

Business Guides on the Go

Robert Bodenstein  
Josef Herget

---

# Consulting Governance

---

Implementing Guidelines  
for Successful Projects

 Springer

## Business Guides on the Go

“Business Guides on the Go” presents cutting-edge insights from practice on particular topics within the fields of business, management, and finance. Written by practitioners and experts in a concise and accessible form the series provides professionals with a general understanding and a first practical approach to latest developments in business strategy, leadership, operations, HR management, innovation and technology management, marketing or digitalization. Students of business administration or management will also benefit from these practical guides for their future occupation/careers.

These Guides suit the needs of today’s fast reader.

Robert Bodenstein • Josef Herget

# Consulting Governance

Implementing Guidelines  
for Successful Projects



Springer



Robert Bodenstein  
Infomanagement Management Consulting  
Vienna, Austria

Josef Herget  
Excellence Institute – Research and Solutions  
Vienna, Austria

ISSN 2731-4758

ISSN 2731-4766 (electronic)

Business Guides on the Go

ISBN 978-3-662-67945-6

ISBN 978-3-662-67946-3 (eBook)

<https://doi.org/10.1007/978-3-662-67946-3>

Translation from the German language edition: “Consulting Governance” by Robert Bodenstein and Josef Herget, © Der/die Herausgeber bzw. der/die Autor(en), exklusiv lizenziert an Springer-Verlag GmbH, DE, ein Teil von Springer Nature 2022. Published by Springer Berlin Heidelberg. All Rights Reserved.

© The Editor(s) (if applicable) and The Author(s), under exclusive license to Springer-Verlag GmbH, DE, part of Springer Nature 2023

This work is subject to copyright. All rights are solely and exclusively licensed by the Publisher, whether the whole or part of the material is concerned, specifically the rights of reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors, and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, expressed or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

This Springer imprint is published by the registered company Springer-Verlag GmbH, DE, part of Springer Nature.

The registered company address is: Heidelberger Platz 3, 14197 Berlin, Germany

Paper in this product is recyclable.

# Preface

We want to assist you in successfully conducting projects in consulting, coaching, or training. This applies to both the contracting company and the consultant as a provider of expertise. Providing the fundamentals for successful consultation is the purpose of this book.

*Are you a service provider in the field of business consulting?* Then, you will learn here how to establish the prerequisites and fundamentals for successful projects and which suitable measures you can use to accompany the consulting process. We also address how you should successfully conclude projects so that both parties can derive the highest possible and sustainable benefits from the project.

*Are you a consumer of business consulting services?* We also offer valuable guidance for you, which will enable you to derive the highest possible benefit from working with a consultant. We outline the preparations and measures that can help secure the results from a project before, during, and after it.

In doing so, we align ourselves with the latest international developments as proposed by the consulting umbrella organization, the International Council of Management Consulting Institutes (ICMCI).

Now, briefly anticipating the question of what we actually mean by *Consulting Governance*. Under this term, we understand *all measures taken before, during, and after a consulting project to enable all parties involved in*

*the consulting process to achieve the project goals to the highest possible degree and in a sustainable manner.*

Effective Consulting Governance significantly contributes to comprehensive project success. Consulting Governance is not limited solely to the narrower sense of consulting processes. It encompasses all consulting activities where the collaboration of involved partners is necessary to ensure the highest possible alignment between project goals and the achieved project outcome for both parties.

*For whom is this book written?* This book is primarily intended not only for traditional consultants but also for coaches, trainers, facilitators, mediators, and other service providers. Furthermore, we directly address all executives and project leaders responsible for the execution of consulting projects in companies and other organizations. With the framework provided here, everyone has the appropriate structure and necessary tools to ensure that the collaboration can achieve the desired project goals in the smoothest manner possible.

## **Which Projects Are Suitable for Consulting Governance?**

We attach great importance to a high level of scalability in Consulting Governance. This means, on the one hand, that the developed concept should be suitable for both small and large projects. Thus, we address the entire spectrum of the consulting industry, from one-person enterprises to large consulting firms. This not only concerns the size of the consulting firm but also the scope of the projects: Our concept can support projects ranging from one person-day to projects spanning several person-years. The solution lies in the scalability of Consulting Governance, as mentioned above. On the one hand, we offer a comprehensive concept suitable for large and complex projects, and on the other hand, we also present a Lean Consulting Governance concept that can serve as a minimum recommendation and is well-suited for even the smallest projects. The art lies in determining the appropriate framework within the proposed continuum from simple to complex and selecting the individual

elements deemed important to integrate them into a suitable and adequate concept of individual Consulting Governance.

The same applies, of course, to clients: Depending on the complexity of the project, the framework considered important is chosen and assembled situationally.

We hope to provide a book that primarily offers high practical value. At the same time, the necessary scientific foundation of the statements is not neglected. The combination of our two competencies should provide the right foundation. Robert Bodenstein, as the Chair of the ICMCI, is well-connected internationally with decades of practical experience, and Josef Herget, as an Academic Fellow of the ICMCI, combines decades of international consulting experience with extensive scientific expertise and research experience in various fields of management and business excellence at several European and international universities.

May this book provide you with many inspirations and practical benefits for your work.

Vienna, Austria  
Fall 2023

Robert Bodenstein  
Josef Herget

# Contents

<b>1 Consulting Governance as a Design Space: Prerequisites and Perspectives</b>	<b>1</b>
1.1 From Corporate Governance to Consulting Governance	3
1.2 What Do We Mean by Consulting Governance?	5
1.3 The Significance of Consulting Governance: Unveiling the Overlooked Perspective	7
1.3.1 Understanding the Failures: Why do Consulting Projects Fail?	9
1.3.2 Prerequisites for Successful Collaboration	12
1.4 International Developments: Towards Consulting Governance	13
1.5 Excellence in Management Consulting and Consulting Governance	15
1.5.1 Contexts and Perspectives of Management Consultancy	16
1.5.2 Integrated Model of Management Consulting	20
1.6 Objectives in Consulting Projects	20
1.7 Complexity in Projects and the Need for Regulation	22
1.8 The Concept of Consulting Governance	24
1.9 Key Points	26
References	27

<b>2</b>	<b>Governance by Design: Phases and Structures</b>	<b>29</b>
2.1	Phases in Consulting Projects	30
2.1.1	Concept	31
2.1.2	Contract Design	32
2.1.3	Implementation	33
2.1.4	Closing	33
2.2	Processes in Consulting Projects	34
2.2.1	Responsibilities and Accountabilities for the Processes	34
2.2.2	References to Consulting Governance	35
2.3	Structures within Consulting Governance	37
2.3.1	Structures at the Customer	38
2.3.2	Structures at the Consultant	41
2.3.3	Common Structures	42
2.4	Good Practice	42
2.5	Key Points	44
	References	44
<b>3</b>	<b>Governance by Design: Elements and Processes</b>	<b>45</b>
3.1	Elements of Consulting Governance	46
3.1.1	Regulatory Framework	46
3.1.2	Decision-Makers, Implementers, and Affected	50
3.1.3	Common Goals: Common Values	52
3.1.4	Project Management	55
3.1.5	Skills, Competences, and Knowledge: The Crucial Resources	58
3.1.6	Communication Takes Place. Always	61
3.1.7	Processing Data Requires Responsibility	61
3.1.8	Property Is Often Intangible	66
3.1.9	Social Responsibility in Consulting Projects	67
3.1.10	Health and Safety as Part of Consulting Governance	73
3.1.11	Errors Forbidden	76
3.1.12	Counselling Works: Guaranteed	76
3.2	Reference to Corporate Governance	79

3.3	Key Points	79
	Literature	83
<b>4</b>	<b>Consulting by Design: The Framework</b>	<b>85</b>
4.1	Ensure Commitment	86
4.2	A Roadmap to Consulting Governance	87
4.3	A Reference Model	89
4.4	Comprehensive Consulting Governance	90
4.5	Lean Consulting Governance	91
4.6	Key Points	92
	Literature	94
<b>5</b>	<b>Case Studies: Exemplary Procedure</b>	<b>95</b>
5.1	Case Study 1: Comprehensive Consulting Governance	96
5.1.1	The Principal	97
5.1.2	The Project	97
5.1.3	Exemplary Concrete Treatment of the Elements of Consulting Governance	98
5.2	Case Study 2: Lean Consulting Governance	116
5.2.1	The Principal	116
5.2.2	The Project	118
5.2.3	Exemplary Concrete Treatment of the Elements of Consulting Governance	119
5.3	Key Points	136
<b>6</b>	<b>Opportunities and Risks of Consulting Governance</b>	<b>139</b>
6.1	Consulting Governance Enhances the Success of Consulting Projects	140
6.2	Consulting Governance Creates Trust and Commitment	141
6.3	Consulting Governance as a Qualification and Professionalization Tool	142
6.4	Avoiding the Dangers of Bureaucratization Through Consulting Governance	144
6.5	Key Points	146
	References	147

<b>7</b>	<b>Future Outlook: Sustaining the Relevance of Consulting Governance</b>	149
7.1	The ISO 20700 Standard Represents Good Consulting Practice	150
7.2	Consulting Governance as Best Practice	151
7.3	The Growing Influence of Consulting Governance in Practice: Future Perspectives	152
7.4	The Potential of Consulting Governance	154
7.5	Key Points	155
	References	156
<b>8</b>	<b>An Implementation Agenda: Key Considerations for Moving Forward</b>	157
8.1	Consulting Governance for Consultants	158
8.2	Consulting Governance for Clients	159
8.3	Enhancing Project Collaboration through Consulting Governance	160
8.4	Creating your Own Consulting Governance: 10 Essential Steps	161
8.5	Key Points	165





# 1

## Consulting Governance as a Design Space: Prerequisites and Perspectives

**Abstract** The success of consulting projects cannot be attributed to a single cause or reason, making monocausal explanations inadequate. However, one factor stands out as particularly significant: the systematic and regulated process, known as consulting governance. Consulting governance comprises a set of rules that ensure the success of consulting endeavours. Firstly, we establish a clear understanding of the term and justify its importance and necessity. To illustrate the potential benefits of consulting governance, we examine the problems that can arise in consulting projects. Next, we delve into the fundamental principles of effective collaboration in temporary projects. Additionally, we outline international developments and contextual factors. Introducing a systemic approach, we explore three perspectives: the consulting system, the client system, and the consulting process system itself. These perspectives form the basis of the rule set, which can be likened to the philosophy and ethos of corporate governance. Lastly, we present a structured framework that organizes and exemplifies the contents of this rule set. These observations regarding the system serve to conclude this chapter.

Since at least the beginning of the new millennium, corporate governance has become a multifaceted term that has permeated general management practices. It encompasses a legal and practical framework for overseeing and managing companies (Gablens, 2018). This framework establishes “principles of corporate governance” that apply to all stakeholders, filling the gaps left by comprehensive contractual regulations, which cannot anticipate all future dynamic developments. Alongside explicit contracts, numerous implicit contracts address emerging issues. Whether formalized in writing, embedded in structures, or unregulated due to lack of foresight, these arrangements are guided by the general principles that all stakeholders commit to.

The central focus lies in fostering a shared understanding of a system of rules and controls that align goal formation, decision-making, and control processes. The urgency of this discussion arises from numerous business scandals where companies have collapsed due to a lack of practised corporate governance. Historical examples include Enron and Worldcom, while the recent case of Wirecard serves as a stark reminder of the significant harm caused to stakeholders by the failure of management and supervisory bodies. Fundamentally, corporate governance is a system of checks and balances designed to ensure the effective and transparent realization of corporate activities while addressing the legitimate claims of all involved stakeholders. It should not be mistaken for a mere control system, but rather as a systemic approach that integrates all organizational factors into a conceptual framework of rules, making processes and structures transparent for everyone involved. The core objectives of corporate governance lie in fostering transparency, independence, objectivity, and economic efficiency in entrepreneurial actions. In the following section, we will apply this approach to the field of consultancy.

## 1.1 From Corporate Governance to Consulting Governance

First and foremost, it is crucial to address a common misconception: corporate governance does not concern the specific operational decisions made by management in running a company. Instead, it revolves around the underlying principles guiding those decisions.

### Important

Corporate governance encompasses the structure and processes through which companies are managed and controlled.

Corporate governance encompasses a comprehensive framework of rules, principles, procedures, and structures that govern the management of a company. These guidelines establish recommended or even mandatory standards for all employees within the organization. They provide the foundation for organizing the activities, relationships, and obligations among various entities, bodies, and stakeholders. While legal regulations, standards, and norms serve as guiding benchmarks, companies may also embrace self-imposed objectives, such as environmentally sustainable practices, fair labour conditions, and regulations that prevent unfair advantages, like kickbacks, undisclosed commissions, or acceptance of undue benefits. Furthermore, corporate governance sets an ethical and moral compass for the behaviour of all members within the organization. Compliance with both legal and self-imposed requirements is paramount (see for example Bay and Hastenrath, [2021](#)).

Corporate governance takes into account the interests of the company as a whole and its diverse stakeholders, including investors, the public, and employees. The key is not to prioritize the interests of any specific group or individuals, but to prioritize the collective well-being of all stakeholders. Additionally, corporate governance includes regulations for addressing and mitigating risks, defining how risks should be assessed, managed, and appropriate precautions taken.

The ultimate goal of corporate governance is to foster transparency, ensuring acceptance of the company's business practices by all stakeholder groups. This cultivates trust in the company, sustains the motivation and commitment of employees and other stakeholders, and serves the best interests of all involved parties. It prevents hidden agendas, undisclosed agreements, and actions that benefit individuals at the expense of the company as a whole. Unfortunately, the failure to adhere to agreed-upon corporate governance principles is evident in daily business news, often highlighted by instances of corruption.

What are the characteristics of "good governance"? In addition to the previously mentioned aspects, there are several key elements that contribute to it:

- **Accountability:** Being answerable to various stakeholders and providing justifications for one's actions.
- **Transparency:** Fostering openness and sharing information to establish trust in decision-making processes and practices.
- **Consensus:** Seeking agreement through active participation and consultation, acknowledging and addressing diverse needs, interests, and requirements.
- **Fairness:** Avoiding the pursuit of hidden personal interests and ensuring impartial management.
- **Objectivity and independence:** Upholding these principles as foundations for responsible action.
- **Economic efficiency:** Utilizing company resources responsibly and effectively.
- **Responsiveness and agility:** Timely and thorough responses to inquiries and clarification requests.
- **Integrity and ethics:** Maintaining and promoting moral concepts, adhering to regulations and laws transparently.

When applying the concept of corporate governance to the realm of consulting, numerous parallels can be drawn that also extend to consulting projects, warranting the development of a dedicated consulting governance framework.

Consulting projects are characterized by the prominent involvement of external partners (consultants) in shaping and optimizing the business model or specific aspects of it. Therefore, consulting governance must address the coordination between internal company components and external partners. Although the project itself is temporary, its outcomes remain with the company upon implementation.

In Fig. 1.1, we apply the fundamental principles of good corporate governance as the basis for establishing the standards of consulting governance.

The chosen perspectives are of great significance in shaping consulting governance and can greatly enhance the adoption and success of a consulting project within the client organization.

### **Important**

A preexisting corporate governance framework serves as the foundation for developing consulting governance. While certain regulations can be directly adapted, additional provisions must be introduced to effectively address the unique characteristics of consulting projects.

## **1.2 What Do We Mean by Consulting Governance?**

The fundamental concepts discussed earlier are now directly applied to the realm of consulting. Since the turn of the millennium, initial discussions and proposals for designing consulting governance have emerged (see for example Treichler, Wiemann and Morawetz, 2004, Knöpfel, 2004). The focus remains on creating optimal conditions for executing temporary projects with maximum effectiveness and efficiency. The ultimate goal is to achieve high-quality and sustainable project outcomes. The involvement of an external partner in developing new organizational solutions introduces an additional layer of complexity to the collaboration process. Effective consulting governance plays a crucial role in integrating the consulting project seamlessly into the organization, ensuring transparency, and accommodating various interests. Moreover, it addresses risk management within the project, facilitating the pursuit of consensus-driven solutions.

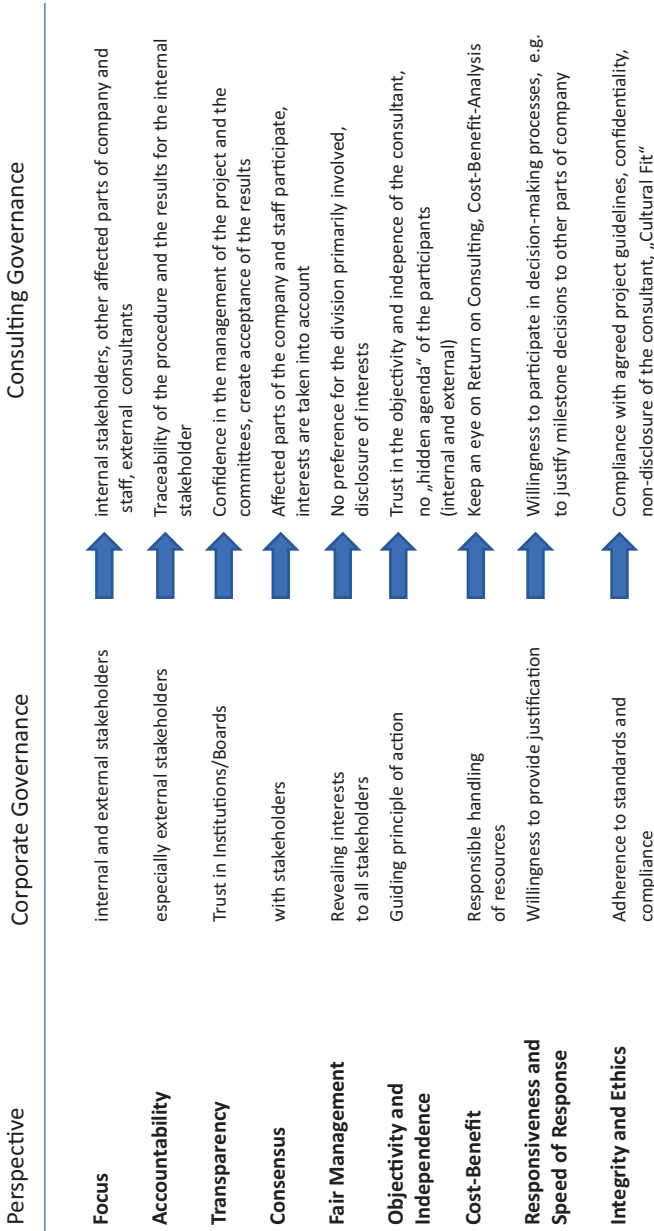


Fig. 1.1 From corporate governance to consulting governance

### Consulting Governance

Consulting governance encompasses the comprehensive set of rules, procedures, and structures implemented before, during, and after a consulting project. Its purpose is to facilitate the achievement of project goals in a thorough and sustainable manner for all stakeholders involved in the consulting process.

