schorr (eds) *Zwischen Anfang und Ende: Fragen an die Pädagogik* (Frankfurt: Suhrkamp), pp. 11-23.

Luhmann, N. (1995) *Social Systems* (Stanford: Stanford University Press).

Luhmann, N. (2002) “How Can the Mind Participate in Communication?” in W. Rasch (ed.) *Theories of Distinction: Redescribing the Descriptions of Modernity* (Stanford: Stanford University Press), pp. 169–184.

Luhmann, N. (2003) “Organization”, in T. Bakken and T. Hernes (ed.) *Autopoietic Organization Theory: Drawing on Niklas Luhmann’s Social Systems Perspective* (Copenhagen: Copenhagen Business School Press), pp. 31–52.

Luhmann, N. (2005) “Communication Barriers in Management Consulting”, in D. Seidl and K.-H. Becker (eds.) *Niklas Luhmann and Organization Studies* (Copenhagen: Copenhagen Business School Press), pp. 351-364.

Lyotard, J.-F. (1993) “Wittgenstein ‘After’”, in B. Readings and K.P. Geiman (eds.) *Lyotard: Political Writings* (Minneapolis: University of Minnesota Press).

March, J.G. (1991) “Organizational Consultants and Organizational Research”, *Journal of Applied Communication* 19(1/2), pp. 20–33.

Maturana, H. (1980) “Autopoiesis: Reproduction, Heredity and Evolution”, in M. Zeleny (ed.) *Autopoiesis, Dissipative Structures and Spontaneous Orders* (Boulder: Westview Press) pp. 45–79.

McGivern, C. (1983) “Some Facets of the Relationship Between Consultants and Clients in Organizations”, *Journal of Management Consulting* 20(3), pp. 367–386.

McKinsey & Company (2006) “About Us – What We Do”, http://www.mckinsey.com/aboutus/whatwedo, last accessed on 28 December 2006.

Micklethwait, J. and Wooldridge, A. (1996) *The Witch Doctors: What the Management Gurus are Saying: Why it Matters and How to Make Sense of It* (London: Heinemann).

Mingers, S. (1996) *Systematische Organisationsberatung: Eine Konfrontation von Theorie und Praxis* (Frankfurt: Campus).

Mohe, M. (2003) *Klientenprofessionalisierung: Strategien und Perspektiven eines professionellen Umgangs mit Unternehmensberatung* (Marburg: Metropolis).

Mohe, M. (2005) “Generic Strategies for Managing Consultants: Insights from Clients’ Companies in Germany”, *Journal of Change Management* 5(3), pp. 357–365.

Morgan, G. (1986) *Images of Organization* (Thousand Oaks: Sage).

Nassehi, A. (2005) “Organizations as decision machines: Niklas Luhmann's theory of organized social systems”, *The Sociological Review* 53(1): 187-191.

O’Shea, J. and Madigan, C. (1997) *Dangerous Company: The Consulting Powerhouses and the Businesses they Save and Ruin* (New York, NY: Times/Random House).

Obolensky, N. (2001) “Implementation”, in P. Sadler (ed.) *Management Consultancy: A Handbook for Best Practice* (2nd edition, London: Kogan Page).

Pinault, L. (2001) *Consulting Demons: Inside the Unscrupulous World of Global Corporate Consulting* (New York, NY: Harper Business).

Pries, C. and Stone, M. (2004) “Managing CRM Implementation with Consultants – CRM or Change Management?”, *Journal of Change Management* 4(4), pp. 351–370.

Schaffer, R.H. (1997) “Looking at the 5 Fatal Flaws of Management Consulting”, *Journal for Quality & Participation* 20(3), pp. 44–50.

Seidl, D. (2005) “Organization and Interaction”, in D. Seidl and K.-H. Becker (eds.) *Niklas Luhmann and Organization Studies* (Copenhagen: Copenhagen Business School Press), pp. 145–170.

Seidl, D. (2007) “General Strategy Concepts and the Ecology of Strategy Discourses: A Systemic-Discursive Perspective”, *Organization Studies* [forthcoming].

Seidl, D. and Becker, K.-H. (2006) “Organizations as Distinction Generating and Processing Systems” *Organization* 13: pp. 9-35

Selvini Palazzoli, M., Boscolo, L., Ceccin, G., and Prata, G. (1978) *Paradox and Counterparadox: a New Model in the Therapy of the Family in Schizophrenic Transaction* (London: Aronson).

Shapiro, E., Eccles, R. and Sokse, T. (1993) "Consulting: Has the Solution Become Part of the Problem?", *Sloan Management Review* 34(4), pp. 89–95.

Smith, M.E. (2001) "What Client Employees Say About Consulting", *Leadership & Organization Development Journal* 23(2), pp. 93–103.

