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Far better than nothing at all –
Towards a contingency-based evaluation
of management consulting services

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Abstract

The evaluation of consulting services is a widely, but controversially discussed issue. While there is obviously an increasing need for appropriate evaluation, there are critics questioning the applicability of evaluation methods as well as the motivation to assess. We provide a framework that can be used to improve project evaluations and structures future academic and practical discussions as it integrates relevant contingency factors (project type, consultant-client-relationship, characteristics of the evaluator) that affect opportunities and abilities to evaluate project input, throughput, and output. We summarize the prospects and challenges for the research agenda and suggest some management implications.

JEL-classification: L22, L23, M21

Keywords: Management consulting, evaluation, performance, contingency factors.

Zusammenfassung

„Zur Notwendigkeit eines Kontingenz-Ansatzes der Evaluation von Managementberatungsleistungen“

Die Evaluation von Beratungsdienstleistungen ist ein oft - und kontrovers - diskutiertes Feld. Während es einerseits einen steigenden Evaluationsbedarf gibt, wird andererseits Kritik laut, welche die Anwendbarkeit der Evaluationsmethoden beziehungsweise die Evaluations-Motivation an sich in Frage stellt. Unser Ansatz integriert Kontingenzfaktoren (wie Projektart, Berater-Klienten-Beziehung und Charakteristiken des Evaluierenden), welche die Möglichkeiten und Fähigkeiten zur Evaluation von Projekt-Input, -Throughput und -Output beeinflussen. Insofern kann er zur Verbesserung von Projekt-Evaluationen beitragen, und darüber hinaus als Orientierung für die weitere wissenschaftliche und praktische Diskussion dienen. Abschließend betrachten wir die Herausforderungen weiterer Forschung auf diesem Gebiet und zeigen Implikationen für die Praxis auf.

JEL-Klassifikation: L22, L23, M21

Schlagworte: Managementberatung, Evaluation, Performance, Kontingenzfaktoren.

1. Introduction

The evaluation of consulting services is a widely, but controversially discussed issue, both among practitioners and scientists. The performance of management consultants has recently come under criticism due to exploding consulting fees, rising skepticism regarding concepts and recommendations delivered, and embroilment in the increasing occurrence of corporate scandals and exploding consulting fees. Various groups and experts allege that management consultants do not add value to their clients, but produce mainly 'hot air' or unrealistic concepts that are impossible to implement (see Schaffer 1998). Additionally, when top management has to justify high amounts of consulting fees to their shareholders in a period of economic downturn, they find an easy target to quickly reduce costs (Warner 2003). In order to confront these detrimental opinions and attitudes, both clients and consultants should have an increasing interest in evaluating consulting services. Not surprisingly, management consultancies, in particular assert that they (1) devote even more attention to the evaluation of their services, and (2) try to improve assessment methods and tools.

Accordingly, the literature on evaluation of consulting projects and the performance of consultants is quite substantial (see for example Gable 1996; Kubr 1996; Fritz & Effenberg 1998; Phillips 2000). Yet, performance measurement in general and evaluation methods in particular, whether being derived from scientific research or originating from practice, are subject to critics. The criticism highlights several deficiencies. Firstly, the completeness of evaluation methods and tools is challenged. It is claimed that these methods are not reliable, valid, or representative (Ernst, 2003, 66). According to critics, such factors as the inability to identify long-term effects, competing models of causality, externalities, i.e. external impacts on consulting projects and their results, and knowledge gaps between managers and consultants impede a systematic evaluation of consulting services (Ernst & Kieser, 2003). Beside these objective evaluation and methodological problems, critics also doubt basic motivation for performance assessment, particularly that of top managers. Based on an explanatory study, Ernst and Kieser (2003) assert that neither managers nor consultants need nor want systematic evaluations of consulting engagements. Despite high pressures to justify expenditures on management consultants, they found evidence that clients, i.e. top managers, avoid comprehensible and unambiguous evaluations for the purpose of individual

performance incentives and consultants initiate rather subjective customer satisfaction assessments in order to generate new business or.

Given the increasing need for appropriate evaluations of management consulting outcomes and processes and, on the other hand, the obvious problems and open criticism, the general question arises: what to do? To completely ignore the critics and continue current practice or to take the other extreme of stopping any evaluation because of insufficient methods (skills) and lack of motivation (will), seem to be inadequate solutions. Even critics alike Ernst and Kieser (2003) emphasize that managers should be urged to apply systematic evaluations of consulting engagements, despite the fact that there is ample room for subjective judgments and biases. Systematic evaluations should also be in the interest of consultancies, as it is the key for the improvement of their methods and processes as well as for their ability to gain competitive advantage.