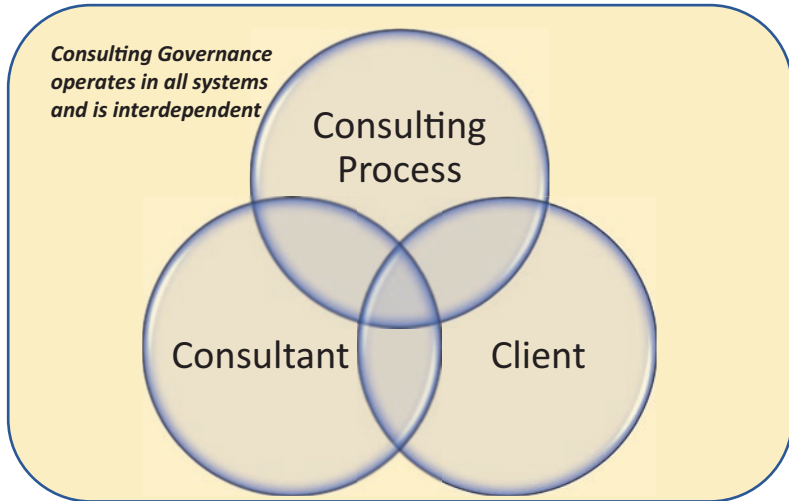
In operationalizing the specific elements of significance within the context of consulting processes, adopting a systemic perspective proves to be beneficial. The concept of consulting governance encompasses three essential systems that require direct consideration:

1. The consulting company system (consultant)
2. The customer company system (client)
3. The guidance process, which encompasses the interactions between the consultant and the client

To provide a comprehensive framework for understanding, the surrounding system (including legal, technological, socio-economic, and professional aspects) can be integrated. However, to maintain manageability without compromising significance, this perspective is incorporated into the three primary systems. This ensures that any factors directly impacting a subsystem are duly taken into account. A more detailed explanation of these elements can be found in Sect. 1.5. Figure 1.2 illustrates the interdependencies between these systems.

## 1.3 The Significance of Consulting Governance: Unveiling the Overlooked Perspective

One may question the necessity and practicality of consulting governance, deeming it an unnecessary creation. However, a thorough examination reveals the practical justifications behind it. Extensive literature



**Fig. 1.2** Consulting governance from a systemic perspective

provides empirical evidence emphasizing the value of successful consulting. For instance, a study conducted by the Vienna University of Economics and Business (2012) reports that over 80% of management consultancy clients acknowledge the positive impact of consulting on their organization's performance. This study focused on large companies with substantial consulting experience. Furthermore, when consulting professionals themselves are queried, it comes as no surprise that they perceive even higher levels of success (Kreutzer and Menz, 2012). Approximately 84% of projects, according to consultants, fulfil the client's project objectives to a significant extent.

Despite these encouraging findings, it must be acknowledged that systematic evaluations of consulting success are often overlooked, with many assessments remaining superficial in nature. However, an overwhelming 75% of management consultants anticipate clients conducting formal project evaluations in the future. Nevertheless, there exists another perspective that merits consideration.



## The 10 most common problems in consulting projects

Changing project goals	90,6 %
Lack of qualifications of the consultants being deployed	89,5 %
Lack of support from top management	88,7 %
Unclear intentions and expectations	88,7 %
Unclear project goals	88,7 %
Unclear project organisation	88,5 %
Undefined roles of the deployed consultants	84,9 %
Lack of coordination among sub-projects	82,9 %
Lack of involvement of key opinion leaders and experts	82,1 %
Lack of acceptance of the initiative	81,0 %

**Fig. 1.3** Critical factors leading to failure in consulting projects (Source: Cardea, adapted from CIO, 2010)

### 1.3.1 Understanding the Failures: Why do Consulting Projects Fail?

An illuminating perspective emerges when we delve into the reasons behind the failures of consulting projects. A study conducted in 2010 by Cardea (reported to in CIO, 2010), a Swiss meta-consultant known for its intermediary platform for consulting services, sheds light on this issue. The study reveals that 28% of the surveyed consulting projects resulted in failure, with an additional 4% being prematurely terminated. These findings align closely with other studies exploring the failure rates of management consultancies, which range from 25% to as high as 80% in some instances (see for a compilation of research results on the failure of consulting projects Birkner, 2013).

Now, let us examine the insights gleaned from the Cardea study, which involved interviews with 106 managers. The respondents' feedback regarding specific causes of failure in consulting projects can be summarized as follows, as depicted in Fig. 1.3.

The findings from this study underscore a crucial point: **the failure of consulting projects is typically a shared responsibility between both**

**parties involved.** It is rare for blame to be solely attributed to one side; instead, joint accountability is the norm. The aforementioned points can be seen as a collective responsibility of both the consultant and the client, as both have a role to play in ensuring clarity and establishing favourable conditions for project success. Consulting services are inherently a collaborative endeavour, relying on the joint efforts of all involved parties.

### Important

The failure of consultancy projects often implicates both partners simultaneously.

A factor and regression analysis of the Cardea study (CIO, 2010) identifies five key factors that account for 93 per cent of project success or failure:

- 21% of projects fail due to unclear client expectations.
- 19.4% are attributed to poor project management.
- 18.3% result from a lack of commitment from the client.
- 17.3% are caused by team inconsistencies.
- 16.9% are the outcome of inadequate consultant selection and management.

This analysis confirms the earlier observation that project failures cannot be solely attributed to either the consultant or the client. Unsatisfactory results can arise from deficiencies in the collaborative consultancy process, which can be found on all sides.

To address these challenges, we need to ask further questions:

- How can consultants better align their expertise with the needs of the client?
- How can clients create an environment conducive to achieving successful outcomes?
- How can the collaborative consultancy process be designed to optimize results?

## Consulting Governance Starts Precisely Here

Consulting governance is the key to addressing the challenges mentioned earlier. It encompasses a comprehensive framework that begins with identifying the need for consulting, proceeds to selecting the right consultants, and extends to implementing effective and efficient project work instruments for collaboration. Through consulting governance, we can tackle all the problems and deficiencies highlighted in the consulting process.

However, the aim of consulting governance goes beyond simply avoiding shortcomings in project work. It establishes the foundation for innovative, sustainable, and excellent projects that can be developed through trusting cooperation.

The impact of good consulting governance can be substantial. According to Cardea, a provider of mediation services with vast experience in over 1700 mediated consulting projects, the use of professional mediators leads to significant benefits:

- A 40% higher project success rate
- 30–60% savings in consulting costs through optimized matching
- 50–70% reduction in effort by outsourcing the tender process.

These improvements are primarily attributed to the professional consideration of consulting governance factors. Other curated marketplaces for consulting project placements report similar findings (see a list of the major digital consulting marketplaces in Herget, 2022a). It is evident that meeting specific quality requirements for the tender process, employing integrated algorithms for consultant selection, and conducting regular project evaluations during the consulting project can significantly enhance success and satisfaction rates. The initiation and implementation processes of consulting projects already incorporate elements of consulting governance, which directly contribute to better results.

Therefore, both consultants and companies should prioritize and pay close attention to the concept of consulting governance – it is a worthwhile investment that yields positive returns.

### Important

The responsibility for both successful and unsuccessful consulting projects typically lies with both parties involved. The main causes of poor consulting projects can be summarized as follows:

- Clients fail to clearly define their goals and often change them during the project.
- Insufficient internal buy-in and support for the project, neglecting key stakeholders.
- Unclear project organization and undefined project structures leading to coordination issues in sub-projects.
- Inadequate involvement and clarity of expectations from sponsors.
- Assignment of consultants to project tasks that are not clearly defined or filled with qualified individuals.

Addressing these issues requires a collaborative effort and effective communication between the client and consultants. By ensuring clear project goals, engaging relevant stakeholders, establishing a well-defined project organization, facilitating effective sponsor involvement, and carefully selecting qualified consultants, the chances of a successful consulting project can be significantly improved.

This leads us to the question of what prerequisites are necessary for successful collaboration in consulting projects. Let us outline some key factors that contribute to successful collaborations.

### 1.3.2 Prerequisites for Successful Collaboration

Consulting projects often deviate from the regular routines of companies, involving external partners who may face challenges adapting to the company's culture and norms. Consequently, it becomes essential to establish the foundations for successful cooperation and define the framework conditions. We present four fundamental prerequisites that should be pursued:

1. **Mutual desire for cooperation:** Both parties should genuinely desire collaboration, driven by the expectation of generating synergistic benefits. While voluntary engagement is ideal, external pressures from the market, management, or stakeholder groups may influence the decision.

2. **Clear expectations:** Precise expectations regarding goals, content, and procedures should be established. It is beneficial to document these expectations in writing to minimize interpretation variations and facilitate a common understanding.
3. **Joint definition of roles and responsibilities:** Defining roles, tasks, structures, information and communication rights, milestones, intermediate steps, evaluation criteria, participation and decision-making processes, and conflict resolution mechanisms are essential for effective collaboration.
4. **Checks and balances:** Implementing checks and balances ensures transparency, objectivity, and independence in the project. This fosters trust among all stakeholders and promotes accountability.

By striving for these prerequisites, consulting projects can establish a solid foundation for successful collaboration.

#### **Important**

Consultancy projects thrive on constructive cooperation, which is facilitated by shared intentions and goals..

## **1.4 International Developments: Towards Consulting Governance**

Governance, both in general and in its practical implementation, is not a recent concept but rather establishes guidelines that are already implicitly or explicitly followed. These guidelines aim to foster innovation and progress. In the context of consulting governance, these guidelines outline the structures and processes involved in handling a consulting project.

While the specific contents may vary across companies and projects, the underlying themes remain consistent, transcending national boundaries. Clear project goal definition, understanding of values, and project structure are essential success factors that hold true regardless of nationality or project scale.

Recognizing this, the international ISO standard 20,700 “Management Consulting Services” was developed and published in 2017. This standard carries significance for both clients and consultants, with key points including:

For clients:

1. ISO 20700 enhances transparency in management consultancy services.
2. The standard is applicable to projects of all scopes and types.
3. Supporting the selection process and ongoing evaluation of consulting projects.

For consultants:

1. The structure of ISO 20700 is based on the three phases of the consulting process and comprises 12 guidelines.
2. As a non-regulatory standard, ISO 20700 represents the state of the art in the field, providing guidance for customers and establishing a benchmark in legal disputes.
3. The standard is applicable to all consulting companies, regardless of size or service offerings.

For consultancy firms already adhering to industry best practices, minimal additional work is expected when aligning with the standard (Bodenstein, 2022).

The fact that the ISO organization was among the first to publish standards for management consultancy services underscores the global importance of the market and the need for a shared understanding of rules. Modern business extends beyond the exchange of goods and services, requiring a common understanding of values, systems, and structures. This unification is being pursued at various levels, including IT systems, financing requirements, and ownership structures. The provision of management consultancy services cannot be isolated from this development; rather, it plays a vital role in enabling and facilitating this progress.

The project committee responsible for developing ISO 20700 included both consultants and clients, ensuring a wealth of industry experience

and expertise. The committee drew upon international experience, acknowledged cultural differences, and leveraged broad industry knowledge to establish the 12 guidelines. References to other standards were also considered, affirming the validity of these policies as a solid foundation for further considerations.

### Important

Governance, in its general sense and specific application to consultancy projects, is a global trend that is embraced by both clients and consultants.

## 1.5 Excellence in Management Consulting and Consulting Governance

To provide a broader perspective and further complement the systemic view discussed in Sect. 1.2, we will now place consulting governance within the context of the integrated model of consulting excellence (see in detail Herget, 2022b). This will allow for a deeper understanding of the importance of consulting governance in management consulting projects. The model consists of four main areas, and while we will not delve into the details of the professional framework conditions, we will mention them for a comprehensive understanding.

The four main areas of the integrated model are as follows:

1. **Consultant system:** This pertains to the management consultancy provider or consultancy firm. It involves the skills, resources, and capabilities required for problem-solving. The interaction of capacity to act, willingness to act, and agreement to act forms the foundation of the consultancy competence. This includes explicit and tacit knowledge, skills, and dimensions such as professionalism, methodology, and social aspects.
2. **Client system:** This focuses on the companies seeking consulting services. They require competencies and resources that are not available internally or are deemed insufficient for solving problems. The client's active participation and contributions are crucial for the success of the

consulting process. This participation competence encompasses resources, know-how, willingness, and internal authorization to participate. The client's potential for active engagement in the project plays a significant role.

3. **Consulting system:** This refers to the collaborative interaction within the consulting process. The quality and sustainable impact of the results achieved are key considerations. Successful consulting projects are assessed based on the project-oriented interaction between the provider and the client, as well as the actual consultancy outcome. The EFQM model is used to assess the enablers, processes, and results of the consulting process.
4. **Framework conditions of the profession:** Various elements, including regulatory, legal, qualification, and financial aspects, shape the consulting process as framework conditions. Political initiatives and funding programmes, regional factors, professional organizations, and standards like ISO 20700 all contribute to the overall framework of management consultancy. These elements can be analysed and evaluated using a maturity model.

This integrated model provides a comprehensive assessment and optimization framework for the various aspects of management consulting, including consultancy firms, clients, consultancy quality, and the profession's environments. Within this model, consulting governance encompasses elements from all these areas and plays a vital role in enhancing the potentials and effects of consulting processes.

### 1.5.1 Contexts and Perspectives of Management Consultancy

The integrated model of consulting excellence is applicable to a wide range of guidance scenarios and offers a suitable framework for comprehensively understanding the potentials, interactions, and outcomes involved.



### **Consultant System: Management Consultants as Providers**

From our perspective, the management consulting provider is seen as a collection of skills and resources that enable problem-solving for others. These capabilities are utilized throughout the various phases of the consulting process. Of particular importance is the competence in consulting, which encompasses the interplay of capacity to act (provision of resources and expertise), willingness to act (partners' willingness to cooperate), and agreement on how to act (responsibility and legitimacy).

The ability to act encompasses explicit knowledge, tacit knowledge, and skills. Key dimensions that define the ability to act include professionalism, methodology, and social aspects. These factors can be effectively represented in a maturity model, which assesses the current level of development in these areas.

In recent years, mediation platforms have gained increasing prominence, bringing an added dimension to the consultant system. Platform operators often contribute their own competences and resources to the consulting process (see Herget, 2022a). This aspect can also be considered within the framework of the consultant system.

### **Client System: Clients as Companies to Be Consulted**

On the other hand, clients of consulting firms, as demanders of consulting services, have certain expectations. They seek competences and resources that are not readily available internally or are deemed insufficient for long-term problem-solving. Within the framework of consulting processes, clients are also required to make essential contributions without which a successful consulting process is generally not feasible. In this regard, we can also refer to a participation competence, which parallels the consultant competence. This competence encompasses the ability to contribute resources and expertise, the willingness to collaborate with an external partner, and the internal authorization to participate.

The ability to participate incorporates the knowledge, experience, and skills acquired through previous consulting engagements or similar collaborations. The client's potential for active participation in the consulting project is crucial. The willingness to participate can often become a critical factor in actual project work. While management can express and enforce the obligation to participate in projects, the level of commitment

and motivation greatly depends on the accompanying framework conditions. These conditions include transparency in information and communication, involvement in the decision-making process, being affected by the potential outcomes of the consultancy, and other similar factors. The relevant criteria of the client system can also be effectively captured in a maturity model.

### **Consulting System: Interaction in the Process of Consulting**

The collaborative interaction within the temporary project framework is the decisive factor in consulting processes. Its ultimate measure lies in the quality and sustainable impact of the achieved result. What truly matters is whether the goals of the consulting process have been achieved and the expected successes have been realized. Consultancy success takes into account the project-oriented interaction between the provider and the client, as well as the delivered consultancy outcome.

These criteria for successful consulting projects, which are documented in the consulting and participation competences, can be applied across different phases of the consulting process. In this model, we draw inspiration from the EFQM (European Foundation for Quality Management) model, specifically the version in effect until 2019 (EFQM, 2013), as it appears more suitable for our purposes compared to the newer 2020 (EFQM, 2019) model. However, we adapt and modify it to suit our needs, focusing on three key areas:

- Enabler
- Processes
- Results

These areas are further subdivided into different criteria, which can be differentiated into more specific sub-criteria. The selection and determination of these criteria are based on the project goals and the expected outcomes of the consultation.

### **Framework Conditions of the Profession**

Moreover, the process of consulting is influenced by various elements of the consulting infrastructure, which are considered as framework

conditions when analysing excellence in a broader sense. These elements encompass regulatory, legal, qualification, and financial aspects. Notably, there is an additional demand for consulting services resulting from politically motivated funding programmes at the local, regional, national, and international levels. These programmes, such as innovation funding, digitalization initiatives, and support for start-ups, often cover some or all of the consulting costs. Furthermore, regional factors, including the innovation intensity of a particular area and the existing vertical value creation structure spanning research, transfer facilities, production, sales, and demand, serve as significant situational framework conditions for business consultancies. The activities of professional organizations aimed at enhancing visibility, transparency, and support within the qualification framework also contribute to the overall framework conditions. Additionally, various standards such as ISO 20700 serve as important foundations and guidelines for management consultancy. These advancements can be effectively represented using a maturity model. With this preliminary characterization, we approach an integrated model that allows us to proactively assess and optimize the potential and impacts of consulting processes. This model provides a solid foundation for understanding and harnessing the potential of consulting governance within the context of consulting processes.

### **Object Areas of the Integrated Model of Management Consultancy**

The integrated model for excellence in management consulting provides comprehensive approaches for:

- Assessing and improving the performance of consultancy firms (consultant system)
- Evaluating and enhancing the capabilities of companies seeking guidance for their projects (client system)
- Enhancing the quality of guidance in a broader sense (consulting system).
- Evaluating and optimizing the profession itself and its surrounding environments (framework conditions)

## 1.5.2 Integrated Model of Management Consulting

The integrative model of management consultancy provides a comprehensive framework that elucidates the interconnectedness of various factors and their dependencies, as depicted in Fig. 1.4. This model allows for a thorough analysis of management consulting from multiple perspectives, including consulting firms, clients, the consulting process itself, as well as the contextual factors surrounding the profession. Consulting governance incorporates elements from all these domains, ensuring a holistic approach to effective management consulting.

### Important

Exemplary management consulting arises from the optimal realization of the potential inherent in the consultant, client, and consulting system within a specific consulting project.

## 1.6 Objectives in Consulting Projects

Clearly defined goals in consulting projects are a crucial prerequisite for their successful execution. However, establishing a shared understanding of these project goals is not always straightforward, as previously illustrated. Moreover, simply pursuing a project goal without considering other factors does not guarantee true “success”. Ignoring values or disregarding contextual constraints can come at a high price.

Therefore, target definition is often an integral part of the consulting project and must be appropriately addressed in consulting governance through milestones and change management. It is important to acknowledge that the precise target may evolve over time, as project dynamics and progress may necessitate adjustments in the target definition.

### Important

The emergence of initially vague or undefined goals during the course of a project is a common phenomenon in consultancy projects. It is essential to appropriately address and make transparent these evolving goals as they arise.