Sobel, A. (2004) "15 Pitfalls for the Client Advisor", *Consulting to Management* 15(3), pp. 5–8.

Sorge, A. and van Witteloostuijn, A. (2004): "The (Non)sense of Organizational Change: An Essai about Universal Management Hypes, Sick Consultancy Metaphors, and Healthy Organization Theories", *Organization Studies* 25(7), pp. 1205–1231.

Sturdy, A. (1997) "The Consultancy Process – An Insecure Business", *Journal of Management Studies* 34(3), pp. 389–413.

Sturdy, A., Clark, T., Fincham, R. and Handley, K. (2006a) *Boundary Complexity in Management Consultancy Projects – Re-thinking Potentials for Knowledge Flow* (EKB Working Paper 2006/06).

Sturdy, A., Schwartz, M. and Spicer, A. (2006b) "Guess Who Is Coming to Dinner? Structures and Uses of Liminality in Strategic Management Consultancy", *Human Relations* 59(7), pp. 929–960.

Teubner (2000) "Contracting worlds: Invoking discourse rights in private governance regimes", *Social and Legal Studies* 9: 399-417.

Walger, G. and Scheller, C. (1998) *Das Angebot der Unternehmensberatungen in Deutschland, Österreich und der Schweiz: Eine empirische Analyse* (QUEM-Report, Heft 54: Berlin).

Warren, J.R. (2004) "Predicting and Enhancing Client Success", in A.F. Bouno (ed.) *Creative Consulting: Innovative Perspectives on Management Consulting* (Greenwich: Information Age Publishing), pp. 345–372.

Weiss, A. (1996) "The 13 cardinal sins", *Journal of Management Consulting* 9(2), pp. 44–45.

Werr, A. and Pemer, F. (2005) "Purchasing Management Consultants – from Personal Ties to Organizational Procedures", *Academy of Management Proceedings*, B1–B6.

Werr, A. and Styhre, A. (2003) "Management Consultants – Friend or Foe? Understanding the Ambiguous Client–Consultant Relationship", *International Studies of Management & Organization* 32(4), pp. 43–66.

Zackrison, R.E. and Freedman, A. (2003) “Some Reasons Why Consulting Interventions Fail”, *Organizational Development Journal* 21(1), pp. 72–74.

Zbaracki, M. (1998) “The Rhetoric and Reality of Total Quality Management”, *Administrative Science Quarterly* 43(3), pp. 602–636.

Appendix A

Review of studies on consulting failure

Author	Paper type	Focus/Intention	Sample	Reasons for failure
Covin and Fischer (1991)	Empirical / practitioners' self reflection / field report	Identifying consultant and client critical incidents with successful consulting efforts	27 consultants in Georgia, USA + follow-up interviews with 5 consultants and 3 clients	– Lack of sincere management support – Consultant is incompetent – Unrealistic expectations on either side – Upper management dictates the project and, therefore there is no commitment by project leaders and staff – Poor match between the client's needs and the consultant's abilities – Not relating changes to financial and business health – Lack of trust – Poor communication, internally and/or externally – Lack of clear-cut objectives/expectations – Lack of needed resources
Weiss (1996)	Conceptual / practitioners' self reflection / field report	Reporting about 13 basic errors that consultants commit in the process of attempting to close new business		– Failing to identify the economic buyer – Failing to elicit objectives at the outset – Ignoring metrics – Failing to agree on value – Overemphasising solutions – Using consultant-speak – Discomfort with ambiguity – Inability to see oneself as a peer – Fear of walking away from the business – Obsession with data gathering – Actively adversarial, not collaborative – Failing to invest in the prospect – Using the proposal as an exploration, not as a summation
Lister and Pirrotta (1996)	Empirical / practitioners' self reflection / field report	Investigating clients' personal experiences of unsuccessful consultations	"more than 300 physician executives"	– Problems with internal dynamics of the organisation (e.g. "confused goals", "secondary political agenda", "unwilling to commit appropriate resources") – Problems with goal-setting with consultant (e.g. "consultant did not understand our goals") – Problems with the consultant's diagnosis (e.g. "diagnosis doesn't seem to fit"; "lacked rigour") – Problems with the consultant's plan of approach (e.g. "plan didn't seem to fit our situation"; "remained at a theoretical level") – Problems with the personal characteristics of the consultant (e.g. "lacked skilled knowledge")