Such criticism may lead to the conclusion that the evaluation of management consulting is impossible due to systematic and inherent problems such as multi-dimensional cause-effect relations, impacts of time, existence of non-linear relationships, or subjective and conflicting interests. Building on agency theory one has to doubt that the principal, i.e. management can efficiently control and monitor the agent, i.e. management consultant. Additionally one has to acknowledge that the client and the service provider – both relevant actors – will not have a major interest in an evaluation. Yet, despite these principle problems and dilemma academics call for more frequent and thorough evaluations, and practitioners occasionally apply different forms of management consulting appraisals. Reflecting on this obvious inconsistency we challenge the generalization of the criticism. We believe and will show later in our paper that the critics fail to consider important contingencies that moderate the evaluation process and its quality.

Thus, the objective of our paper is to provide a framework for the analysis of management consulting that integrates the different and controversially discussed issues. Furthermore, we aim to contribute to the development of the research on performance measures of management consulting by addressing important moderators - i.e. contingency factors that have a substantial impact on the evaluation. To this end we use a scheme that distinguishes the opportunity, ability, and motivation to evaluate project inputs, throughputs, and outputs. Based on the proposed framework, we emphasize to consider three contingency

factors – project type, consultant-client- relationship, and characteristics of the evaluator in order to improve both the conceptual understanding and the quality of evaluation of management consulting.

We begin by reviewing the problems associated with evaluating management consulting projects. We then depict the proposed framework for the analysis of issues concerning evaluation of consulting services, and discuss, in turn, the effects of project type, consultant-client-relationship, and characteristics of the evaluator for project assessments. Finally, we summarize the prospects and challenges for the research agenda and suggest some management implications.

2. General Problems of Organizational Evaluation

Evaluation is a recurrent theme in most fields of management science. For instance, human resource management is concerned with the appraisal of employee and group performance (see e.g. Cook 1995; Scott & Einstein 2001); Innovation Management must assess the success of R&D activities (see e.g. Poh, Ang, & Bai 2001; Grimaldi & von Tunzelmann 2002); while Marketing has to evaluate effects of their advertising, sales promotion, or other efforts (see e.g. Blois, K.J. 1996; Clark 1999). Thus, not surprisingly, management consultants and their clients are confronted with several difficulties when evaluating their projects, too:

- Ernst (2003, 52) and Mitchell (1994, 334) emphasize the difficulties of isolating the effects caused by the contributions of consultants, due to the simultaneous involvement of clients in projects. Authors argue that one will hardly identify who is responsible for a certain result, as both consultants and clients affect the project outcome.
- Fritz & Effenberger (1998, 111) doubt that long-term effects resulting from strategic consulting projects can be assessed using traditional accounting principles. The attempts to use well-known and applied discounted cash-flow models, in particular, are usually bound to fail. Moreover, authors expect difficulties in detecting long-term effects when implementations are not executed by the consultant that originally proposed the recommendations (Fritz/Effenberger 1998, 111).

- Ernst (2003, 52) points to knowledge gaps between consultant (“agent”) and client (“principal”) which may impede evaluations.
- The use of subjective measures is repeatedly and extensively criticized (see e.g. McMullan et al. 2001). However, there are substantial doubts whether objective measures exist at all (Roehl & Willke 2001), specification of the correct performance measures is possible (Baker, Jensen & Murphy, 1988, 598), or whether objective criteria cause goal displacement because of limited applicability (Kerr, 1995, 12).

Most of these problems concerning the evaluation of consulting projects have already been discussed by scholars. Yet, as the proposed solutions are rather starry-eyed and not fully convincing, evaluators still have to cope with these problems in practice.

In this paper we will address a specific problem that has been somewhat neglected by management consulting research thus far, yet which is already emphasized by scholars investigating and developing evaluation methods in other fields. That is, evaluation approaches largely fail to consider the diversity of the subject of evaluation and the impact of moderating variables (see: Orpen, 1997; Scott & Einstein, 2001). This criticism applies to the current scientific evaluation approaches of consulting projects. For instance, Klein (1978) and Gable (1996) demonstrate the validity of their concept, by considering only one specific type of consulting project: IT-projects. Yet, IT-consulting shows certain characteristics with regard to tasks, requisite inputs such as knowledge, consulting process, and outputs (e.g. sound working of implemented systems) that differ remarkably from marketing concepts, restructuring, or strategy consulting. The degree of uncertainty, ambiguity, and quantification inherent in different consulting tasks has a major impact on the evaluation process. Therefore, one should prove very cautiously whether the proposed evaluation concepts can be adjusted or applied to all forms of management consulting. Existing evaluation concepts and their associated criticisms seem to ignore the relevance of the evaluator. Each evaluator will differ with respect to their interests, perceptions, attitudes, qualifications and experience. Depending on who actually evaluates management consulting projects, outcomes and success of projects will be evaluated differently. Since, for example, the concepts of Klein and Gable neglect such moderating variables, their methods are not appropriate to be applied for different management consulting tasks as they lack customization.