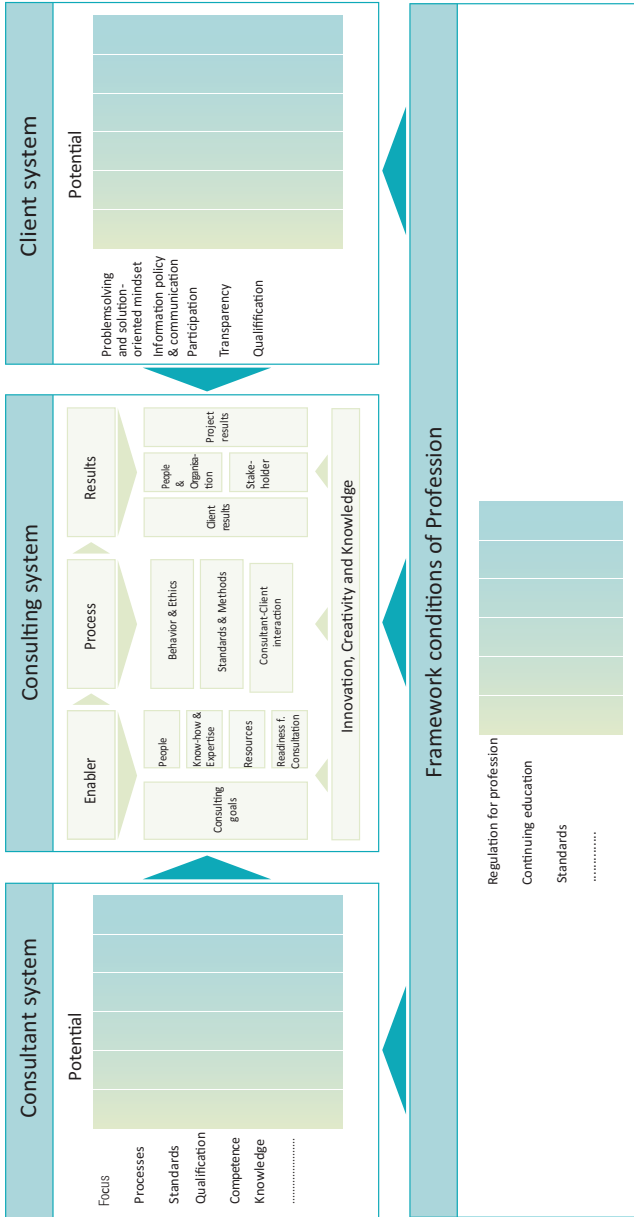


Fig. 1.4 Integrated excellence model of management consultancy (Herget, 2022b)

Meaningful implementation of consulting governance requires a clear objective for the consulting project. While it is relatively straightforward to establish a general vision for the expected outcome, defining specific and measurable goals can be challenging in many projects. For instance, the desire for “increased profit” needs to be linked to concrete market positioning, investments, or framework conditions, necessitating the development of a corresponding strategy. Only in subsequent projects can the necessary implementations be specifically planned and executed.

Furthermore, goal setting must take into account the often partially definable framework conditions. Consulting projects are typically “work-in-progress”, meaning that the current circumstances and framework conditions can change as the project progresses. This inherent fluidity often hinders precise ex ante planning. These aspects should be explicitly incorporated into the objective setting.

When defining the consulting goal, consultants may play a vital role, particularly in companies with limited experience in implementing consulting projects. They must assist clients in defining and potentially formulating their goals while carefully considering potential conflicts of interest that may arise.

### **Important**

Clear and shared goals are crucial for successful collaboration in consultancy projects. It is important to establish a common understanding of the intended project goals and the relevant framework conditions. By striving for a clear explanation and alignment of these factors, the foundation for effective collaboration can be established..

## **1.7 Complexity in Projects and the Need for Regulation**

A key principle of this book is to regulate only what is necessary to ensure optimal project success. Excessive regulation can quickly hinder real project work and lead to paralysis. Conversely, insufficient regulation can result in time-consuming and costly corrections, as well as impede a constructive project environment where different assumptions,

understandings, and interpretations require unnecessary clarification and conflict resolution processes.

Determining the appropriate level of regulation for each project can be challenging. The experience of project participants is certainly an important indicator, but it should also be based on the actual project circumstances. The following criteria are considered crucial:

- **Project size:** The number of people involved in the project is directly proportional to the need for coordination and decision-making. Additionally, larger projects often impact multiple organizational units.
- **Project duration:** Longer projects increase the potential for changing interests and framework conditions, making project management more demanding.
- **Systemic dependencies:** Projects that affect various functional areas, work processes, and relationships with external clients and partners require careful consideration of regulatory interfaces.
- **Degree of innovation:** Routine tasks with established market practices allow for more predictable project outcomes and known parameters. However, new problem solutions often involve a trial-and-error approach, making advance planning more difficult.
- **Professional diversity:** Projects involving diverse areas of expertise require consideration of different traditions and approaches, which may lead to a lack of understanding among participants.
- **Compatibility with corporate culture:** New approaches can clash with established organizational routines, necessitating appropriate regulations to align with the changed corporate culture.
- **Transformation and disruption:** Projects that significantly impact the business model require extensive information, communication, and coordination processes, resulting in complex regulatory frameworks.
- **Stakeholder involvement:** Projects involving employees or owners can trigger significant change processes, requiring appropriate framework conditions.
- **Dependencies on other projects:** Consultancy projects that are part of an overall strategy often require coordination and are influenced by critical dependencies in multi-project management.

These factors, among others, contribute to the complexity of a project. Projects can range from “simple” to “complex”, with varying degrees of complexity along a fluid continuum. Complexity does not arise solely from the cumulative effect of all mentioned conditions; a single factor can make a project complex. Figure 1.5 illustrates the interrelationships of these influencing factors on project complexity.

### Important

The complexity of a project’s framework conditions plays a significant role in determining the appropriate governance requirements. It is crucial for consulting governance to align with the complexity of the project, ensuring that regulations are neither excessive nor insufficient. The goal is to strike a balance by implementing governance measures that are necessary and reasonable for the project’s specific complexities.

## 1.8 The Concept of Consulting Governance

An effective consulting governance framework, established within consulting projects, provides a solid structure that fosters trust and enables collaborative work. It is important to adapt this framework to the specific project and the contextual conditions of both parties, rather than rigidly adhering to a fixed set of rules. In this book, we will explore and discuss prototypical formats of consulting governance.

The foundation of appropriate consulting governance lies in the complexity of the project at hand, which determines the level of regulation required. Additionally, the defined objectives of the project play a crucial role in shaping consulting governance, requiring careful interpretation. These two factors form the framework for consulting governance, defining its conceptual dimension. The pillars of consulting governance consist of:

- The **phases and processes** of the consulting project
- The collaborative **structures** within which the work takes place
- The **elements** that require regulation



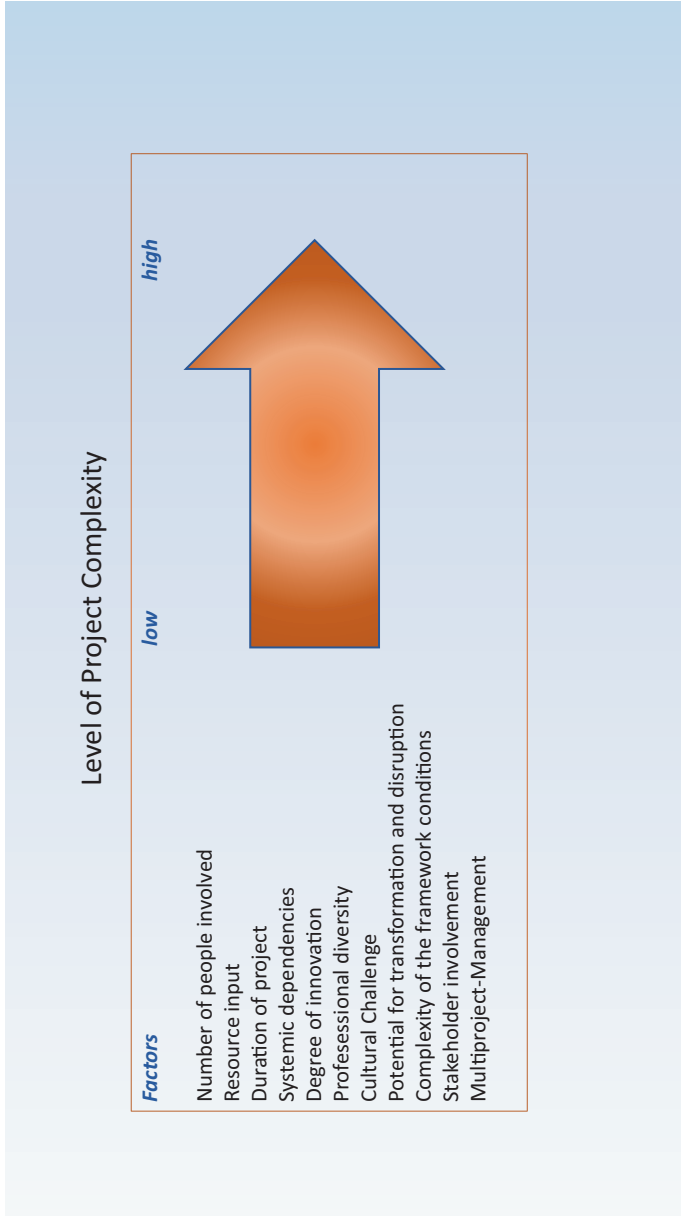
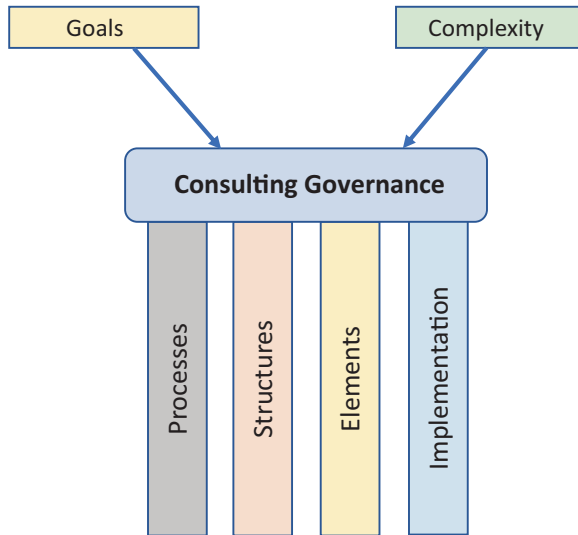


Fig. 1.5 Factors affecting project complexity



**Fig. 1.6** Overview of consulting governance

- The formulated processes that enable the practical **implementation** of regulatory measures

The development and structure of consulting governance can be illustrated as depicted in Fig. 1.6. Subsequent chapters will delve into each component in greater detail.

## 1.9 Key Points

### For consultants:

1. Good governance fosters transparency, trust, and acceptance in consulting projects.
2. Consulting governance serves as a vital management tool for initiating, implementing, and concluding consulting projects. It considers the perspectives of both the client and the consultant.
3. Its goal is to anticipate and develop a coordinated approach encompassing all relevant areas of regulation.

4. Adopting a systemic view of the consulting process enhances clarity and provides transparency regarding available consulting capabilities.
5. The complexity of the project is a key factor in determining the necessary extent of consulting governance.

### **For clients:**

1. Good governance ensures that various demands are considered, thereby gaining strong acceptance for the consultancy project within the company.
2. Consulting governance establishes a system for transparent, effective, and efficient execution of temporary consulting projects.
3. It prioritizes project success and formulates necessary regulatory measures to maximize achievement.
4. Prior to the project, it is essential to establish the foundations of successful collaboration, including a desire for cooperation, commitment to working with the consultant, and clear expectations.
5. The more complex a consulting process, the greater the importance of consulting governance.

## **References**

- Bay, K.-C., & Hastenrath, K. (Eds.). (2021). *Compliance-Management-Systeme: Praxiserprobte Elemente*. Prozesse und Tools. C. H. Beck, München.
- Birkner, S. (2013). *Eindeutiger beraten?* Umgang mit Mehrdeutigkeit als Handlungsfeld in Beratungsinterventionen.
- Bodenstein, R. (2022): Die Beratungsnorm ISO 20700. In: Bodenstein/Ennsfellner/Herget (Hg.): *Exzellenz in der Unternehmensberatung. Beratungsprojekte erfolgreich durchführen – Leitlinien für Unternehmen und Berater*, Springer Gabler, Wiesbaden.
- EFQM. (2013). The EFQM Model. Brussels. <https://efqm.org/>
- EFQM. (2019). The EFQM Model. Brussels. <https://efqm.org/>
- CIO (2010): Warum Beratungsprojekte scheitern. <https://www.cio.de/a/warum-beratungsprojekte-scheitern,2247033> [zugegriffen am 10.01.2022].

- Gablers Wirtschaftslexikon (2018): Corporate governance. <https://wirtschaftslexikon.gabler.de/definition/corporategovernance-28617/version-367554> [zugegriffen am 16.01.2022].
- Herget, J. (2022a). *Match – Wie Kunden und Berater zusammenkommen*. Bodenstein/Ennsfellner/Herget.
- Herget, J. (2022b). *Exzellenz in der Unternehmensberatung*. Bodenstein/Ennsfellner/Herget.
- Knöpfel, H. (2004). *Consulting governance*. Versus Verlag, Zürich.
- Kreutzer, M., & Menz, M. (2012). *European consulting survey 2012. The future of the European management consulting firms business models*. Study of the University of St. Gallen.
- Treichler, C., Wiemann, E., & Morawetz, M. (2004). *Corporate governance und Managementberatung*. Strategien und Lösungsansätze für den professionellen Beraterinsatz in der Praxis.
- Vienna University of Economics and Business Administration (2012). *Beraterstudie 2012*. Wirtschaftsuniversität Wien.



# 2

## Governance by Design: Phases and Structures

**Abstract** Effective governance is crucial in consulting projects, spanning from initial ideation to conclusion. The purpose of this chapter is to explore and conceptualize consulting governance in a systematic manner. Rather than a haphazard and non-binding list of potential regulations, the conceptual framework should serve as a practical guideline for successful project implementation. As the form of consulting governance is project-specific, it should be tailored to individual requirements. Therefore, the chapter first distinguishes between phases and processes, and subsequently examines the structures in which consulting projects can be carried out. This involves identifying different roles and bodies with clearly defined tasks, operating in a coordinated manner throughout the project. Various pertinent options are presented and analysed.

Projects possess certain characteristics, encompassing both structure and system. Their systematic nature derives from their temporal nature, with a distinct beginning and end. The structure, on the other hand, pertains to the actors involved and the organization of service delivery. However, to comprehend project work, it is crucial to acknowledge its openness

and the levels of freedom that come with it. These are highly variable and dependent on numerous factors, but their inherent designability is essential in achieving effective coordination between objectives and feasible levels of objective attainment through action. Thus, projects can be efficiently managed, and this chapter aims to identify the various means to achieve this.

## 2.1 Phases in Consulting Projects

Every consulting project has its unique characteristics derived from various factors. Nonetheless, all projects follow the same phases. The starting point is the fundamental idea or problem, and from it, the overall goal is derived, which influences the entire project. Projects that are part of a long-term strategy can be approached differently from projects that need to be executed urgently during a crisis situation.

Simplified, the consultancy project process is illustrated in Fig. 2.1. However, the duration and depth of the individual phases are specific to each project. This phase-based approach serves as the basis for consideration in ISO 20700, although it is reduced to three phases. The

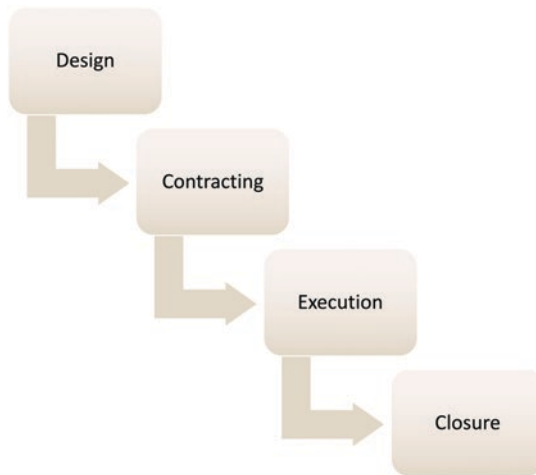


Fig. 2.1 Typical phases in the consulting process

conception and contract design are combined into one phase named “offer.” However, in the context of consulting governance, it is essential to differentiate between the phases, which will become evident later on.

A specific objective is formulated based on the fundamental idea, which includes a framework for costs, lead time, and other parameters to guide the consultant selection process. After selecting the consultant and establishing the corresponding contract, the project is executed and concluded.

### **Important**

Consulting governance must be considered at each step of the process. However, the selection of consultants and the precise formulation of contracts are crucial for effectively implementing consulting governance. These steps establish the framework for the entire process, and any changes made later can only be made through mutual agreement.

## **2.1.1 Concept**

This phase marks the point where a project may come to fruition, but often project ideas are discarded. Initial steps are taken to define goals and consider the framework conditions. The following processes are examples of what is done during the preliminary phase:

- Defining the basic objective and possible concrete success factors, with the involvement of key stakeholders
- Creating a requirement profile to search for consultants, including defining cost and time frames, expected resource availability, and necessary expertise

By the end of this phase, a project tender should be available to commence the search for consultants.

During the first phase of consultancy projects, governance considerations are already taken into account. Examples of such considerations include:

- Confidentiality
- Conflict of interest
- Stakeholder engagement
- Time constraints
- Value system

Depending on the specific tender structure, it is necessary to determine which governance factors are non-negotiable and which ones can still be adapted during contract negotiations. It is crucial for both the company and potential contract partners to maintain high levels of transparency regarding expectations.

### 2.1.2 Contract Design

Depending on the project's complexity, contracts for consultancy projects can range from a simple handshake agreement to an extensive set of contracts. However, even for smaller companies that engage with a consultant over several years, a basic agreement outlining the project's underlying construct should be established. For larger companies, both the company and the consulting firm require a detailed written agreement.

Regardless of the form, all essential elements of governance should be agreed upon in the contract. Even the fact that a particular element is not relevant to the project should be noted. For instance, in small projects with short lead times, only a minimal project structure or timetable would make sense. Thus, a reference in the agreement that no detailed definitions will be made in this regard would suffice.

Both companies and consultants must be able to rely on the same objectives and framework conditions. The outcome of this phase is a legally binding contract.

#### **Important**

The contract serves as a crucial foundation for collaboration between a client and a consultant in terms of consulting governance. However, it should be noted that consulting governance extends well beyond this contractual agreement.



### 2.1.3 Implementation

The larger and more complex an advisory project, the higher the probability of changes occurring during its implementation. The reasons for these changes can be manifold and may be due to the client's or consultant's actions or may be necessary due to changes in the framework conditions. The handling of these changes is critical to the success of the project. It is important to determine whether the project can continue with changes or if the project goal can no longer be achieved in compliance with the agreed framework conditions, and must therefore be terminated. The effectiveness of the governance of a project is thus shown in this phase.

The implementation phase can consist of several processes, each with unique characteristics. Examples include:

- Establishing project governance or an agreed-upon project management structure
- Conducting project kick-off and engaging agreed-upon stakeholders and following communication guidelines
- Performing the project using the agreed-upon services, such as workshops, analyses, studies, and others
- Implementing the solution or presenting it as the project's outcome

In the event of success, this phase culminates in the client's approval of the project.

### 2.1.4 Closing

The conclusion of a consultancy project encompasses various activities that need to be outlined in the contract design. Ultimately, the completion of the project should be jointly agreed upon by the client and the contractor. The degree of complexity of the project determines the extent of activities involved, ranging from handling formalities to carrying out a comprehensive debriefing.

As evident from the preceding section, each phase consists of multiple processes that follow a logical sequence and are generally executed successively. Further elaboration on this will be discussed in the following section.

## 2.2 Processes in Consulting Projects

It appears logical to further distinguish these phases, as their significance may vary in different project scenarios, and certain phases may even be unnecessary. In total, there are 12 distinct phases that follow a logical sequence. Each of these processes can be readily assigned to a specific phase. As described earlier, the individual processes are briefly characterized by their names. In the next chapter, we will utilize these processes as they form the foundation for addressing the important aspects of consulting governance. They represent a cornerstone of the framework for consulting governance.