Author	Paper type	Focus/Intention	Sample	Reasons for failure
				– Problems with the cost of consultation (e.g. “exceeded the worth of the results”)
Schaffer (1997)	Conceptual / practitioners’ self reflection / field report	Providing information on five typical flaws of management consulting	–	– Projects are defined in terms of consultant’s contribution or products (and not in terms of specific client results to be achieved) – Project scope is based on subject matter logic (and not on client readiness to change) – One-big-solution design (rather than incremental success) – Hands-offs back and forth (instead of client/consultant relationship) – Labour intensive use of consultants (instead of leverage use)
Czander (2001)	Conceptual / practitioners’ self reflection / field report	Learning from consultative failure		– Management hires consultants with a set of expectations that is not communicated to the consultant – Consultants are hired to supplement in-house staff, and then end up doing the work while the in-house staff sits back – Consultants fail to obtain a clear understanding of the problem, and their efforts go toward the resolution of the wrong problem – Consultants attempt to correct a problem or deficiency that is beyond their expertise, time constraints, or interest – Management blames the consultant for pre-existing maladies or assigns management's dirty work, and the consultant unknowingly cooperates – Management hires a consultant to support an already made decision – Management is content with the thought that problems will be solved simply because the consultant has arrived – The consultant underestimates the degree to which resistance to change exists in the organisation – The consultant develops a diagnosis that is wrong – The consultant is overextended and cannot devote adequate time and attention to the client – The consultant does not formulate a proper and thorough contract with the client; the nature of the contract was not clearly communicated, understood, and accepted by both parties

Author	Paper type	Focus/Intention	Sample	Reasons for failure
				– The consultant in his/her zeal to obtain the contract makes promises that cannot be kept
Obolensky (2001)	Conceptual/ practitioners' self reflection / field report	Investigating why recommendations fail to be implemented	–	– Weak analysis and too narrow or subjective an opinion – Focussing on wants, not needs – No detailed plan or consideration of consequences – Unclear/unconvincing reason for the change – Politics and power consequences have been misunderstood – Psychological aspects of the change have been ignored – Insufficient support processes in place – Inflexibility
Smith (2002)	Empirical / scientific	Investigating the value of the consultant contributing to the change effort	Multi-company-study: 242 respondents in total with 107 respondents reporting on consulting projects	– Ineffective project management (average: 19%) – Ineffective guidance of senior management (16%) – Failure to help employees to deal with change (14%) – Failure [of the consultant] to take input from the stakeholder (14%) – Management failure to involve the consultant in the implementation stage (11%) – No/inadequate input for implementation planning (8%) – Personal gain of expenses of stakeholders (7%) – Failure [of the consultant] to contribute breakthrough ideas (6%) – Non-specific criticism (5%)
Zackrison and Freedman (2003)	Conceptual / practitioners' self reflection / field report	Reporting about most frequent causes of failed consulting interventions		– Ill-advised interventions – Inappropriate use of external consultant(s) – Self-centred consultants – Wrong type of consultant – Solving with symptoms – Providing first aid to terminally ill patients – Dead elephants in the boardroom – Management incapable of managing change – Management incapable of sustaining change – Lack of key stakeholder – Consultant undereducated or disinterested in change process – Inadequately or inappropriate evaluation – Confusion between "od" and "OD" – Confusion between techniques and processes

Author	Paper type	Focus/Intention	Sample	Reasons for failure
				– Focusing on improving processes instead of on improving the outputs that those processes produce
Pries and Stone (2004)	Empirical / scientific	Investigating how consultants view CRM, change management and their CRM projects	Semi-structured interviews with CRM consultants in GB, France and Germany conducting projects in financial services firms	– Lack of internal communication – No interest shown by senior management – Lack of involvement of project management on company's side – Lack of external communication – No interest shown by employees
Sobel (2004)	Conceptual / practitioners' self reflection / field report	Reporting about 15 common pitfalls for professionals who work with clients	–	– The wrong client – The wrong problem – The wrong advisor – Vicariously exercising power or expertise – Too much bad news – Sticking with bad clients – Believing everything your clients tell you – Loosing the support of the broader organisation – Ignoring less senior clients – Agenda pushing – One-size-fits-all – Crowded pleasers – Crowded followers – Recyclers – False counsellors
Klenter and Möllgard (2006)	Empirical / practitioners' self reflection / field report	Presenting a long-term study on implementation management in projects conducted by the consultancy Droege & Company	not mentioned	– No tight project controlling; lack of tools (average significance on a 0–9 scale: 6.4) – Too many projects (project inflation) (6.1) – Lack of quantified goals (5.7) – Failure to deliver results (management/team) (5.3) – No structured project organisation (4.9) – Insufficient support from top management (4.3) – Resistance from staff (3.2) – Unrealistic project goals (2.6) – Lack of project communication (2.5) – Choice of projects insufficiently result-orientated (2.0) – Insufficiently qualified staff, lack of capacity (< 1)