The Consultants Scorecard (Phillips 2000) offers customization in principle. The author suggests to rely on data from different levels: (1) reaction to and satisfaction with the project; (2) amount of learning of those directly involved in the project; (3) application or implementation of the project; (4) business impact; (5) return on investment; and (6) intangible data, representing important data not converted to monetary value. Phillips further suggests collecting data from each level for every consulting project. However, this neglects that certain projects create no knowledge (Level 2), others have no implementation (Level 3) and sometimes the diagnosis of the business impact is extremely complex and costly (Level 4). In this context the Consultants Scorecard also lacks customization.

Therefore, we will focus on major contingency factors that moderate the evaluation of management consulting in the following section. Building on current approaches and concepts for project evaluations we derive new insights that might be useful for a better understanding of evaluation problems and alternative solutions. Thus, the controversial debate on issues discussed earlier might profit, too.

3. Contingency Factors Affecting Evaluation

In order to structure the debate on how contingencies affect evaluation of management consulting projects, a framework is beneficial to facilitate a consistent and comprehensive analysis. The framework we propose relies on three elements. The first element is the object of measure. It is often debated which measures a project evaluation should rely upon, on the one hand because of the difficulties to assess them, and on the other hand because of the mutual understanding. Although the length of time consultants work for a respective client is commonly used for calculating the consultancy fees, such an input measure may fail to value the performance and efficiency of management consultants, and the quality of their concepts. Output measures are widely discussed, e.g. value added through a competitive strategy proposed by the consultant, but they involve many problems regarding quantification. So do measures that emphasize the knowledge transferred from the consultancy to the client organization. Such distinctive objects of measures can serve to develop a comprehensive framework for the evaluation of consulting services. Thus, we propose to distinguish three categories or general objects of evaluation measures:

- (1) *input measures*, e.g. number of consultants, hours worked, days of engagement.
- (2) *throughput measures*, e.g., knowledge spillover, learning effects, emergent networks.
- (3) *output measures*, e.g. costs cut, implementation success, business impact.

Second, we suggest that the success or failure of management consulting evaluations depends on the opportunities, abilities and/or motivation to assess (see Adler & Kwon (2003) and Argote, McEvily & Reagans (2003) for the application of this popular scheme). All three aspects affect the evaluation outcomes, e.g. lack of opportunities, abilities, or motivations deteriorate the assessment results. Yet, in this preliminary paper we exclude motivational aspects from our analysis of contingency factors. Although Ernst & Kieser (2003) provide substantial evidence that neither managers nor consultants want or need a systematic evaluation of consulting projects, i.e. that they lack the motivation, we propose to further analyze this aspect in the future. Several motives for further investigation were mentioned in the introduction and we also assume that changing corporate governance norms and rules will foster the need for justification and evaluation of strategic decision making (Nippa & Petzold, 2004).

Finally, our framework depicts important contingency factors that moderate both the opportunity and the ability to assess management consulting projects. We propose three contingency factors. Firstly, the characteristics of the respective consulting project will impact the general opportunity for assessments. Secondly, the nature, structure, and process of the consultant-client-relationship will influence the evaluation of consulting services. Thirdly, we consider the characteristics of the evaluator as a relevant factor moderating the outcomes of project assessments.