### Important

The subdivision of phases into processes provides a foundation for identifying the relevant aspects of consulting governance and designing them appropriately. This allows for a precise positioning of the construct of consulting governance.

The individual processes and their corresponding phases are illustrated in Fig. 2.2. This framework will be referenced throughout the rest of the document.

### 2.2.1 Responsibilities and Accountabilities for the Processes

The design responsibility for each phase can vary, with the company, consultant, or a joint responsibility being possible. This has a significant impact on the consulting governance.

Phase	Process
Design	Basic Objective
Design	Define requirements profile
Contracting	Request for proposals
Contracting	Consultant selection
Contracting	Contract conclusion
Execution	Establish project governance / structure
Execution	Project start (Kick-Off)
Execution	Project delivery
Execution	Implement solution
Execution	Acceptance
Closure	Evaluation
Closure	Lessons Learned (Debriefing)

**Fig. 2.2** Processes in consulting projects

Moreover, the precise responsibility for each process in the consultancy project must be specified. If the company is responsible, it does not necessarily mean that the same person is involved in each process. This is an internal consulting governance issue, as different individuals may be responsible for different processes depending on the organizational differentiation and regulations, such as the existence of a central buying centre. Committees may also assume responsibility for the “project implementation” process. The same applies to the consultant, where various roles will perform the tasks. In addition, the jointly responsible processes are usually performed by different constellations. All these arrangements are essential components of consulting governance.

## 2.2.2 References to Consulting Governance

To determine the regulatory areas of consulting governance, we begin with the individual processes of consulting projects. These processes provide clear reference points and create a transparent framework for the design of consulting governance. By refining the phase concept step by step, we can address the relevant aspects in a clear and comprehensive manner. Figure 2.3 integrates all the aspects we have mentioned thus far,

Phase	Process	Responsibility	Reference to Consulting Governance
Design	Basic Objective	Client	Initial screening of possible critical factors
Design	Define requirements profile	Client	Define possible exclusion factors or minimum requirements
Contracting	Request for proposals	Client	Possible exclusion factors or minimum requirements
Contracting	Consultant selection	Client	Possible tightening of exclusion factors or minimum requirements
Contracting	Contract conclusion	Client and Consultant	Define overall consulting governance together with consultant
Execution	Establish project governance / structure	Client and Consultant	With reference to contractual agreements
Execution	Project start (Kick-Off)	Client and Consultant	With reference to contractual agreements
Execution	Project delivery	Client and Consultant	With reference to contractual agreements
Execution	Implement solution	Client and Consultant	With reference to contractual agreements
Execution	Acceptance	Client	With reference to contractual agreements
Closure	Evaluation	Client	With reference to contractual agreements
Closure	Lessons Learned (Debriefing)	Client and Consultant	With reference to contractual agreements

Fig. 2.3 Processes and responsibilities

including phases, processes, responsibilities, and their respective references to consulting governance.

We have established the first pillar of the framework for consulting governance, which is when consulting governance comes into play. We will now turn our attention to the second pillar, which is focused on the individuals responsible for managing consulting governance as a task.

### Important

The processes involved in consulting projects define the level of responsibility and scope for consulting governance.

## 2.3 Structures within Consulting Governance

After outlining the individual phases and processes of consulting projects, the next question is who the participants are, in which roles and functions, and how they are integrated into the entire consulting process. As consulting projects are temporary and run alongside the usual organizational structure, it is essential to ensure a smooth interaction between the two. This requires clear regulations for structures, decision-making competencies, communication channels, reporting, and participation rights and obligations. Many role holders are involved in both organizational forms simultaneously, so clear coordination is crucial. This structural organization is also considered in the concept of consulting governance.

While the roles and bodies suggested here can certainly be adopted in the project planning of the consultancy project, the focus is not on project management but on the necessities and best practices resulting from consulting governance. Project planning must take place alongside the considerations made here.

In consulting projects, external partners usually dominate in terms of content and bring in the required know-how. This distinguishes consulting projects significantly from classic projects that usually rely on internal staff. While the concrete project plan determines the project's duration, the people involved, and the decision-making and acceptance of milestones, the roles and committees defined here should be included in the actual project planning.

### **Important**

The roles, functions, and committees are defined based on the needs of consulting governance, not on the specifics of project execution in project management. Nevertheless, these structures can be effectively utilized in project management.

The structures can be viewed from three perspectives: who will be involved in the client company and how, who will be involved in the consultancy company, and what will be the composition of the

participants in the daily consultancy process. This clarity needs to be established and elaborated on in the following sections..

### 2.3.1 Structures at the Customer

To successfully bring a consultancy project to fruition, the client must define various roles and functions. The following roles and bodies can be formulated for this purpose. The characterization of these roles and their work in different project constellations will be carried out subsequently:

- Project Client/Project Sponsor
- Steering Committee
- Sounding Board
- Project Manager
- Project Team
- Project Staff

The definition of these roles is initially independent of people. As explained earlier, consulting governance provides a blueprint that is later filled with concrete individuals in specific projects after choosing the appropriate structures. The complexity of the consulting project will determine the necessity of all roles, as stated in the first chapter. In smaller companies, the structures are less pronounced, and in extreme cases, they may be reduced to the managing director or owner.

#### 2.3.1.1 Project Client/Project Sponsor

Every consulting project starts with a decision to embark on a specific initiative. The person driving the project forward or in whose area of responsibility the project will take place usually becomes the project client, also known as the project sponsor. The term sponsor indicates which budget will be allocated for the project and who bears the main responsibility for the successful completion of the project. When committees, such as the management or the board of directors, decide on a consulting

project, they usually appoint a person who bears hierarchical responsibility for the project's success. This person, or role, should not be confused with the project manager. Instead, the project client selects the project manager who is responsible for implementing the project.

A general recommendation for the project client role is to assign a person as high up in the hierarchy as possible, as this ensures a high priority in the organization's perception, and enables many decisions to be taken directly by this role. In exceptional cases or in smaller companies, the project owner can also take on the role of internal project manager.

Specific tasks and functions within the framework of consulting governance include:

- Defining the internal project manager's role, tasks, and functions
- Determining project objectives, strategies, and priorities
- Defining project milestones
- Establishing internal and external consulting governance agreements (with the consultant)
- Making strategic project and budget decisions
- Implementing strategic project controls
- Defining the evaluation criteria and objectives of the consulting project
- Determining the forms of evaluation
- Determining the coordination function internally and externally
- Defining escalation levels and measures in case of conflict

### **2.3.1.2 Steering Committee, Steering Committee, Review Board**

This function may be referred to by various names, and is essential when the complexity of the consultancy project demands it. This is often the case when the project affects multiple areas of the organization, and the project client wishes to involve them in the decision-making process, or if internal governance dictates it. The role and task of this body are specified, as are the decision-making mechanics, such as whether majority decisions or only consensual decisions are possible. This committee is responsible for approving important interim results, making milestone

decisions, and determining the outcome of the overall project. These substantive decision-making steps are recorded in the consulting governance. Information and decision-making functions are thus defined. The project client is a member of this body and usually chairs it. The internal and external project managers can also be designated as additional members, as well as a representative of the consulting firm at the partner level. However, the latter roles usually participate without voting rights.

### **2.3.1.3 Sounding Board**

The “sounding board” is set up on an ad hoc basis as an additional body. Typically, this board does not have any hierarchical decision-making authority. Nevertheless, it may be important to involve various representatives, especially internal representatives of the company, in consulting projects. This appears to be advisable, for example, in projects that take a long time, where rumours can spread among the staff, or where the attitude of certain roles and functionaries towards the consulting project is important. These attitudes can then possibly be conveyed to another body and taken into account, such as an existing steering committee.

### **2.3.1.4 Project Manager**

The internal project manager plays a crucial role in coordinating the project, possessing decision-making authority and the power to issue instructions to internal team members as per the defined assignment. The project is coordinated with the external project manager (consultant) while ensuring that the necessary resources are available for its successful implementation as per the plan. The definition of this mandate falls under the purview of consulting governance.

### **2.3.1.5 Project Team**

The internal project team is a role that is defined within the scope of consulting governance, and their participation is determined based on



the organizational structure (subordination, resource utilization, and availability). The project manager usually selects the specific members, who are then approved by the steering committee. Although the appointment process is no longer the responsibility of consulting governance, the procedure and regulations in the event of disagreements fall under their purview.

### 2.3.1.6 Project Staff

Project staff are invited to participate in a project on an as-needed basis to provide essential information and expertise. They are not permanent members of the project team. Consulting governance defines the existence of these staff in the consulting process and determines how their availability can be established and by whom.

## 2.3.2 Structures at the Consultant

At consulting firms, there are generally fewer distinct roles compared to client organizations. The number of roles may depend on the complexity and size of the project, as well as the internal structure of the firm. Many consulting firms are one-person operations, where the consultant is also the owner of the company. However, larger consulting firms may have various roles, including:

- Partner/Principal
- Senior Advisor / Consultant
- Advisor / Consultant
- Junior Consultant

In large projects, the partner may be invited to serve as a representative on a steering committee. A senior consultant typically serves as the (external) project manager, leading the (external) project team comprising consultants and junior consultants. The project manager coordinates with the internal project manager and reports to the project client as necessary.

**Important**

The roles and functions within the consulting project must be clearly defined and established in the consulting governance.

### 2.3.3 Common Structures

In consulting governance, it is crucial to define the coordination of the consulting project and the respective roles and tasks, taking into account the aforementioned concerns. It is particularly crucial to establish the design of information and communication channels, as well as the coordination of decision-making processes. Moreover, it is vital to regulate conflict resolution procedures within the consulting governance. This involves specifying the escalation levels, roles, or committees responsible for problem-solving and decision-making powers. Therefore, it is imperative to achieve complete clarity on these matters.

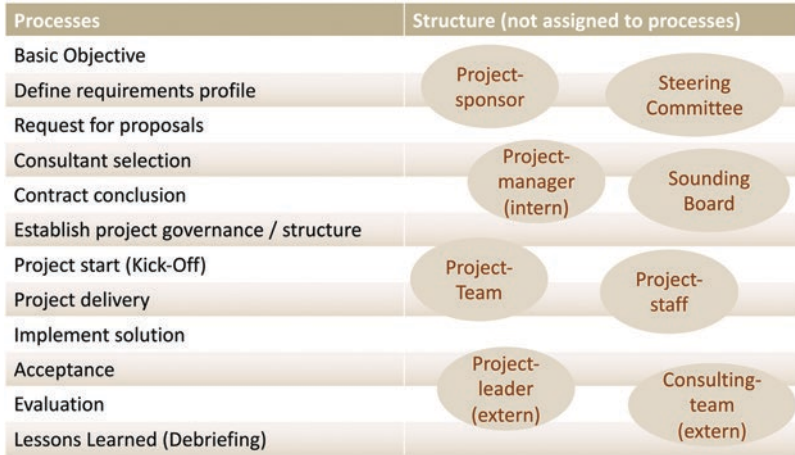
**Important**

The identification of roles and functions in consultancy projects pertains to three areas: the client, the consultant, and the joint responsibility in the project. It is crucial for the success of the project, and initially independent of specific individuals.

## 2.4 Good Practice

The processes and structures should establish a transparent system that avoids unnecessary complexity or oversimplification. Predefined regulations can ensure smooth collaboration and reduce the likelihood of divergent expectations. It is worth noting that, despite the term “consulting governance” being used, there are typically three distinct governance structures (as illustrated in Fig. 1.2):

- Company
- Consultant
- Shared responsibility in collaborative activities



**Fig. 2.4** Processes and structures in consulting projects

This is because the client's consulting governance begins to take effect before engaging a consultant, regulating the process up to that point. The phases following the completion of the consulting project are usually the responsibility of the respective partner. The connections between these different processes and structures are illustrated in Fig. 2.4.

### Important

Clear visualizations of project phases and structures, such as roadmaps alongside detailed project plans, aid in achieving transparency in a project. Additionally, using canvases (See Bertagnolli et al. (2018) and Herget (2022)) can provide a quick overview of project progress. Both tools are helpful in supporting the respective consulting governance.

Consulting governance should not be considered a replacement for detailed project planning and management. While kick-off meetings, team building, and regular feedback rounds are important components of the project, consulting governance can only offer guidance on how to establish such events.

## 2.5 Key Points

### For consultants:

1. Well-coordinated phases enable effective use of methods and tools in advisory projects.
2. Define the phases with specific contents and coordination activities.
3. Active involvement of consultants in understanding and supporting the client's project structures has proved effective in practice.
4. Clear structures should be documented and communicated to the client by the consultant.

### For clients:

1. Defined phases with specific contents aid in planning advisory projects.
2. It is important to establish appropriate project structures with the necessary competencies.
3. Consultants should be included in internal project structures to ensure effective communication and address potential issues in a timely manner.
4. Openness and trust are crucial for successful cooperation in the joint project structures.

## References

- Bertagnolli, F., Bohn, S., Waible, F. (2018): Change Canvas. Strukturierter visueller Ansatz für Change Management in einem agilen Umfeld. Springer Gabler, Wiesbaden.
- Herget, J. (2022). Trends der Unternehmensberatung – Mit systematischen Werkzeugen am Puls der Zeit bleiben. In R. Bodenstein, I. A. Ennsfellner & J. Herget (Hrsg.), *Exzellenz in der Unternehmensberatung. Beratungsprojekte erfolgreich durchführen – Leitlinien für Unternehmen und Berater*. Springer Gabler.



# 3

## Governance by Design: Elements and Processes

**Abstract** What topics are covered in the context of consulting governance? This chapter outlines these topics, providing background information and explaining their relevance to practice. It is not necessary to regulate every topic in every project, but the decision should be made consciously and agreed upon by both consultant and client. By incorporating these regulations into the project timeline, it becomes clear that consulting governance is integral to the entire project. The foundation for an adequate set of rules is established from the outset of the project. We demonstrate the organizational implications of consulting governance using a governance matrix, which considers the consultant system, client system, and advisory system. The specific implementation of consulting governance will depend on the project goals and framework conditions.

The primary indicator of a successful consultancy project is achieving the project objective. However, for companies, it is increasingly vital that specific internal and external framework conditions are met, beyond mere legal compliance. The determination of these criteria and their fulfilment is a matter of agreement between the client and the consultant.

Governance strives to be comprehensive, regulating all relevant aspects of a project. What would be the point of adhering to a schedule, for instance, if it disregards the client's values? Or if agreed-upon resources are provided but confidentiality is not maintained?

The client and consultant collaboratively define the specifics of these regulations for each project, which can range from a simple statement that a topic is not applicable to a detailed elaboration.

## 3.1 Elements of Consulting Governance

As we define the elements, our guide is the ISO 20700 International Standard for Management Consulting Services. This standard outlines the three key phases of the consultancy project: the assignment phase, implementation phase, and completion phase, alongside 12 guidelines covering critical topics (refer to Fig. 3.1).

In general, the individual elements cannot be given a specific weightage. There is no predefined hierarchy of importance. The weightage of each element is agreed upon between the client and the service provider, varying from project to project.

The 12 elements of consulting governance are elaborated upon below.

### 3.1.1 Regulatory Framework

Compliance with applicable laws is an implicit expectation, and need not be negotiated separately. Nonetheless, it is crucial to understand the regulatory framework that governs the project and the laws that have a direct impact on its implementation (refer to Table 3.1). This creates an awareness among consultants about the framework conditions and the need to have relevant expertise on board.

Some of the key regulatory considerations are:

- Requirements for tendering of advisory services
- National/international standards



Fig. 3.1 Elements of consulting governance

**Table 3.1** Consulting governance matrix for the “regulatory framework” element

Process	Client + Consultant	Client	Operationalization	Manifestation
Basic objective		X	Applicable legal framework, company-specific affectedness	Listing of regulations, relevant standards
Definition of requirements profile		X	Leading critical know-how	Requirement profile in consultant search/call for tenders with concretization of the legal subject matter, national context
Request for proposals		X	Reference to tendering guidelines	Recipient group, general criteria, content requirements, evaluation criteria with weighting
Consultant selection		X	Assessment of the available critical know-how	Evaluation matrix
Contract conclusion	X		Cite relevant regulatory framework	Definition of responsibility (client side/consultant side)
Project governance/establish structure	X		Define relevant know-how carriers in project structures	Composition of the project teams, steering committee, project management
Project start (kick-off)				
Project execution	X			
Implement solution				Periodic interim reports



Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Acceptance			X	Taking into account the relevance to regulatory framework conditions	
Evaluation			X	Taking into account the relevance to regulatory framework conditions	
Lessons learned (debriefing)	X		X	Taking into account the relevance to regulatory framework conditions	

- General laws such as data protection, consumer protection, and tax regulations
- Specific regulatory conditions linked to the company's field of business, particularly relevant for sectors such as financial services, infrastructure operations, or specific industries
- Labour law provisions

Although regulatory conditions are defined in the contract phase, they may change during the course of the project. To identify and address these changes early on, appropriate mechanisms must be in place.

For less complex projects, the client and consultant are expected to have the requisite know-how. However, for more complex projects, it is essential to involve experts with relevant expertise.

### 3.1.2 Decision-Makers, Implementers, and Affected

Businesses do not exist in a vacuum. Employees, owners, customers, and suppliers are usually directly impacted by their operations. Moreover, there are stakeholders beyond the immediate sphere of a company, such as local communities and the environment, whose interests should also be considered. Identifying and defining these stakeholders is essential to any project, including clarifying their role, access to information, and communication (refer to Table 3.2). ISO Standard 20700 provides a list of typical stakeholders in Annex B, which includes their level of involvement and should be defined accordingly.:

- Clients
- Receiver
- Public
- Management consultancies
- Management consultant
- Universities
- Non-profit bodies
- Environment
- Suppliers

Table 3.2 Consulting governance matrix for the element “stakeholder engagement”

Processes	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Basic objective			X	Definition of possible stakeholders and clarification of the concrete affectedness	List of stakeholders
Definition of requirements profile					
Request for proposals					
Consultant selection					
Contract conclusion	X			Capture relevant communication	Record concrete communication processes in supplementary agreement
Project governance/ establish structure		X		Define involvement of relevant stakeholders in project structures	Assignment of communication to milestones
Project start (kick-off)		X		With the involvement of the relevant stakeholders	
Project execution		X		Periodic interim reports on the impact of relevant stakeholders	Evaluate supplementary agreement according to contract on an ongoing basis and adapt if necessary
Implement solution					
Acceptance					
Evaluation			X		
Lessons learned (debriefing)	X		X	Taking into account the involvement of relevant stakeholders	

- Governments
- Trade unions
- Management consulting chambers and associations
- Shareholders
- Investors
- Client personnel
- Third parties
- Future generations

The issue of which parties are impacted by a consulting project and to what extent is also relevant to small businesses. In many cases, the success of a project hinges on effectively handling internal resistance, which can be mitigated through early stakeholder involvement. It is important to note that “timely” need not necessarily mean “early”. As such, managing stakeholder communication is paramount for the entire duration of the project. All project members must consider the interests of stakeholders.

### 3.1.3 Common Goals: Common Values

To ensure smooth collaboration within a team, a shared understanding of ethical guidelines or consulting firms’ values is crucial in knowledge-based services. As such, consulting firms should not only abide by their code of conduct internally but also make it transparent to their clients (refer to Table 3.3).