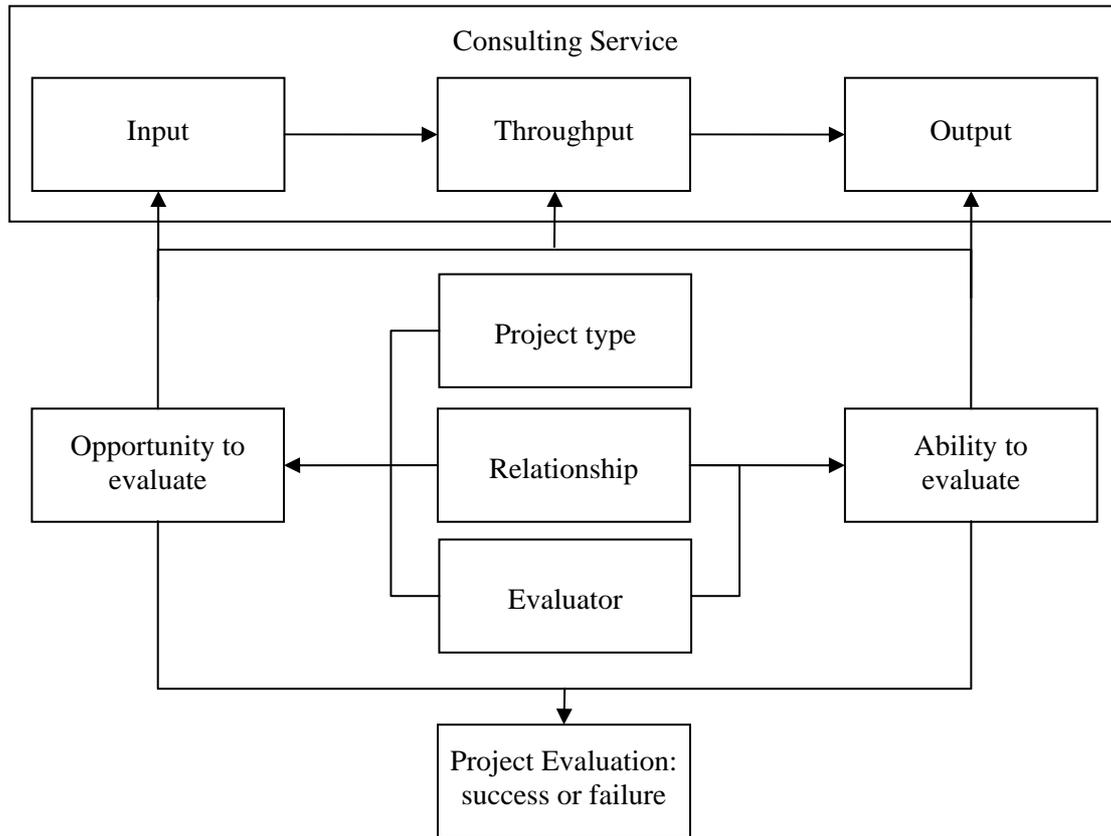


Figure 1: A contingency-based framework regarding the evaluation of management consulting projects

Thus we propose that: (1) the characteristics of project types affect the opportunity to assess; (2) different kinds of consultant-client-relationships influence the ability and opportunity to evaluate; and (3) characteristics of the evaluator determine the ability and opportunity available for an assessment.

In the following paragraphs we will depict and explain our rationale in more detail.

3.1 Impacts of the Project Type

The importance of the type of the underlying subject as a contingency for evaluations is already acknowledged by Keeley (1977), Lee (1983), Orpen (1997), and Ouchi (1977). They all suggest that the organizational evaluation should depend on the type of the underlying task and they consequently propose dimensions characterizing task types. For instance, Lee (1983) classifies four task types referring to the availability of reliable and valid performance measures and to the knowledge of the transformation process. Keeley (1977)

distinguishes between certain, routine, predictable tasks on the one hand and uncertain, non-routine, unpredictable tasks on the other.

In order to define project types appropriate for the evaluation of management consulting projects, we suggest characterizing project types with the attributes (a) complexity, (b) dynamism, and (c) predictability. Projects can be considered as complex, for instance, when various or even interdependent goals are to be achieved, or when different departments of the client organization are involved. A highly dynamic project is typically characterized by the fact that previously made assumptions erode, objectives shift, composition of the project team has to be modified, etc. Predictability refers to the degree to which different project measures can be forecast exactly. For instance, the differences concerning predictability become obvious when comparing IT-implementation with strategy projects. While the output of an IT-implementation project can often be specified in advance precisely the outputs of a strategy project remain quite vague ex-ante and – even more importantly – ex-post as well.

Based on these three attributes we distinguish two basic project types: complex, dynamic, unpredictable projects (type B), and project type A characterized by the opposite attributes (Figure 2).

	Consulting Project Type A	Consulting Project Type B
Complexity	-	+
Dynamics	-	+
Predictability	+	-

Figure 2: Attributes characterizing project type

The type of project fundamentally influences the clients' opportunity to evaluate. While project type A provides more chances to fully evaluate inputs, throughputs, and outputs of the consultancy's work profoundly, project type B withdraws from unambiguous assessments conceptually. For instance, when complexity decreases it appears much easier for

the client or its managers to monitor the efforts, time, knowledge, and experience invested by consultants. Furthermore, because of the reduced number of factors affecting the success, clients are capable to better isolate and assess the business impact of the project. Moreover, when goals and project plans remain constant, i.e. dynamism is limited, evaluators can control the consulting work progress using the acquisition process and details of the contract such as milestone plans, at any stage of the consulting project. Quite similarly, predictability also contributes to the opportunity to evaluate. The more the different measures can be predicted with high certainty, the chances for comparison of the actual and expected inputs, throughputs, and outputs increase.

The project type has no impact on clients' abilities to assess consultant engagement, with one rare exception. That is, when the objective of the project is to train clients to improve their evaluation skills. In all other cases, neither complexity, nor dynamism, nor predictability contributes to clients assessment capabilities.

Thus, we conclude that the project type moderates the opportunity to assess management consulting projects, but does not affect the ability to evaluate. Referring to the two project types we distinguished, project type A increases opportunity due to low complexity, dynamism and high predictability, while project type B reduces opportunity.

3.2 Impacts of the Consultant-Client-Relationship

The consulting process involves at least two generic partners – the consultant and the client. The critical importance of the consultant-client-relationship does not only refer to project success (see Kubr, 1996, 51-69) - it also refers to the evaluation. Interaction between consultants and clients is vital for the evaluation as it affects their perceptions, actions, as well as attitudes and behaviors towards the other party (Judge & Ferris, 1993, 87). We therefore propose to consider the consultant-client-relationship as a major contingency factor for the assessment of management consulting and management consulting projects.

We characterize the relationship of consultants and clients by three attributes: frequency of (a) interactions, (b) project embeddedness of clients, and (c) information flow.

The frequency of interaction between consultants and clients is one typical characteristic of the relationship. During some projects both parties interact on an ongoing basis, while other engagements involve a kick-off meeting and final presentation only. Clients embeddedness is typically given when joint project teams are set up, regular and frequent meetings occur, etc. Finally, the consultant-client-relationships can be characterized by the information flow. Although an effective flow of information between consultants and clients is usually vital to success, there are countless practical examples where both parties often prefer not to share their knowledge, usually because they are afraid that giving away information may weaken their position within the consultant-client-relationship or their company.

Similar to the previous chapter we propose to distinguish two prototypical relationships based on these attributes. Project relationship A is characterized by a frequent interaction, high project embeddedness, and a substantial and efficient flow of information. In contrast, project relationship B is described by infrequent interaction, poorly embedded clients, and a weak flow of information (Figure 3).

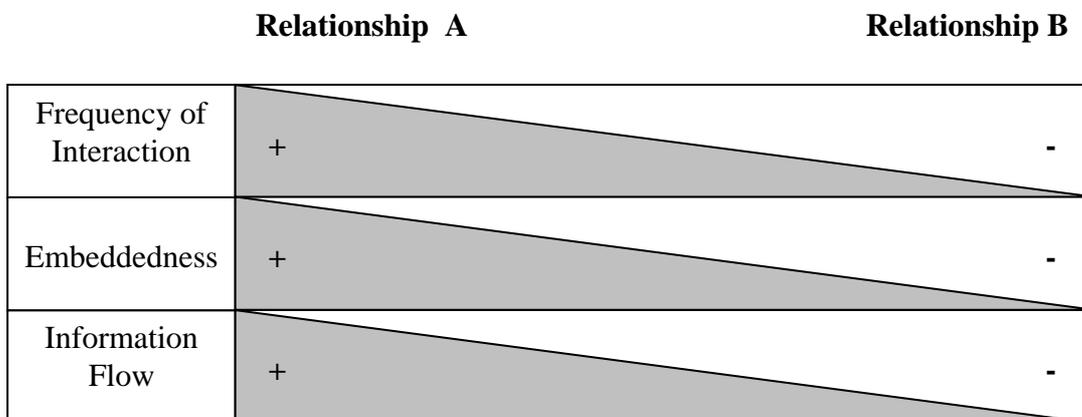


Figure 3: Attributes characterizing the consultant-client-relationship

The type of relationship is related to client opportunities to assess projects. For instance, because of a frequent interaction - typical for project relationship A - clients are able to monitor and evaluate the quantity of consultants input (e.g. number of consultants, hours worked) faster, more accurately, and thus less costly. Additionally, the more embedded clients are within the project team the better they can observe when consultants start and finish their work, how often they are distracted, what tasks they perform, the information technology they

use, the amount of recommendations they propose etc. Thus, relationship type A provides clients with more evaluation opportunities.

Furthermore, the relationship between consultant and client contributes to clients' evaluation capabilities due to the occurrence of knowledge transfer. Relationships of type A are more likely to facilitate knowledge transfer. Frequent interaction and information exchanges lead to the development of relationship-specific heuristics (Uzzi, 1997). Moreover, when clients are well embedded, the developing interpersonal attachments ease the transfer of knowledge (Reagans & McEvily 2003) particularly of complex (Hansen 1999) and tacit knowledge (Reagans & McEvily 2003), both of which are highly relevant for the evaluation of projects. Therefore, when consultants and clients establish an intensive and prospering project relationship, clients assimilate knowledge. That is, they learn and thus improve their capabilities to evaluate project input, throughput, and output.