Although these values may not vary across projects, their potential impact on the project process or the achievement of project goals should be discussed with the client. ISO Standard 20700 highlights the following critical factors that consulting firms’ code of conduct should address:

- Professional behaviour
- Sustainability
- Social responsibility
- Conflict of interest
- Integrity

**Table 3.3** Consulting governance matrix for the ethical principles element

Processes	Consultant	Client	Operationalization	Manifestation
Basic objective				
Definition of requirements profile				
Request for proposals				
Consultant selection	X		Informing the client about the code of conduct, discussion if necessary	Code of conduct, disclosure of potential conflicts of interest
Contract conclusion		X	Reference to code of conduct	Contractual agreement with specific reference to the code of conduct (version, date). If necessary, declarations by the persons acting on critical issues such as confidentiality and conflict of interest
Project governance/ establish structure	X		Check for relevance to code of conduct	
Project start (kick-off)				
Project execution	X		Check for relevance to code of conduct	If there is a change in the team members, if necessary submit declarations on critical issues such as confidentiality and conflict of interest

(continued)

Processes	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Implement solution	X			Check for relevance to code of conduct	If there is a change in the team members, if necessary submit declarations on critical issues such as confidentiality and conflict of interest
Acceptance					
Evaluation					
Lessons learned (debriefing)					

Ethical principles are no longer exclusive to large clients or contractors, as smaller consultancies are increasingly committing to their code of conduct or that of professional associations. Even for smaller projects, it is important for clients to understand their contractors' values. Although values typically remain constant throughout project implementation, any project-related effects that arise should be clarified between the contractor and the client.

### 3.1.4 Project Management

Adequate project organization and structure are crucial for successful project implementation. Depending on the project's scope and other framework conditions, aspects such as project management, roles and responsibilities, communication, and decision-making processes need to be carefully considered and established. This requires a clear understanding of the project's objectives, requirements, and risks, as well as the capabilities and limitations of the project team. A well-designed project structure promotes effective collaboration, minimizes misunderstandings, and helps to ensure that the project is delivered on time, within budget, and to the required quality standards.

- Management structure
- Milestones
- Communication
- Guidelines
- Escalation processes
- Time constraints
- Dependencies of individual implementation steps
- Change Management
- etc.

are defined (cf. Table 3.4).

The practical applications of these definitions can be quite extensive and are often included in the project contract.

Table 3.4 Consulting governance matrix for the "project governance" element

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Basic objective			X	Involvement of possible relevant stakeholders	
Definition of requirements profile					
Request for proposals		X		Specification of the framework conditions for the project management with reference to the importance and the flexibility	Management structure, milestones, communication guidelines, escalation processes, timelines, dependencies of individual implementation steps, change management
Consultant selection			X	Evaluation of the commitment to the given framework or alternative proposals to it	Evaluation matrix
Contract conclusion	X			Definition of the agreed project governance	Supplementary agreement to the contract
Project governance/ establish structure	X			Concrete establishment of the agreed project structures	
Project start (kick-off)		X		Informing the relevant stakeholders about the project governance arrangements	Kick-off meeting



Table 3.4 (continued)

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Project execution		X		Implementation of the agreed project governance	Progress reports, escalation processes, acceptance of milestones, change management, project meetings
Implement solution		X		Implementation of the agreed project governance	Progress reports, escalation processes, acceptance of milestones, change management, project meetings
Acceptance			X	On the basis of the milestone reports, in coordination with the project structure	
Evaluation			X	On the basis of the milestone reports, in coordination with the project structure	
Lessons learned (debriefing)	X	X	X	Taking into account the agreed project governance	

Even in smaller projects with limited structure and organization, it is imperative to establish an agreement accordingly. The adoption of consulting governance entails specific demands for project management, which are elaborated in Chap. 4.

Once the project structures are defined, they should remain unchanged during the implementation phase, although modifications to the timeline or milestone definition may become necessary.

### **3.1.5 Skills, Competences, and Knowledge: The Crucial Resources**

Undertaking projects adds to the burden of companies, which must first create the necessary resources. These resources can include:

- Capital
- Technological
- Spatial capacities
- Employees

Unfortunately, projects place high demands on resources, requiring the best employees and most efficient capacities for successful implementation. Hence, planning the use of resources is crucial, especially with regard to employees. Adherence to this planning and timely management of deviations are critical success factors, especially for large projects.

The provision of necessary resources is a concern for both contract partners. To plan resources effectively, both client and contractor need to define the specific requirements. This includes performance characteristics for capacities and the competencies and know-how of employees (cf. Table 3.5).

Resource planning directly impacts the complexity of projects. The greater the resources required, the more complex the project becomes.

Table 3.5 Consulting governance matrix for the resource management element

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Basic objective			X	Identification of potential critical resources and ongoing evaluation	
Definition of requirements profile			X	Description of the expected resources to be provided by the consultant, availability of resources on the part of the client	Description of the required know-how as well as the estimated capacities Description of necessary equipment (machines, IT, software, etc.)
Request for proposals			X	Specification of the required resources with reference to the importance and the flexibility	Evaluation matrix
Consultant selection			X	Assessment of the available resources or alternative proposals to them Concrete planning of the provision of the agreed resources	Supplementary agreement to the contract
Contract conclusion	X			Allocation of resources to the project structures	
Project governance/ establish structure	X				
Project start (kick-off)		X		Informing the relevant stakeholders about the resources provided Provision of resources according to planning	Kick-off meeting
Project execution		X			

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Implement solution		X		Provision of resources according to planning	
Acceptance					
Evaluation					
Lessons learned (debriefing)	X		X	Taking into account the efficiency of the resources used	

### 3.1.6 Communication Takes Place. Always

The maxim “You can’t not communicate” holds true for both small group communication and consultancy projects. Consulting projects, in particular, are often associated with organizational change, which prompts scrutiny of stakeholder engagement. Hence, careful consideration must be given to the timing of stakeholder communication in the project life cycle.

During the conception phase, the idea may be abandoned or reframed, and early communication could create unwarranted anxiety. Conversely, delayed communication could spark resistance and undermine project success. Therefore, communication planning must begin in the conception phase, addressing the following questions:

- Which stakeholders are affected by the project?
- When should stakeholders be informed?
- What information should be communicated?
- Who needs to be informed and in what format?

The communication strategy is also influenced by the corporate culture. Communication planning should be an integral part of project planning throughout the project life cycle.

Milestones may be linked to communication goals, as outlined in Table 3.6. The complexity of the consultancy project also determines the importance of effective communication.

### 3.1.7 Processing Data Requires Responsibility

Consulting projects cannot be executed or implemented today without the automated processing of data. Even data that is “only” published should be regulated within the framework of consulting governance (as shown in Table 3.7). Both the client and the contractor must consider the following in these regulations:

Table 3.6 Consulting governance matrix for the “communication” element

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Basic objective			X	Agreement on confidentiality of the considerations within the framework of the conception phase with all persons involved	
Definition of requirements profile					
Request for proposals			X	Clarification of confidentiality before handing over the tender documents If necessary, anonymization in individual phases of the tender	Declaration of confidentiality
Consultant selection					
Contract conclusion		X		Concrete communication guidelines in coordination with the course of the project (milestones)	Supplementary agreement to the contract
Project governance/ establish structure					
Project start (kick-off)		X		Informing the relevant project structures and staff	Kick-off meeting
Project execution		X		Compliance with the communication guidelines	

Table 3.6 (continued)

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Implement solution					
Acceptance Evaluation					
Lessons learned (debriefing)	X		X	Taking into account the agreed communication guidelines	

**Table 3.7** Consulting governance matrix for the “data protection and confidentiality” element

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Basic objective			X	Evaluate the possible relevance of processing confidential data or personal data	
Definition of requirements profile			X	Include required know-how on anonymization of data in the job profile	Description of the data structure and data volumes of relevant data for estimating a procedure for anonymization
Request for proposals					
Consultant selection			X	Assessment of the relevant know-how or strategies for secure processing and, if necessary, anonymization	Evaluation matrix
Contract conclusion		X		Concrete processing guidelines of data with reference to DSGVO, if applicable	Supplementary agreement to the contract Agreement on the commissioned processing of data according to DSGVO
Project governance/ establish structure					
Project start (kick-off)					

(continued)



Table 3.7 (continued)

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Project execution		X		Compliance with the data processing guidelines	Where applicable, reports on the processing of data or that data has been deleted from the consultant's IT infrastructure
Implement solution		X		Compliance with the data processing guidelines	
Acceptance					
Evaluation					
Lessons learned (debriefing)	X	X	X	Taking into account the agreed guidelines for processing data	

- Ensuring confidentiality of the consultancy project, including signing a non-disclosure agreement (NDA) in addition to the legal framework conditions.
- Handling personal data during project implementation. Ideally, data should only be made available anonymously by the company.
- Establishing clear access regulations, such as user rights and specially created data rooms.
- Ensuring that provided data is complete and contextually understandable by the consulting parties.
- Obtaining consent from both contractual partners before publishing data such as references.
- Ensuring the destruction of data or cancellation of access rights by the consultancy firm after the conclusion of the consultancy.
- Taking into account data protection regulations (GDPR) in the conception phase of strategies such as new business models.
- Acknowledging that these obligations extend beyond the consultation period.

The careful handling of data applies not only during the entire duration of the project but also beyond. Any changes in the project can have a direct impact on the agreements on data handling. For smaller projects, legal frameworks may be sufficient, and there may not be a need for additional agreements.

### **3.1.8 Property Is Often Intangible**

In numerous consulting projects, management consultants possess particular expertise, which could include data or methods such as:

- Counselling methods
- Data such as benchmarks, serial examinations
- Business models
- Work equipment
- Software

It is essential to note that clients should be informed as early as possible about the consultancy firm's assertion of property rights (see Table 3.8). The boundaries between usual consultancy activities, for which no property rights are asserted, and those which require such rights, are often unclear, and clients cannot be expected to differentiate between them.

Regarding timing, this regulation of consulting governance should be addressed in the contract design. A significant change in project content or consulting services may necessitate changes, and clients must be informed early in such cases.

For smaller projects, a simple clarification that no property rights will be asserted suffices, but extensive regulations may be necessary for complex projects.

### 3.1.9 Social Responsibility in Consulting Projects

Consulting governance plays a critical role in promoting corporate social responsibility by providing the necessary framework. This emphasizes its overall importance and highlights that social responsibility can only be considered holistically within the consulting governance framework (refer to Table 3.9). The traditional view of pursuing corporate profits at the expense of employees or the environment is now subject to increased scrutiny. While consulting governance is not responsible for evaluating such practices, it provides a framework that makes social responsibility visible and transparent. This transparency enables the concrete treatment or non-treatment of various aspects of social responsibility.

The application of the values and rules of conduct by both clients and contractors within the framework of consulting governance can ensure that their contents are reconciled, and any contradictions are resolved. These contradictions can arise between individual goal definitions and the value systems of the clients and contractors. While the resolution of contradictions must be done by the contractual partners, the appropriate set of rules within the consulting governance framework supports this process.

The standard of consulting governance is one of the first non-regulatory standards to follow the ISO guidelines on social responsibility (EN ISO

Table 3.8 Consulting governance matrix for the “protection of intellectual property” element

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Basic objective			X	Identification of possible methods, tools, data, solutions for which property rights can be claimed	
Definition of requirements profile					
Request for proposals			X	Reference to property rights that may be asserted in the consultancy project by the consultant	
Consultant selection			X	Taking into account software, methods, data, etc. for which property rights are claimed	Evaluation matrix taking into account the costs and the effect on the consultancy project
Contract conclusion		X		Concrete listing of software, methods, data, etc. for which property rights are claimed with costs and objective of use	Supplementary agreement to the contract
Project governance/ establish structure					
Project start (kick-off)					

(continued)

Table 3.8 (continued)

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Project execution		X			
Implement solution				Using the agreed software, methods, data, etc. for which property rights are asserted	
Acceptance					
Evaluation					
Lessons learned (debriefing)	X		X	Taking into account the software, methods, data, etc. for which property rights have been claimed	

**Table 3.9** Consulting governance matrix for the social responsibility element

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Basic objective			X	Identify possible aspects of social responsibility relevant to the project	Listing of impacts on the specific sustainable development goals (SDGs) of the United Nations
Definition of requirements profile			X	Define relevant know-how, if applicable	
Request for proposals			X	Reference to CSR guidelines of the company and the impact on the project	Corporate social responsibility (CSR) strategy of the company
Consultant selection			X	Alignment of the consultant's value system with the client's social responsibility objectives.	Establishing a common value system.
Contract conclusion	X			Concrete list of objectives in relation to social responsibility	Supplementary agreement to the contract
Project governance/ establish structure	X			If necessary, with the involvement of the company's CSR management or the consultant	Involvement in the project management or in working groups coordinate the definitions of the milestones

(continued)

Table 3.9 (continued)

Process	Consultant	Client + Consultant	Client Operationalization	Manifestation
Project start (kick-off)	X		If necessary, with the involvement of the company's CSR management or the consultant	
Project execution	X		With ongoing monitoring of compliance with social responsibility objectives	Regular reports and deviation analysis in project management
Implement solution	X		With ongoing monitoring of compliance with social responsibility objectives	
Acceptance	X		With ongoing monitoring of compliance with social responsibility objectives	
Evaluation	X		Taking into account the objectives related to social responsibility	Final report with influence on the CSR strategy of the company
Lessons learned (debriefing)	X	X	Taking into account the objectives related to social responsibility	

20700:2017) by explicitly addressing social responsibility. Taking responsibility for this element of consulting governance may require an intensive discussion process, especially in larger projects, and should involve transparent communication with stakeholders. It is essential to make it clear what can be expected from the consulting project in terms of social responsibility and what cannot be expected. The United Nations' Sustainable Development Goals serve as a guideline for identifying possible impacts (refer to Fig. 3.2).

The ISO Standard 20700 also provides a list of exemplary considerations that must be addressed in relation to social responsibility, including:

- Presenting the management consultancy's contribution to stakeholders
- Contribution to sustainable development
- Compliance with ethical project governance, including transparency
- Alignment with norms and standards published by relevant organizations, such as the CEN, OSCE, ILO, ISO, and UN.



**Fig. 3.2** Sustainable Development Goals (Source: United Nations Development Programme (UNDP), <https://sdgs.un.org>, accessed 14 March 2022)



The perception of social responsibility should be considered throughout the entire project, starting from the conception phase. Implementing appropriate structures in the project organization allows for continuous monitoring of any effects that changes in the project process may have on social responsibility.

While upholding social responsibility poses significant challenges for larger companies and complex projects, it is still an essential element that must also be considered in small projects. For example, it can be ensured that there are no negative impacts on the environment or stakeholders.

### **3.1.10 Health and Safety as Part of Consulting Governance**

In consultancy projects, health and safety implications can arise both from the project outcome and the individuals involved (refer to Table 3.10). ISO Standard 20700 outlines the following aspects to be considered in such projects:

- Resources and facilities necessary for the health and safety risk assessment.
- Identification and assessment of potential risks.
- Allocation of resources to minimize, monitor, and control unforeseen events.

It is crucial to consider health and safety risks regardless of the project's size, including risks in smaller workshops or production sites.

As legal regulations already provide responsible persons within companies, it must be determined in the conception phase whether and to what extent these persons should be involved in the project.

Appropriate regulations in the order should also be observed for liability reasons.

Table 3.10 Consulting governance matrix for the health and safety element

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Basic objective			X	Identify potential health and safety impacts of the project on relevant stakeholders	List possible risks to health and safety of relevant stakeholders
Definition of requirements profile			X	Define relevant know-how, if applicable	
Request for proposals			X	Presentation of potential risks to health and safety of relevant stakeholders and the expectations for managing these risks within the project	
Consultant selection			X	Acceptance of the expectations for dealing with risks to health and safety of relevant stakeholders or elaboration of alternatives	
Contract conclusion	X			Concrete listing of health and safety risks to relevant stakeholders and how to deal with them	Supplementary agreement to the contract
Project governance/ establish structure	X			Involve, where appropriate, a person responsible for dealing with health and safety of relevant stakeholders	Involvement in the project management or in working groups Coordinate the definitions of the milestones

(continued)

Table 3.10 (continued)

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Project start (kick-off)					
Project execution	X			With ongoing monitoring of compliance with the agreed management of health and risks of relevant stakeholders	Regular reports and variance analysis in project management.
Implement solution					
Acceptance		X		Taking into account compliance with the agreed management of health and risks of relevant stakeholders	
Evaluation		X		Taking into account compliance with the agreed management of health and risks of relevant stakeholders	
Lessons learned (debriefing)	X		X	Taking into account compliance with the agreed management of health and risks of relevant stakeholders	

### 3.1.11 Errors Forbidden

Although mistakes cannot always be avoided, mechanisms should be put in place from the beginning to identify risks early on and prevent errors as much as possible.

This requires establishing a shared understanding between the client and the contractor regarding the specific risks involved in the project (refer to Table 3.11), which may evolve throughout the project's duration.

ISO Standard 20700's Annex G outlines common risks associated with management consultancies.

The complexity of the consultancy project determines the nature and extent of the risks. However, risks are also present in smaller projects, and they can affect internal or external factors. Thus, it is necessary to establish a shared understanding between the client and the contractor in such projects as well.

### 3.1.12 Counselling Works: Guaranteed

To properly assess a consultancy project, a distinction must be made between its objective and the desired effect within the overall strategy. The latter depends on various factors that may be beyond the control of external consultants, as ultimate decisions regarding necessary investments are made by owners and managers.

For instance, if the overall strategy aims to increase corporate profit, consultancy projects may cover multiple sub-areas, such as developing new business models, optimizing purchasing, or rationalizing administration. However, consultants cannot guarantee the actual increase in profits.

Nonetheless, consultants are liable for the provision of their services, including the selection of consulting methods, professional performance of agreed services, and correctness of calculations.

Apart from the legal framework, additional guarantee provisions can be agreed upon and must be specified in the contract. Changes during the project should only be made in exceptional cases, and high-priority topics should already be defined in the conception phase.

**Table 3.11** Consulting governance matrix for the “risk and quality management” element

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Basic objective			X	Identification of possible risks of the project as well as possible approaches for quality management to minimize the risks	
Definition of requirements profile			X	If applicable, define relevant know-how, in particular with regard to the required quality management	
Request for proposals			X	Description of the possible risks of the project as well as the planned quality management to minimize the risks	
Consultant selection			X	Common understanding of the risks or elaboration of alternatives	
Contract conclusion		X		Concrete listing of the risks or the quality management system to minimize the risks	Supplementary agreement to the contract
Project governance/ establish structure				If necessary, with the involvement of those responsible for quality management	Involvement in the project management or in working groups Coordinate the definitions of the milestones
Project start (kick-off)					

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Project execution	X			With ongoing monitoring of compliance with the agreed quality management	Regular reports and variance analysis in project management
Implement solution					
Acceptance		X		Taking into account compliance with the agreed quality management	
Evaluation		X		With evaluation of the risks	
Lessons learned (debriefing)	X		X	Taking into account the risks of the project	

The complexity of the project determines the type and scope of guarantees, which can also be useful for smaller companies to ensure common understanding of the agreed services and results (see Table 3.12).

## 3.2 Reference to Corporate Governance

Key components of consulting governance should be viewed within the scope of the entire company and also be standardized across the organization. Some illustrations of this are:

- A uniform understanding of values throughout the company.
- A uniform communication policy throughout the company.
- A uniform procurement system throughout the company.
- A uniform CSR strategy throughout the company.

Consulting governance defines how these company-wide values, systems, and structures are specifically implemented in the project (refer to Fig. 3.3).

The project-specific regulations should be determined in consultation with the individuals in charge of the company-wide regulations.