Knowledge spillovers and the resulting learning effects are important project results in themselves (see Busby 1999). They are examples of throughput as are established networks or publications. In order to evaluate management consulting projects appropriately, assessing throughput is vital as throughput represents a value itself. Yet, the creation of throughput and its profound evaluation are mutually dependent as both are affected by the consultant-client-relationship. For instance, to assess the value of the knowledge transferred during the project one has to transfer the knowledge first, i.e. interact with consultants. Without possessing the knowledge one can hardly assess the potential benefits deriving from it. However, we can conclude that consultant-client-relationship A contributes to clients abilities to evaluate project throughput, whereas relationship B does not.

The arguments thus far illustrate that the consultant-client-relationship does in fact affect client opportunities and capabilities to evaluate project input, output, and throughput. While frequent interactions, clients' project embeddedness, and efficient information exchange favor a profound evaluation, sporadic interaction, weak bonds, and a limited information flow impede profound assessment. Although we excluded motivation to evaluate from our investigation, it is of interest that the consultant-client-relationship seems to affect the motivation substantially. Although beneficial for the opportunities and abilities, relationship type A has the potential to impair motivation. As acknowledged by Ernst & Kieser (2003), good personal relationships between consultants and clients combined with the

clients' interest in status, career opportunities etc. and consultants' intention to acquire follow-up projects, may limit their motivation for a systematic evaluation.

3.3 Impacts of the Evaluator

In order to evaluate projects it is necessary to observe, gather, process, and integrate an enormous amount of information (Lee, 1985, 323). The persons or groups performing these tasks, hereby known as evaluators, are critical for evaluation success. The characteristics of the evaluators may affect how they approach consultants in order to obtain information, the way they interpret and process data, or the conclusions they draw. Consequently, the characteristics of the evaluator influence the outcomes of the evaluation (see e.g. Auster, 1989, 179f.) and thus have to be considered as a contingency factor.

While evaluators possess a vast number of characteristics, a few are of particular relevance for the opportunities and capabilities to assess management consulting projects. We suggest authority, autonomy, and experience as the most relevant evaluator characteristics for consulting project assessment. Evaluators' authority is vital for the observation and gathering of information, whereas autonomy basically affects decision-making, i.e. judgments. Furthermore, experience - whether obtained by training or on-the-job, e.g. due to employment as a consultant, collaboration with consultants, or previous project evaluations - influences the way in which people evaluate. Based on these attributes we propose to distinguish two basic prototypes of evaluators, each representing the opposite characteristics. Evaluators of type A personify an authoritarian, autonomous, and experienced actor, while evaluators of type B embody the opposite characteristics, i.e. they are lenient, dependent, and inexperienced (Figure 4).

	Evaluator A	Evaluator B
Authority	+	-
Autonomy	+	-
Experience	+	-

Figure 4: Attributes characterizing evaluator

The characteristics of the evaluators determine mainly the opportunities to evaluate. Evaluators like those of type A face more opportunities available for assessment. The experience gained from former engagements as a consultant or from past evaluations of similar management consulting or internal projects enables to address and comprehend the various critical issues of consulting engagements. An experienced evaluator may simply have a better understanding of, and appreciation for, the complexities of projects (see Judge & Ferris, 1993, 86). For example, s/he better knows where to look and what to look for. Beside this, authority contributes to the evaluation opportunities. Irrespective of whether authority refers to the informal standing within the project team or the formal status within the organizational hierarchy (see Nippa & Ehrhardt 2003) it is a base of power and influence (French & Raven 1959). If evaluators possess the necessary power, they are able to direct consultants to provide data, present provisional results or project progresses etc.

Evaluators' characteristics also determine abilities to assess project input, output and throughput, too. Most importantly, the experience of an evaluator enhances his/her capabilities to assess management consulting projects. For instance, training may enable them to more accurately value production planning tools, or their work experience as a consultant may improve their appraisal of consultants' skills. Moreover, autonomy contributes to the ability of evaluators to judge objectively. As an autonomous evaluator is less likely to be influenced by consultants and other stakeholders, third party interferences can be eliminated.

In summary, the characteristics of the evaluator affect opportunities and capabilities. In general, evaluators of type A have more opportunities and better capabilities to evaluate

projects because of their characteristics, while evaluators of type B are likely to perform rather poorly. Although we have not investigated the influence of the characteristics towards the different measures, we assume they affect the assessment of inputs, outputs and throughputs equally.

4. Discussion

The objective of our paper is to provide a framework that can be used to improve the evaluation of management consulting projects. The framework we propose is able to structure future academic and practical discussions as it integrates relevant contingency factors that have a substantial impact on the evaluation, too. Based on theoretical evidence and logical reasoning, we developed a framework comprising opportunities and abilities to evaluate – while excluding motivation in this paper - as well as input, throughput, and output measures.