## 3.3 Key Points

### For Consultants:

1. Consultants provide their expertise in developing consulting governance.
2. These elements impact the advisory project to different extents.
3. Modifications to the agreements may be required during the consultation process and should be addressed in supplementary agreements.
4. The extent and detail of the agreements vary depending on the complexity of the project.

**Table 3.12** Consulting governance matrix for the “guarantees” element

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Basic objective			X	Identification of expected benefits for which guarantees are expected	
Definition of requirements profile					
Request for proposals			X	Listing of expected guarantees	
Consultant selection			X	Common understanding of the guarantees or elaboration of alternatives	
Contract conclusion		X		Concrete list of guarantees and their specific characteristics	Supplementary agreement to the contract
Project governance/ establish structure					
Project start (kick-off)					
Project execution		X		Under ongoing monitoring of the agreed guarantees	Regular reports and possible use of guarantees in the project management
Implement solution					

(continued)



Table 3.12 (continued)

Process	Consultant	Client + Consultant	Client	Operationalization	Manifestation
Acceptance		X		Taking into account compliance with the agreed guarantees	Release of the agreed guarantees
Evaluation					
Lessons learned (debriefing)	X		X	Taking into account the agreed guarantees	

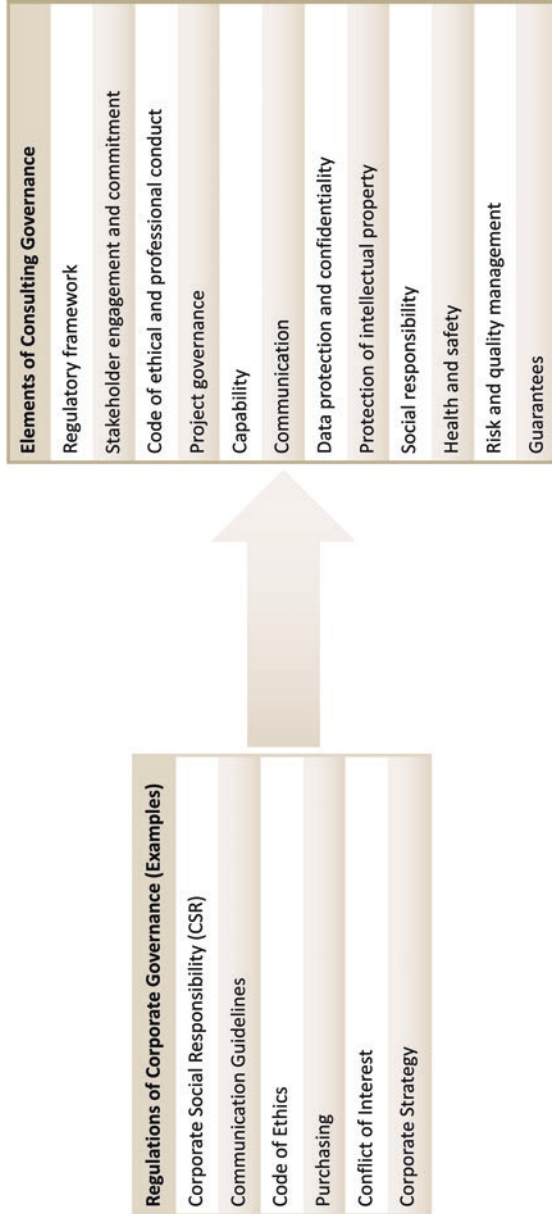


Fig. 3.3 Influence of corporate governance on consulting governance

**For clients:**

1. During the conception phase, it is advisable to consider all elements of consulting governance.
2. The concrete implementation of governance elements is discussed in the tender and serves as a basis for further discussions with the consultant. The nature of these discussions can reveal the extent to which both parties share common values.
3. Clients should prioritize critical topics and be aware that while some aspects can be negotiated with the consultant, others such as schedule, costs, and specific values may have limited flexibility.

**Literature**

EN ISO 20700:2017 *Guidelines for Management Consulting Services. Sustainable Development Goals*. Quelle: United Nations Development Programme (UNDP). Accessed March 14, 2022, from <https://sdgs.un.org>



# 4

## Consulting by Design: The Framework

**Abstract** The concept of consulting governance encompasses a range of possible regulations that govern consulting processes. There exist three perspectives on consulting governance: the consultant's viewpoint, the client's perspective, and the shared interactions in the context of consulting projects. Identifying the pertinent aspects for each of these viewpoints is crucial. To this end, a comprehensive framework of consulting governance is systematically derived, which harmonizes the phases, structures, elements, and processes into an integrated whole. The objective of this chapter is to demonstrate the appropriate regulations needed for each case. Furthermore, the applicability of this framework is discussed, as not all regulations are suitable for every project. A situational concept is presented that ranges between minimum and maximum requirements. This conceptualization facilitates the development of a customized consulting governance concept that fits the unique framework conditions of the project participants.

The majority of consulting governance descriptions found in the literature (see Ennsfellner [2022](#) and other literature cited there) are rather

anecdotal and consist of scattered highlights that lack coherence and cohesion. Although most authors agree that consulting governance should involve both the client and the consultant as partners in a joint project, we aim to provide a more comprehensive framework that offers a clear reference point.

Merely pointing out the importance of regulation and available options is insufficient; we endeavour to describe precisely what needs regulating and how. The last two chapters systematically developed individual strands of guidance on consulting governance, and this chapter aims to unify them into an integrated whole.

We present two distinct forms of consulting governance in detail – a comprehensive concept that caters to complex projects and a “lean framework” that provides a sensible and necessary framework, especially for smaller projects. In this continuum between comprehensive consulting governance and a lean framework, any configuration can be constructed and adapted.

This book serves as a buffet from which stakeholders can select relevant issues and formulate agreed-upon rules. However, any management tool such as consulting governance must be accepted by all stakeholders. This is not guaranteed with new concepts (and terminology), making educational and persuasive work essential.

### **Important**

While the presented framework centres on advisory projects, it should not be regarded in isolation from wider company regulations. References to corporate governance should be explicitly acknowledged in the various processes and elements.

## **4.1 Ensure Commitment**

The following concept demonstrates the level of implementation for consulting governance. However, it is only a useful tool for designing effective and efficient consulting projects if its importance and relevance is evident to all involved parties. Unfortunately, this is not always the case, as the development and adoption of consulting governance can initially

mean additional work without immediate perceived benefits. This issue is exacerbated when project partners lack experience in working with external consultants, primarily affecting clients in consulting projects.

For consultants themselves, consulting governance initially represents a self-commitment that may not be entirely comprehensible, especially when clients do not demand it or only require it to a limited extent due to their lack of experience. Nevertheless, real project practice demonstrates that proper planning and joint adoption of consulting governance far outweighs the relatively minor effort required.

Therefore, this serves as an appeal for mutual agreement on the necessity and value of consulting governance, so that the collective commitment can be implemented and put into practice.

## 4.2 A Roadmap to Consulting Governance

Consulting governance serves to systematize, structure, and define a consulting project, establishing a framework for smooth execution within a company. It proactively identifies potential sources of disruption and mitigates them through advanced arrangements. The ultimate goal is to facilitate the preparation, implementation, and conclusion of consulting projects.

Accordingly, the establishment of a bespoke consulting governance is imperative and involves the following components:

- **Identification** of relevant project phases, which should ideally be adhered to. The presented model is highly adaptable and suitable for most projects.
- **Determination** of project structures and corresponding roles and committees. The primary structures have been outlined and serve as a helpful guide for selection.
- **Articulation** of the material components comprising the consulting governance, including regulations, norms, and standards that should be observed throughout the project.
- **Specification** of individual processes arising from the material components, resulting in definitive actions and decisions.

By linking the regulatory areas with the necessary processes in a coherent structure across individual project phases, consulting governance is established.

### Important

This **integrative approach** ensures the adequate, effective, and efficient management of consultancy projects, thus ensuring the best possible execution for both clients and consultants.

Consulting governance provides answers to the following inquiries:

- What areas require regulation?
- At what point do they become significant?
- Who is responsible for these duties?
- How should these responsibilities be carried out?

This creates a cycle that encompasses **conception, planning, implementation, and reflection**. Therefore, consulting governance becomes a dynamic instrument that can continually evolve. As a result, new demands and experiences can be integrated directly, keeping the concept of consulting governance current and relevant. Figure 4.1 illustrates these interrelationships.

By following these steps, a framework can be created for each company and consultant that can be adjusted to each consulting project. Once this basic structure of consulting governance is developed, it can be reused with minimal adjustments for new projects, and project experiences can be incorporated to optimize the framework. Of course, it is important to exercise expertise and discernment in determining the appropriate level of complexity for each project, avoiding both over-regulation and under-regulation. In the following sections, we will present two concepts that aim to meet this requirement: a general reference model and two prototypes of possible characteristics. These concepts will serve as a methodical support for companies and consultants to develop their own framework that best fits their specific situation and project requirements.

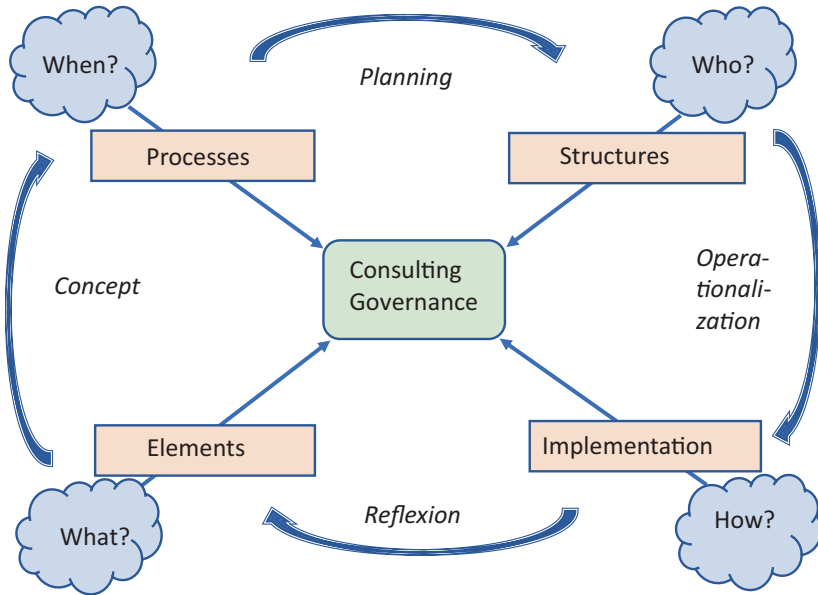


Fig. 4.1 Integrative view of consulting governance

### 4.3 A Reference Model

The following reference model provides a framework that can be adapted by both companies and consultants to develop a suitable consulting governance for their specific project needs. From this process, various ideal-typical constructs can emerge that serve as reference models for different types of projects commonly encountered in consulting work. A company or consultant can use these “templates” and tailor them to fit their project. Once developed, they offer significant support in preparing for the consultancy cooperation. A one-size-fits-all approach is not necessary. The blueprint for developing an individual consulting governance can be found in Fig. 4.2.



Process / Element	Regulatory framework	Stakeholder engagement and commitment	Code of ethical and professional conduct	Project governance	Capability	Communication	Data protection and confidentiality	Protection of intellectual property	Social responsibility	Health and safety	Risk and quality management	Guarantees
Basic Objective												
Definition of requirements profile												
Request for proposals												
Consultant selection												
Contract conclusion												
Establish project governance / structure												
Project start (Kick-Off)												
Project execution												
Implement solution												
Acceptance												
Evaluation												
Lessons Learned (Debriefing)												

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 4.2 Reference model for consulting governance

## 4.4 Comprehensive Consulting Governance

In this section, we consolidate all the regulatory areas of consulting governance. This is a comprehensive concept that may not always be applied in its entirety. Even large and complex projects may not require regulation in all areas. One can view this as an opulent buffet, offering a wide range of options, from which one should only select what is necessary to achieve the desired objective (see Fig. 4.3).

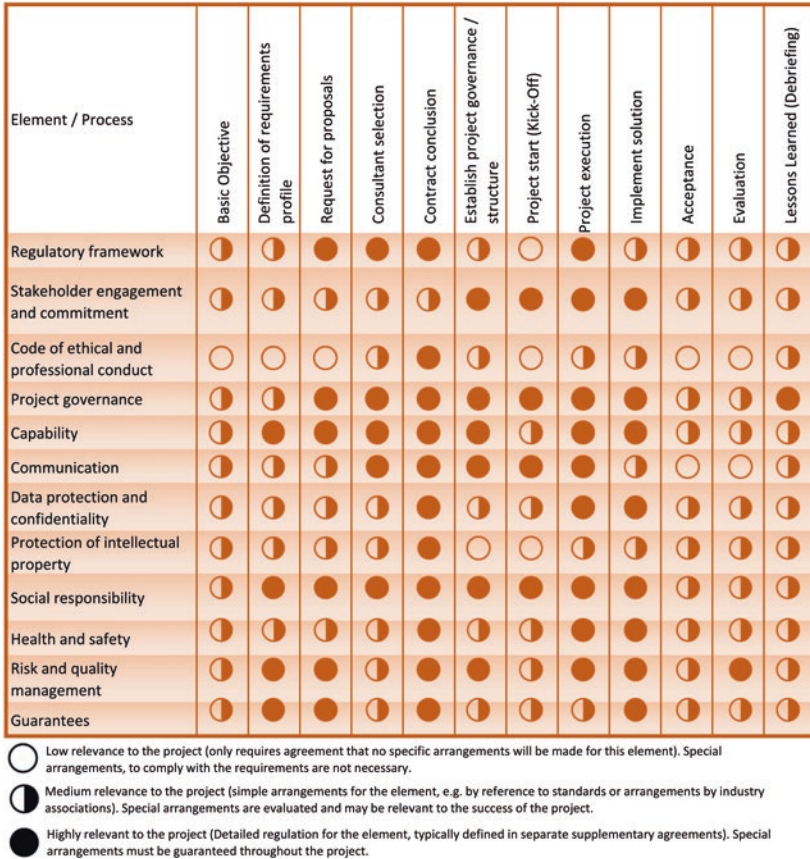


Fig. 4.3 Example of a comprehensive concept of consulting governance

## 4.5 Lean Consulting Governance

The following concept can be viewed as the minimal variant of consulting governance. Therefore, it is particularly suitable for smaller and simply structured projects with few participants. However, it can also be supplemented and expanded from the previously presented concept. Nevertheless, we aim to demonstrate how a lean consulting governance can look, which can provide high practical benefit in consulting work.

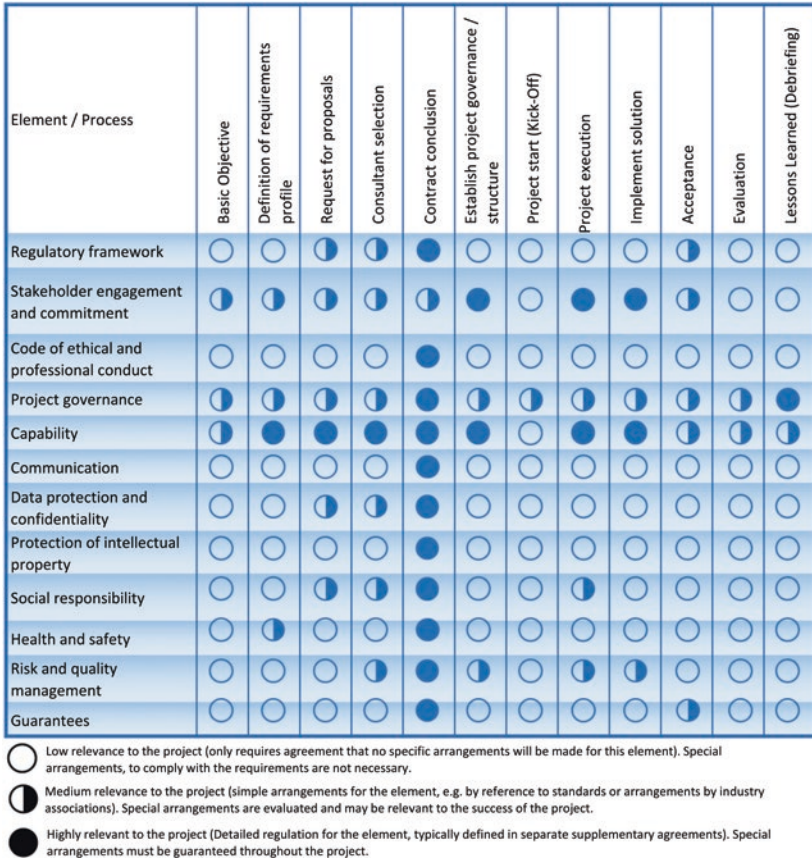


Fig. 4.4 Example of a lean consulting governance concept

You can find the corresponding concept for lean consulting governance in Fig. 4.4.

## 4.6 Key Points

### For Consultants:

1. A commitment to consulting governance by both the consultant and the client should be ensured.

2. Consulting governance represents an offer that should be developed according to the framework conditions, the client's own requirements and expectations.
3. It is recommended to develop different reference examples for applicable consulting governance concepts.
4. The concepts for consulting governance are intended to facilitate work and should therefore be regarded as living documents that are developed dynamically. The project debriefing provides a good basis for integrating the experiences made into the respective further development of the consulting governance used.
5. Good consulting governance, which is based on the international standard ISO 20700, represents a state-of-the-art agreement and can therefore be a sign of trust in the company's seriousness and also an important marketing argument.

#### **For Clients:**

1. Consulting governance is an invaluable working foundation that integrates extensive knowledge from international consultant associations.
2. Each company should contemplate developing its unique consulting governance. This process can be facilitated by referring to models, and keeping up with the international standard ISO 20700 ensures up-to-date practices.
3. Adequate preparation work pays off when negotiating appropriate consulting governance with the consultant.
4. Consulting governance is a crucial tool for professionalization that can significantly enhance the likelihood of success in consulting projects.

## Literature

Ennsfellner, I. A. (2022). Unternehmensberatung und Consulting Governance – eine Leistung von Beratern und Kunden. In R. Bodenstein, I. A. Ennsfellner & J. Herget (Hrsg.), *Exzellenz in der Unternehmensberatung: Beratungsprojekte erfolgreich durchführen – Leitlinien für Unternehmen und Berater*. Springer Gabler.



# 5

## Case Studies: Exemplary Procedure

**Abstract** In this chapter, we shall delve into the practical application and implementation of consulting governance. To this end, we will present two case studies that showcase the spectrum of individual implementation, from a highly complex project to a smaller one with less complexity. These case studies aim to illustrate the adaptability of consulting governance in addressing project-specific challenges. The implementation process is guided by an agreement reached between the client and the contractor, which is tailored to the specific framework conditions of each project.

The appropriate extent and level of regulations within a consulting project are contingent on its degree of complexity.

Since consulting projects are as diverse as the companies commissioning them, we will illustrate this variability through two distinct examples:

- A complex and extensive project requiring comprehensive consulting governance
- A simpler project with a lean governance approach

Formal and substantive agreements defining the scope of services provided are an integral part of any consultancy project. These agreements typically cover:

- The project scope
  - The project objective
  - The initial situation
  - The project background and motivation
- Assumptions and potential impacts on the project
- The timeframe
- The budget
- The agreed-upon services and expected deliverables (workshops, studies, calculations, coaching, etc.)
- Terms and conditions, including payment terms

In conjunction with the corresponding agreements on the elements of consulting governance, these components form a contract that is legally binding.

### **Important**

The specific form of consulting governance is determined through an agreement between the client and the contractor, outlined in a contract that includes the 12 elements along with standard contractual terms.

## **5.1 Case Study 1: Comprehensive Consulting Governance**

For high-complexity and large-scale projects, a legally binding written contract is necessary, and additional agreements in the form of “side letters” may be necessary for more detailed arrangements. These side letters can be adjusted during the project’s course without requiring modifications to the main contract.

### 5.1.1 The Principal

The client is a division of a global corporation operating in the field of steel processing and mechanical engineering, with approximately 100,000 employees across the world. The division specializes in building and operating hydroelectric, coal-fired, and nuclear power plants for energy suppliers in North and South America, Europe, Asia, and Australia.

The division, headed by a member of the company's executive board, employs approximately 30,000 individuals.

Since its establishment in the early 2000s, the division has expanded rapidly through various acquisitions. The parent company is publicly traded on several global stock exchanges.

### 5.1.2 The Project

The company has made a strategic decision to expand its construction and operation of power plants as part of its overall strategy, capitalizing on the ongoing global market upheaval. However, this expansion must also adhere to certain framework conditions to maintain the value of the brand and comply with regulations. This includes managing risks associated with the image and compliance areas, particularly important for customers in public administration or similar sectors.

To achieve significant growth while adhering to these framework conditions, the head of the division was tasked with developing a growth strategy for the business segment. This strategy would include specific plans for individual products and countries, serving as a basis for operational planning in the corresponding departments.

The division operates in the construction and operation of hydroelectric, coal-fired, and nuclear power plants, serving energy suppliers worldwide, including North and South America, Europe, Asia, and Australia. The division is led by a member of the company's executive board and employs approximately 30,000 people.

The company itself is listed on several stock exchanges worldwide and has around 100,000 employees. The division was established in the early 2000s and has since expanded rapidly through acquisitions..



**Important**

Consulting governance pertains to the practical application of corporate governance in consultancy projects. It ensures that company-wide policies and management decisions, such as corporate social responsibility, communication guidelines, or excellence requirements, are implemented in a manner specific to the project.

## 5.1.3 Exemplary Concrete Treatment of the Elements of Consulting Governance

### 5.1.3.1 Regulatory Framework

The project must be considered from multiple perspectives within a complex regulatory environment, including:

- Diverse national laws due to the company's international orientation
- Sector-specific laws and standards as de facto regulations
- A highly dynamic legal framework due to ongoing adjustments in the political context, such as "climate change"
- Laws for environmental protection or for people living near power plants
- Complex ownership structures of power plants
- Integration of the business area into the corporate governance framework

Figure 5.1 provides an example of how this element is taken into account.

Hence, it is crucial to consider the appropriate framework conditions from the conception phase to ensure compliance with various regulations. The consultancy firm must possess the necessary resources, and the company itself must provide these resources. The project structure must be designed accordingly to manage the tasks effectively.

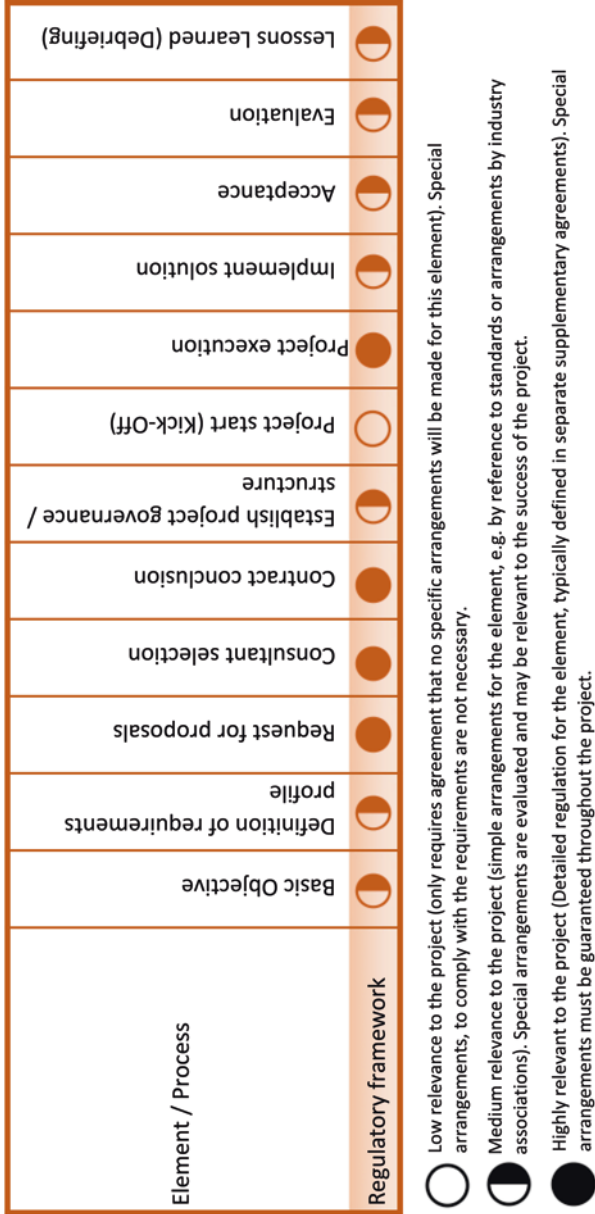


Fig. 5.1 Exemplary handling throughout the process flow

### 5.1.3.2 Stakeholder Involvement and Commitment

In the project, it is important to consider both directly affected stakeholders and those who are affected by the business activity. Directly affected stakeholders include the

- Owner
- Employees
- Suppliers

However, stakeholders who are not involved in creating the strategy but may play vital roles in its implementation must also be taken into account, such as:

- Residents near power plants
- Environmental activists (who may have opposing objectives)
- Political parties
- Local/national authorities

An example of this element's consideration is illustrated in Fig. 5.2.

Effective communication with stakeholders and their involvement should be considered throughout the entire project life cycle. This requires appropriate allocation of resources and careful planning to ensure that stakeholder engagement is incorporated into the project plan.

### 5.1.3.3 Code of Conduct and Professional Standards

In complex projects, it is crucial for contractors and clients to have a mutual understanding. To achieve this, a shared comprehension of the contractors' values is of great significance.

Please refer to Fig. 5.3 for an exemplary illustration of this element.

To ensure compliance with the ethical standards, it is recommended to define concrete requirements for the code of conduct or professional principles during the conception phase. These requirements should be taken into account during consultant selection and be included in the

Element / Process	Stakeholder engagement and commitment	Basic Objective	Definition of requirements profile	Request for proposals	Consultant selection	Contract conclusion	Establish project governance / structure	Project start (Kick-Off)	Project execution	Implement solution	Acceptance	Evaluation	Lessons Learned (Debriefing)

Element / Process	
Code of ethical and professional conduct	
Basic Objective	
Definition of requirements profile	
Request for proposals	
Consultant selection	
Contract conclusion	
Establish project governance / structure	
Project start (Kick-Off)	
Project execution	
Implement solution	
Acceptance	
Evaluation	
Lessons Learned (Debriefing)	

 Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.

 Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.

 Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.3 Exemplary handling throughout the process flow

basis for decision-making. If necessary, they should also be contractually fixed.

Many consulting firms have developed their own code of conduct, while smaller firms often follow the professional codes issued by their industry associations.

#### 5.1.3.4 Project Management

To ensure the successful implementation of the project, appropriate project organization is essential. Several factors indicate the complexity of this project, such as:

- The involvement of a high number of people
- A complex organizational environment spanning multiple products, departments, and countries
- A direct link to company-wide planning
- Significant organizational effort is required to comply with consulting governance
- Quality of follow-up projects for operational implementation is directly influenced by the success of this project

Therefore, sufficient resources must be allocated for project management. The concrete design of project management should be extensively defined in a supplementary agreement.

The ISO 20700 standard encompasses the following topics within project management:

- Scope of work and deliveries to be made
- Management structure (including client representatives)
- Policies, processes, and methods used
- Restrictions on decision-making powers
- Responsibilities and powers of the stakeholders
- Interactions such as reporting
- Processes for escalating problems
- Process for identifying and managing risks

- Mechanisms and controls to monitor, support, and enforce ethical behaviour
- Mechanism to facilitate reporting of unethical behaviour without fear of reprisals

Figure 5.4 shows the exemplary consideration of this element.

Some of these components, such as defining the responsibilities and powers of stakeholders or developing a process for identifying and managing risks, complement the corresponding elements of consulting governance or correspond to the concrete implementation of these elements..

### 5.1.3.5 Skills

The client and contractor require diverse skills, and adequate resources must be provided from the outset. The estimation of the necessary resources should be defined within the framework of the tender so that the consultants can make specific commitments. In practice, detailed planning is typically done in collaboration with the consultants and is documented in the contract.

Figure 5.5 shows the exemplary consideration of this element.

Moreover, it is important to note that framework conditions may change over time, which requires continuous evaluation and potential adjustment of the corresponding plans.

The ISO 20700 standard provides the following criteria for describing capabilities:

- The staff, including subcontractors, should possess the necessary expertise, advisory skills, and personal competences.
- Access to specialized knowledge, methods, tools, technologies, and other relevant non-staff resources should also be available.

During the project planning process, the necessary skills and expertise required are specified and detailed in the contract.

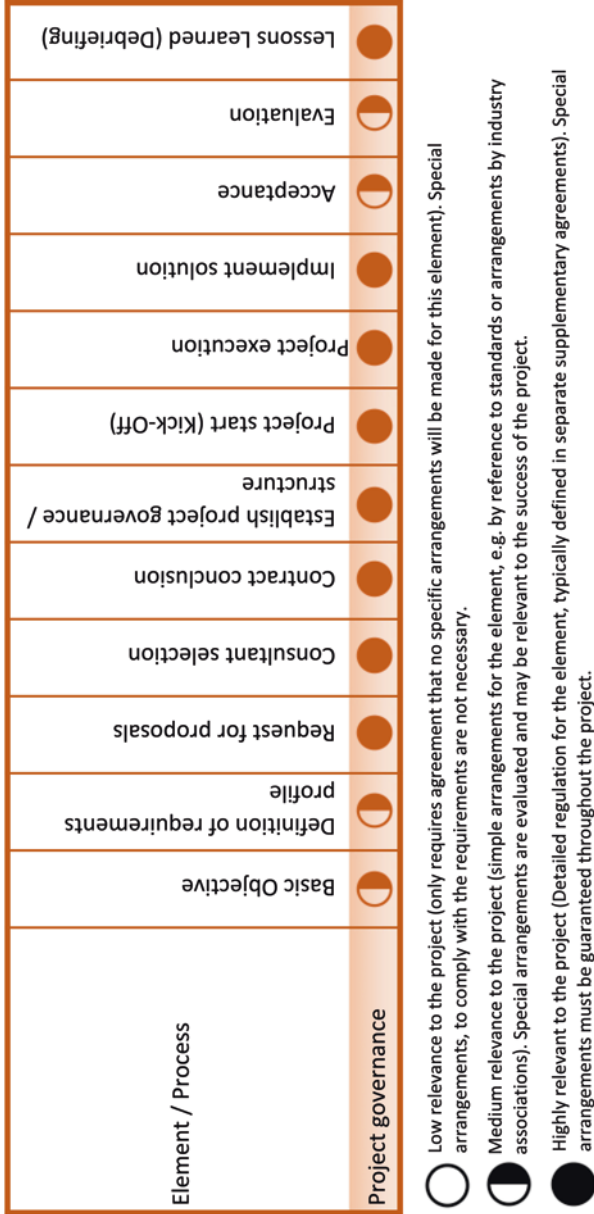


Fig. 5.4 Exemplary handling throughout the process flow



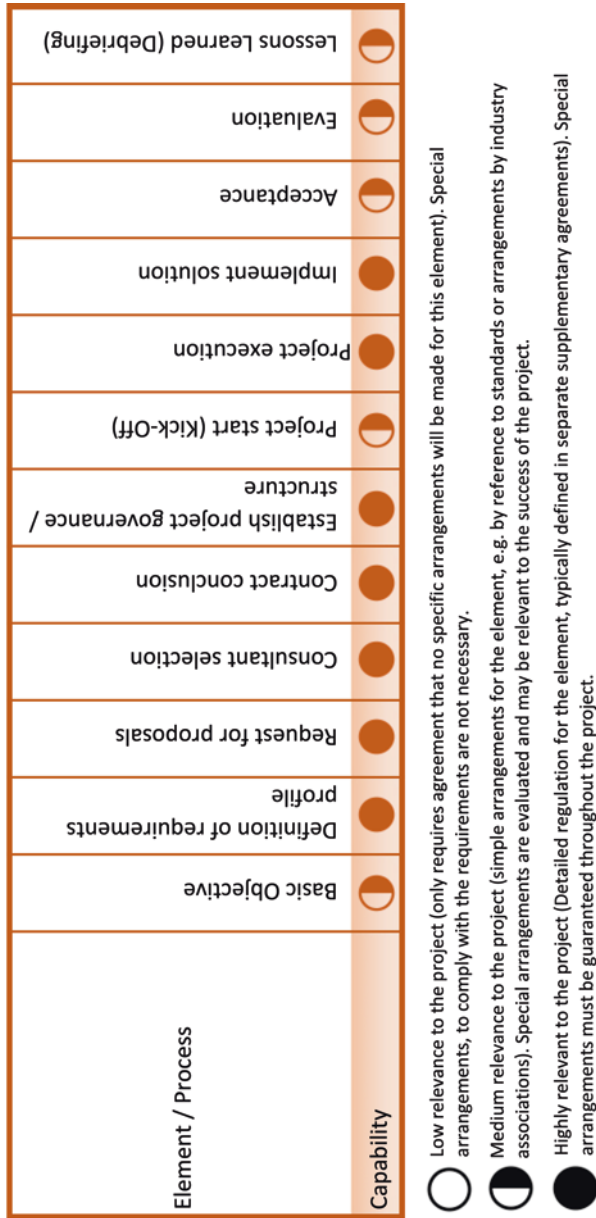


Fig. 5.5 Exemplary handling throughout the process flow

### 5.1.3.6 Communication

The prompt involvement of both internal and external stakeholders is a crucial factor in such projects. The impetus generated by communicating a project prematurely or incompletely is often irretrievable.

Conversely, communication that occurs belatedly can also lead to resistance that is difficult to mitigate.

Figure 5.6 shows the exemplary consideration of this element.

Therefore, communication on such projects is integrated into the overall project process. The achievement of corresponding milestones is a prerequisite for internal stakeholders such as owners or employees to be informed about interim results or the progress of the project in general.

For this purpose, a person is appointed by the client who must also be appropriately represented in the project structures.

### 5.1.3.7 Data Protection and Confidentiality

To ensure the success of the project, it is crucial to have an open and transparent discussion regarding the potential expansion of the company and the form it will take. While professional principles or confidentiality agreements often regulate the confidential treatment of consulting projects, additional provisions may be necessary to prevent the exclusion of consultants from the same industry for a certain period.

The processing of personal, company-internal data for the project should be determined within the project definition or as it arises during the course of the project. It is important to use appropriate methods to anonymize the data, such as when analysing wage costs using employee wage data.

Comparing wage totals for organizational units instead of showing the salaries of individual employees is usually sufficient. By avoiding certain minimum figures, the risk of drawing conclusions about individual employees can be reduced.

Figure 5.7 shows the exemplary consideration of this element.

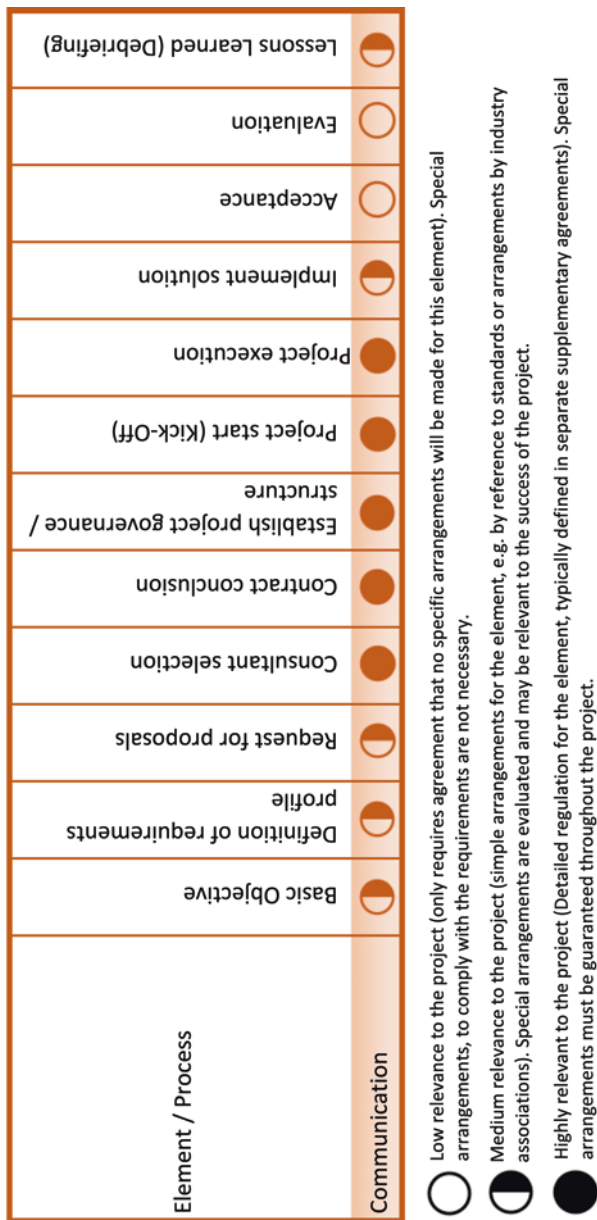


Fig. 5.6 Exemplary handling throughout the process flow

Element / Process		Basic Objective	
		Definition of requirements profile	
		Request for proposals	
		Consultant selection	
		Contract conclusion	
		Establish project governance / structure	
		Project start (Kick-Off)	
		Project execution	
		Implement solution	
		Acceptance	
		Evaluation	
		Lessons Learned (Debriefing)	
		Data protection and confidentiality	

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.7 Exemplary handling throughout the process flow

As part of the consulting governance framework for this project, it is essential to develop confidentiality declarations and define procedures for processing personal data.

#### **5.1.3.8 Protection of Intellectual Property**

This component generally pertains to the techniques or information that the consulting firm brings to the project. In the case of the current project, this might involve benchmarks or databases accessed for business model calculations.

Consulting project outcomes are typically not ascribed to the intellectual property of the consultants. However, whether and how this might be possible must be determined on a project-specific basis.

Exemplary consideration of this component is illustrated in Fig. 5.8.

In any event, the claims must be disclosed in the contract at the latest.

#### **5.1.3.9 Social Responsibility**

The company's social responsibility (CSR) strategy should be outlined in the tender, rather than being project-specific. Therefore, it should be considered during the conception phase.

Aligning the project with the CSR strategy may prompt further considerations or adjustments, which must occur before the project is tendered.

Alterations to the CSR strategy during the project could significantly affect the project's framework and hinder objective attainment.

Please see Fig. 5.9 for an example of how to consider this element.

During project implementation, it is crucial to ensure that the CSR strategy is implemented consistently. To achieve this, adequate provisions should be included in the project structure. For instance, the CSR manager could be included in the management committee or milestones could be defined in the project process to support the implementation of the CSR strategy.