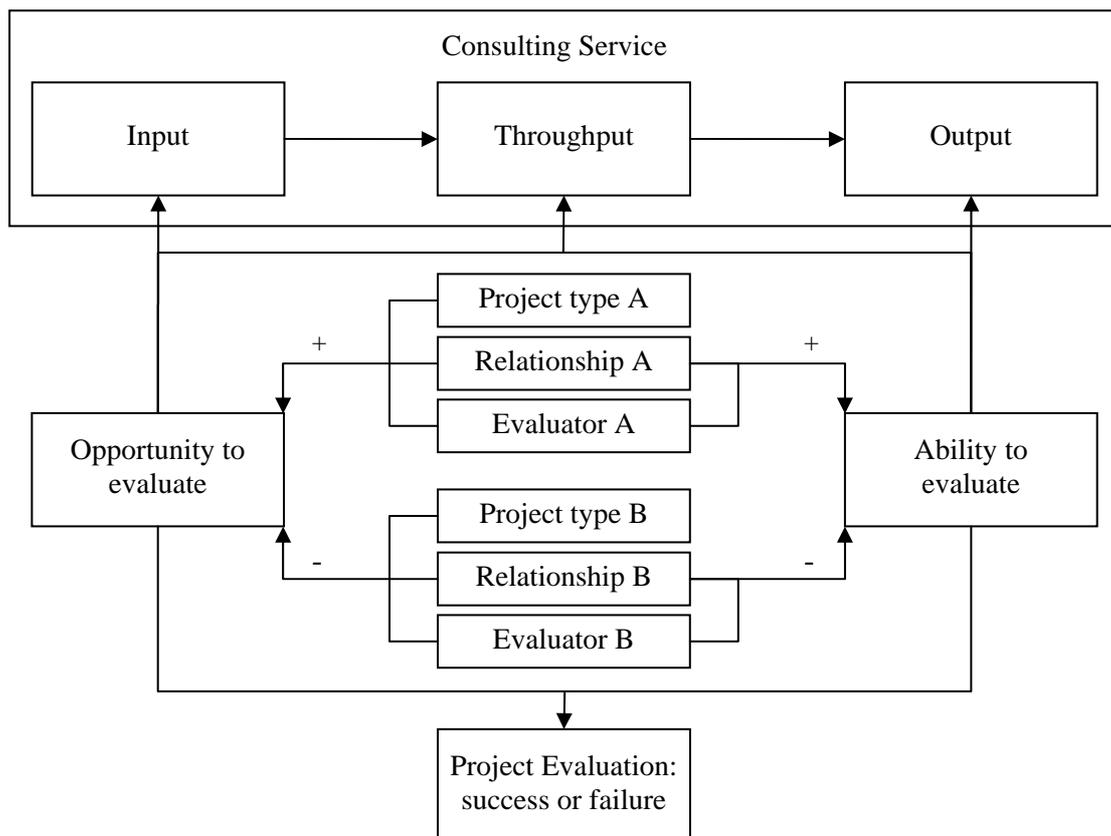


Figure 5: The impact of contingency factors on the evaluation of management consulting projects

Applying this framework we are able to show that project type, consultant-client-relationship, and characteristics of the evaluator are three important contingency factors that affect the quality respectively the success of consulting service assessments. Referring to the prototypical contingency factors defined, it becomes clear that (1) project type A provides more opportunities to evaluate than type B; (2) consultant-client-relationship A contributes to the opportunities and abilities to assess, whereas consultant-client-relationship B does not; (3) evaluators of type A have more opportunities and better abilities to evaluate projects compared to evaluators of type B (refer to the advanced framework in Figure 5).

Returning to the criticism presented in this paper, the framework reveals its limited applicability and generalizability. The contingency factors we discussed shed a different light on criticism concerning the difficulties to isolate project effects (Mitchell 1994) or applicability of discounted cash-flow models (Fritz & Effenberger 1998). Particularly the type of project seems to be a major moderator determining what is measurable and which calculation method is appropriate. For instance, due to the low complexity and dynamism as well as the high predictability, discounted cash-flow models may be applicable for IT-Implementation projects (see also Phillips (2000, 205-209) for an detailed ROI analysis), but will not be appropriate for complex, dynamic, and unpredictable strategy projects. Without a doubt, motivation to assess (Ernst & Kieser 2003) is an important determinate of evaluation outcomes. Yet, our framework highlights that the lack of motivation is not only caused by absent incentives. It depicts several other factors affecting the motivation to evaluate. According to Porter & Lawler's (1968) expectancy theory, efforts depend – aside from actual rewards and other factors – on capabilities and the likelihood to receive the rewards, too. The ability to evaluate consulting projects is influenced by the consultant-client-relationship and the characteristics of the evaluator. Thus, one reason for the lack of motivation might be caused by these moderators. Probably another reason is the specific type of management consulting project that offers no opportunities to assess. This reduces the likelihood to achieve a high quality evaluation and subsequently the chances to receive a proper reward. Thus, we have to stress that incentives to evaluate consulting project are not the only factors determining motivation.

Despite appropriate incentives, consultants and clients might avoid evaluating consulting services that show characteristics of project type B, rely on a consultant-client-

relationship B, and where the evaluator falls into category B. While this may be caused by the complexity of the project, the poor information flow between consultant and client, or lack of experienced evaluators, it also draws attention to the fact that this is not a specific problem of management consulting. If managers do not evaluate certain organizational changes, investments, or restructuring efforts within their company, because the characteristics of these activities impede an effective and efficient evaluation, it is rather a general management problem.

5. Implications for Research and Practice

While there are important advantages for using our framework and studying the contingency factors in more detail, a number of important hurdles will need to be overcome in order to successfully meet the challenges ahead.

Firstly, the framework and the identified contingencies need further theoretical development. Although motivation to evaluate projects has been excluded in this preliminary analysis, because of the general doubts that neither managers nor consultants actually want to evaluate (Ernst & Kieser 2003), we acknowledge the necessity to include this aspect in future research. While the distinction between opportunity, ability, and motivation is helpful as it emphasizes different reasons for poor or good evaluation of management consulting, the distinction of input, throughput, and output measures adds additional value. Although one has to assume that the contingency factors have no specific effect on particular types of measures – either they affect all three measures or none of them – the three generic elements are helpful for drawing the attention of evaluators to relevant perspectives of any management consulting project. Additionally, the missing correlation between particular types of measures and relevant contingency factors as mentioned above may be due to a lack of research and thus pinpoints a promising area for future research. As evaluation contingencies are already on the research agenda of other sub-disciplines within management science, this domain seems an inevitable and fruitful approach for research in management consulting, particularly if one wants to understand why certain projects are evaluated successfully and others not. Yet, the three contingencies we explored are actually groups or categories of contingencies. While this approach is constructive for a preliminary investigation like the one we did, future research

may concentrate on the particular attributes we used to characterize the contingencies (e.g. complexity or dynamism) in order to identify the moderating variables more precisely. Other contingencies might also be considered, such as the various functions management consultants fulfill (see Nippa & Petzold 2002) or cultural factors - as previously studied in a general context by Harrison, Chow, Wu and Harroll (1999). Finally, the contingency factors most probably effect each other, which might indicate another research field.

Secondly, research and practice would surely benefit from corresponding empirical research. For example, qualitative and/or quantitative research will be helpful to clarify the role of and relationship between opportunities, abilities, and motivation for evaluations. Moreover, a profound understanding of which and how contingencies affect the assessments of project inputs, throughputs, and outputs, particularly regarding the opportunities, abilities, and motivations is needed.

Our paper provides a number of managerial implications, too. The framework suggests that the unsatisfying results of project evaluations may be due to lacking opportunities, abilities, and/or motivation. Thus, clients and consultants who try to improve their project evaluations should (a) focus on methods which help to identify opportunities, should (b) invest in training and qualification to strengthen evaluation abilities, or should (c) provide incentives to boost the motivation to evaluate. Such efforts can be observed in practice already. For example, some companies have set up central departments with company-wide responsibility for the negotiations with, and selection of consultancies, as well as the evaluation of the projects (ability); while others have introduced contingent fees (motivation) (see e.g. Teece, 2000, 43 or Ehrmann, 2003, 81-82).

The framework highlights distinctive directions for future development of evaluation approaches, particularly the need for a comprehensive and adjustable approach. In order to determine the success or failure of consulting projects, it is important to measure the input, output, and throughput - as far as possible - during all project stages. In order to collect the necessary data, to appoint or adjust milestones, to monitor the project progress, and to develop company- or project-specific measures a professional and proactive project management is vital. A further improvement of evaluation quality may be also achieved through proactively managing contingency factors. For instance, evaluations should profit

from an experienced and autonomous evaluator as well as from knowledge transfer between consultant and client.

Our paper finally reveals the limitations of every evaluation approach. Certain types of projects provide only limited opportunities to evaluate. Unfavorable circumstances which aggravate the consultant-client-relationship, as well as the absence of an experienced evaluator, may also reduce opportunities and limit the available evaluation abilities. Therefore, organizations will find it hard or even impossible to evaluate certain projects objectively and systematically. Taking into account the costs and the quite limited benefits deriving from the evaluation of such projects, it may be sometimes wiser to abstain from or minimize evaluation. Of course, this should not be used as a justification for avoiding evaluations generally. It may however provide a rationale as to why certain projects can not be evaluated completely – even if improved assessment methods become available in the future. The findings of our paper and future research on project evaluations will hopefully make incompleteness or lack of objectivity an increasingly less valid excuse for criticizing and/or avoiding evaluations.

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