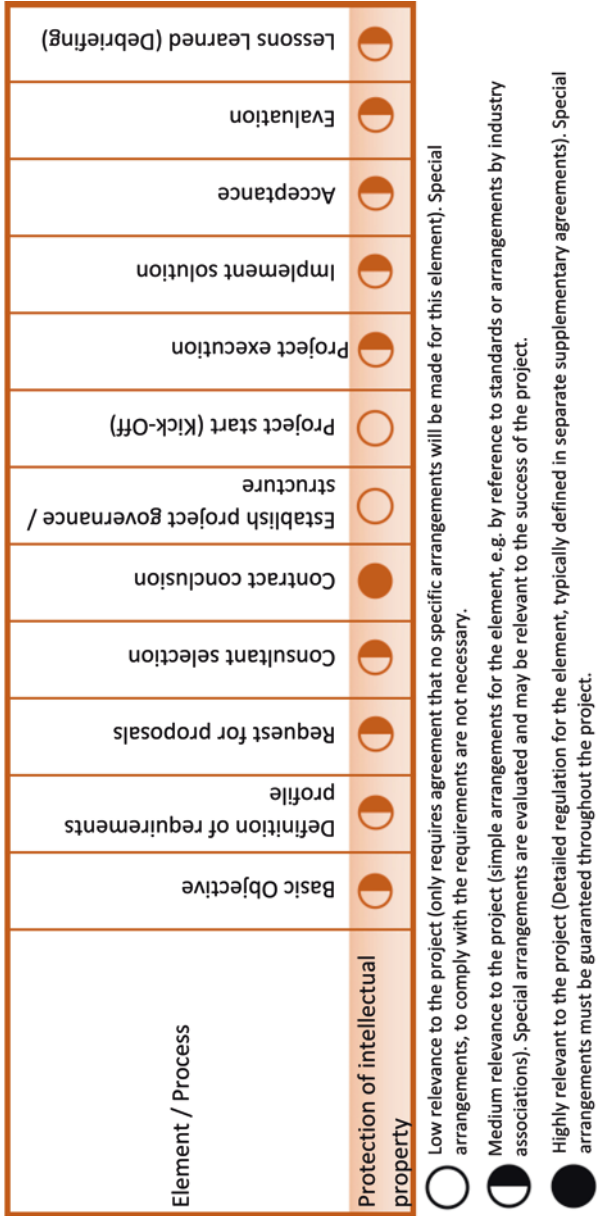


Fig. 5.8 Exemplary handling throughout the process flow

Element / Process	Social responsibility
Lessons Learned (Debriefing)	○
Evaluation	◐
Acceptance	◐
Implement solution	●
Project execution	●
Project start (Kick-Off)	●
Establish project governance / structure	●
Contract conclusion	●
Consultant selection	●
Request for proposals	●
Definition of requirements profile	●
Basic Objective	◐

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- ◐ Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.9 Exemplary handling throughout the process flow

### 5.1.3.10 Health and Safety

No significant health and safety risks are anticipated in the context of the specific project. However, it is important to continuously review this assumption during the concrete project planning, particularly in relation to the planned services. For instance, travel activities and visits to facilities in exposed areas could pose risks during the recording of the actual situation.

Moreover, due to the company's business field, particularly in the construction and operation of nuclear power plants, it is crucial to observe this aspect of consulting governance with utmost care. Risks in this area are expected for the planned follow-up projects and the operational implementation of the strategy.

Please refer to Fig. 5.10 for an exemplary consideration of this element.

### 5.1.3.11 Risk and Quality Management

The risks pertain to both the implementation of the specific project and the planned follow-up projects. Risks that may arise during project implementation include, but are not limited to:

- The availability of planned resources
- Miscalculations in the costing documents
- Inaccurate assessments of political risks
- Inaccurate assessments of market potential
- Failures in critical supply chains.

Figure 5.11 shows the exemplary consideration of this element.

During the engagement phase, it is important to further develop the identified risks in collaboration with the consultancy firm. Appropriate quality management measures should be implemented to prevent errors from occurring.





Element / Process	Risk and quality management
Basic Objective	○
Definition of requirements profile	●
Request for proposals	●
Consultant selection	◐
Contract conclusion	●
Establish project governance / structure	●
Project start (Kick-Off)	◐
Project execution	●
Implement solution	●
Acceptance	◐
Evaluation	●
Lessons Learned (Debriefing)	◐

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- ◐ Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.11 Exemplary handling throughout the process flow

### 5.1.3.12 Guarantees

The consulting firm may offer guarantees for the provision of services and must establish evaluation criteria and framework conditions for this purpose. Possible guarantees include:

- Provision of the agreed-upon resources
- Provision of the agreed-upon services in accordance with the current state of the art and the agreed-upon quality assurance system

Please refer to Fig. 5.12 for an example of how to consider this element (Fig. 5.12).

## 5.2 Case Study 2: Lean Consulting Governance

For projects with a low degree of complexity and scope, a legally binding contract can be a simple written agreement, which may even be communicated via email. In addition to the commercial terms, the consulting governance elements can also be included in this agreement.

Although a verbal agreement, or a “handshake”, is legally binding, it does not align with the principles of consulting governance, which emphasize the importance of recording agreements jointly and transparently.

### 5.2.1 The Principal

The company is a traditional carpentry workshop, passed down through three generations of the family. The current owner has been at the helm for approximately 15 years, and his son is completing his carpentry training with the possibility of taking over the business in the medium term.

Element / Process	Guarantees
Lessons Learned (Debriefing)	
Evaluation	
Acceptance	
Implement solution	
Project execution	
Project start (Kick-Off)	
Establish project governance / structure	
Contract conclusion	
Consultant selection	
Request for proposals	
Definition of requirements profile	
Basic Objective	

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.12 Exemplary handling throughout the process flow

With around 10 employees, the company's profit margin is stable, affording the family a comfortable living and the capacity to finance ongoing investments.

The clientele comprises both private individuals and architects, with each project being custom-designed and executed.

The personalized guidance provided by the master craftsman is highly valued by customers, and word-of-mouth recommendations continue to bring in new business.

### 5.2.2 The Project

As part of the project, the company aims to develop a medium-term strategy, with a focus on sustainable development for the benefit of future generations. In case this is not feasible, the company should be prepared for a possible sale.

Although growth in the number of employees is not a priority for the entrepreneur, it cannot be ruled out. The current size of the company promotes good teamwork and high quality, which are highly valued.

The entrepreneur also aims to maintain stability for employees and customers.

The project is not a remedial measure, but rather an opportunity to gain new ideas and perspectives from an external viewpoint, and to review existing thought patterns.

#### **Important**

Even projects with a low level of complexity may present challenges that demand a consultant with a high degree of expertise and experience. These challenges may include, but are not limited to, personal involvement of the entrepreneur or their family, or limited availability of resources.

## 5.2.3 Exemplary Concrete Treatment of the Elements of Consulting Governance

### 5.2.3.1 Regulatory Framework

The legal framework largely covers the regulatory framework for the project; thus, separate agreements are not required. However, it should be explicitly stated in the agreement.

Specific regulatory framework conditions, such as consumer protection or the General Data Protection Regulation, may be applicable in the implementation phase. It is assumed that the consultant has a basic awareness of these conditions.

An exemplary consideration of this element is shown in Fig. 5.13.

### 5.2.3.2 Stakeholder Involvement and Commitment

Apart from the entrepreneur, only a limited circle of stakeholders are relevant, including

- The son as a possible successor
- The employees
- The suppliers

The involvement of these stakeholders and the timing of their involvement depend on the project's specific framework conditions and will be determined during the project. At the project's outset, the son's role is still uncertain.

The appropriate time to inform employees or suppliers will also depend on the project's progress. If the project's outcome is to maintain the existing strategy, premature information could create uncertainty. On the other hand, the employees work closely together as a team and can contribute valuable insights to the project.

An exemplary consideration of this element is shown in Fig. 5.14.

Regardless, a definite strategy must be established at the onset of the project. Such a strategy could entail jointly arriving at the requisite



Element / Process	Stakeholder engagement and commitment	Basic Objective	Definition of requirements profile	Request for proposals	Consultant selection	Contract conclusion	Establish project governance / structure	Project start (Kick-Off)	Project execution	Implement solution	Acceptance	Evaluation	Lessons Learned (Debriefing)

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.14 Exemplary handling throughout the process flow



decisions at a later mutually agreed-upon time. In such an instance, solely the entrepreneur and consultant would be involved in the project until such decisions are made.

### 5.2.3.3 Code of Conduct and Professional Standards

With the exception of the professional principles commonly practised in the industry, as set forth by the management consultant's industry association, no additional regulations are deemed necessary. Nevertheless, the agreement should reference the applicable code of conduct.

Figure 5.15 shows the exemplary consideration of this element.

### 5.2.3.4 Project Management

Given the project's scope, implementing an extensive project structure is neither feasible nor practical. Nevertheless, it is imperative to establish a concrete timeline as the minimum requirement. This schedule should specify the agreed-upon services and the anticipated outcome, whether it be a report, protocol, study, calculation, or the like.

In the event of possible follow-up projects requiring concrete implementation, a more comprehensive project plan may be necessary, especially if multiple parties such as employees and suppliers must be coordinated.

Such an element is exemplified in Fig. 5.16.

### 5.2.3.5 Skills

The company's available skills are inherently determined by the entrepreneur's role as the point of contact. Typically, individual consultants or smaller consulting firms carry out projects of this magnitude, which further determines the available skillset. Nonetheless, additional skills may be required during the course of implementation, with specific requirements becoming apparent throughout the project.

For instance, expertise in areas such as:

Element / Process	Code of ethical and professional conduct
Basic Objective	<input type="radio"/>
Definition of requirements profile	<input type="radio"/>
Request for proposals	<input type="radio"/>
Consultant selection	<input type="radio"/>
Contract conclusion	<input checked="" type="radio"/>
Establish project governance / structure	<input type="radio"/>
Project start (Kick-Off)	<input type="radio"/>
Project execution	<input type="radio"/>
Implement solution	<input type="radio"/>
Acceptance	<input type="radio"/>
Evaluation	<input type="radio"/>
Lessons Learned (Debriefing)	<input type="radio"/>

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.15 Exemplary handling throughout the process flow

Element / Process	Project governance
Basic Objective	○
Definition of requirements profile	◐
Request for proposals	◐
Consultant selection	◐
Contract conclusion	●
Establish project governance / structure	◐
Project start (Kick-Off)	◐
Project execution	◐
Implement solution	◐
Acceptance	◐
Evaluation	◐
Lessons Learned (Debriefing)	●

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- ◐ Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.16 Exemplary handling throughout the process flow

- IT/digitization
- Communication/advertising
- Logistics
- Purchasing

may be deemed necessary.

Figure 5.17 illustrates a practical representation of this element.

Hence, the agreement should specify that the need for potentially required specialized expertise will be determined throughout the project's duration.

#### **5.2.3.6 Communication**

Communication is carried out in consultation with pertinent stakeholders.

Moreover, no further communication is presently scheduled, and confidentiality governs the project. Additional communication measures may only be necessary during implementation.

A visual representation of this element is demonstrated in Fig. 5.18.

#### **5.2.3.7 Data Protection and Confidentiality**

Typically, the code of conduct or professional standards govern data protection and confidentiality.













Given the project's scope, no additional regulations are deemed necessary.

Figure 5.19 offers a practical depiction of this element.

This element should be referenced in the agreement, citing the applicable code of conduct or professional standards.

#### **5.2.3.8 Protection of Intellectual Property**

This consulting governance element may pertain to particular methodologies or data employed by the consultant for the project.

Element / Process	Capability
Basic Objective	
Definition of requirements profile	
Request for proposals	
Consultant selection	
Contract conclusion	
Establish project governance / structure	
Project start (Kick-Off)	
Project execution	
Implement solution	
Acceptance	
Evaluation	
Lessons Learned (Debriefing)	

 Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.

 Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.

 Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.17 Exemplary handling throughout the process flow

Element / Process	Communication
Basic Objective	<input type="radio"/>
Definition of requirements profile	<input type="radio"/>
Request for proposals	<input type="radio"/>
Consultant selection	<input type="radio"/>
Contract conclusion	<input checked="" type="radio"/>
Establish project governance / structure	<input type="radio"/>
Project start (Kick-Off)	<input type="radio"/>
Project execution	<input type="radio"/>
Implement solution	<input type="radio"/>
Acceptance	<input type="radio"/>
Evaluation	<input type="radio"/>
Lessons Learned (Debriefing)	<input type="radio"/>

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.18 Exemplary handling throughout the process flow



However, given the project's nature and scope, this should not be presumed.

Consequently, a separate clause addressing intellectual property use by the consultant in the project, for which rights are registered, is generally not applicable for such undertakings.

Figure 5.20 presents a practical illustration of this element.

Nonetheless, the agreement should specify that the consultant will not utilize any intellectual property for which registered rights exist.

### 5.2.3.9 Social Responsibility

The decision of whether the company intends to assume social responsibility beyond adhering to relevant legal requirements may be an aspect of the project.

The entrepreneur may regard this as a crucial factor to agree upon, similar to any other framework condition. Additionally, a corresponding prerequisite may have been outlined for selecting the consultant.

Nonetheless, it is not essential to incorporate this consulting governance element in the target agreements or project management.

Figure 5.21 presents an exemplification of this element.

### 5.2.3.10 Health and Safety

The project does not necessitate health and safety measures beyond what the law mandates, such as occupational safety.

Nonetheless, circumstances may emerge during the project that warrant corresponding precautions. This demands appropriate awareness and preparedness from both the client and the consultant.

Figure 5.22 illustrates an example of this consulting governance element.

Therefore, it is adequate for the agreement to refer to the fact that no particular health and safety measures beyond legal requirements will be taken at the beginning of the project.



Element / Process	Protection of intellectual property
Basic Objective	<input type="radio"/>
Definition of requirements profile	<input type="radio"/>
Request for proposals	<input type="radio"/>
Consultant selection	<input type="radio"/>
Contract conclusion	<input checked="" type="radio"/>
Establish project governance / structure	<input type="radio"/>
Project start (Kick-Off)	<input type="radio"/>
Project execution	<input type="radio"/>
Implement solution	<input type="radio"/>
Acceptance	<input type="radio"/>
Evaluation	<input type="radio"/>
Lessons Learned (Debriefing)	<input type="radio"/>

Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.

Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.

Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.20 Exemplary handling throughout the process flow

Element / Process	Social responsibility
Basic Objective	<input type="radio"/>
Definition of requirements profile	<input type="radio"/>
Request for proposals	<input type="radio"/>
Consultant selection	<input type="radio"/>
Contract conclusion	<input checked="" type="radio"/>
Establish project governance / structure	<input type="radio"/>
Project start (Kick-Off)	<input type="radio"/>
Project execution	<input type="radio"/>
Implement solution	<input type="radio"/>
Acceptance	<input type="radio"/>
Evaluation	<input type="radio"/>
Lessons Learned (Debriefing)	<input type="radio"/>

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.21 Exemplary handling throughout the process flow

Element / Process	Health and safety
Basic Objective	<input type="radio"/>
Definition of requirements profile	<input type="radio"/>
Request for proposals	<input type="radio"/>
Consultant selection	<input type="radio"/>
Contract conclusion	<input checked="" type="radio"/>
Establish project governance / structure	<input type="radio"/>
Project start (Kick-Off)	<input type="radio"/>
Project execution	<input type="radio"/>
Implement solution	<input type="radio"/>
Acceptance	<input type="radio"/>
Evaluation	<input type="radio"/>
Lessons Learned (Debriefing)	<input type="radio"/>

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.22 Exemplary handling throughout the process flow

### 5.2.3.11 Risk and Quality Management

The company may face risks during project implementation that necessitate suitable quality assurance measures. These risks include:

- Mistakes in the evaluation of cost documents
- Misjudgment of market potential
- Errors in the preparation of projected accounts
- Inaccurate preparation of decision-making bases

Both the client and the contractor should jointly disclose these risks as being aware of them alone can help avoid errors. Implementing a comprehensive quality management system is usually not economically viable, and hence, agreed selective measures should suffice in cases of critical risks. Examples of these measures include:

- 4-eyes principle for critical reports and evaluations
- Plausibility checks for planned calculations
- Use of standardized sample calculations

These measures should not incur unreasonable additional costs.

Figure 5.23 illustrates the exemplary consideration of this element.

### 5.2.3.12 Guarantees

The project does not require guarantees that exceed the statutory warranty claim. However, it is important for both the contractor and the client to understand the types of warranties or guarantees provided by law and how they relate to the project.

The agreement should include a statement indicating that no additional agreements have been made to secure benefits beyond what is provided by law.

Figure 5.24 illustrates the exemplary consideration of this element.

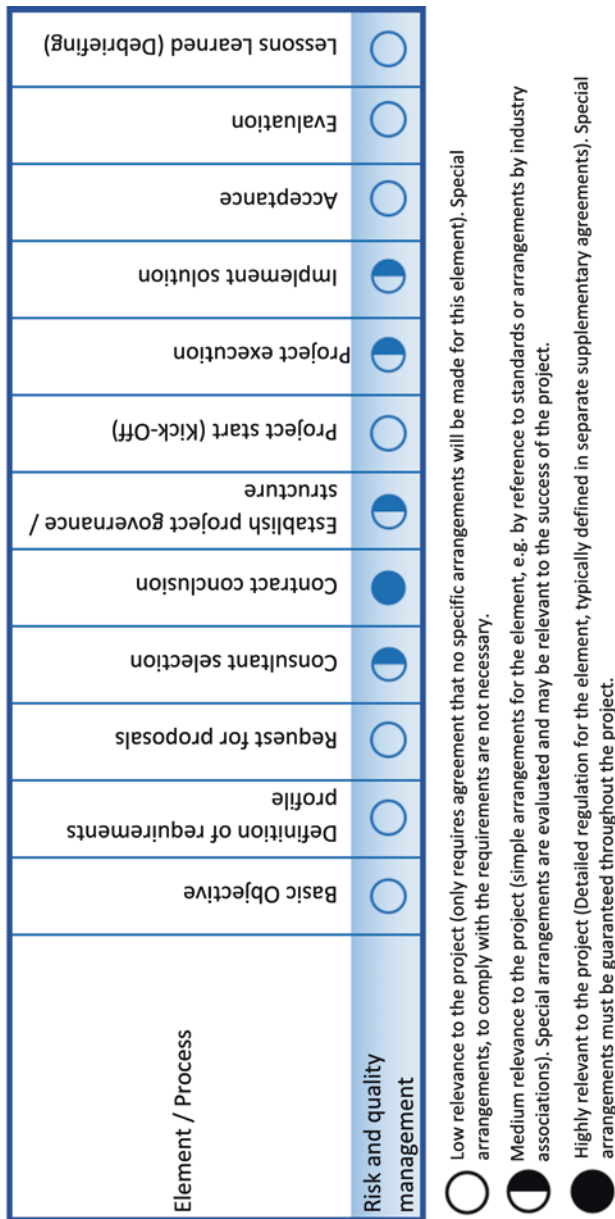


Fig. 5.23 Exemplary handling throughout the process flow

Element / Process	Guarantees
Basic Objective	<input type="radio"/>
Definition of requirements profile	<input type="radio"/>
Request for proposals	<input type="radio"/>
Consultant selection	<input type="radio"/>
Contract conclusion	<input checked="" type="radio"/>
Establish project governance / structure	<input type="radio"/>
Project start (Kick-Off)	<input type="radio"/>
Project execution	<input type="radio"/>
Implement solution	<input type="radio"/>
Acceptance	<input type="radio"/>
Evaluation	<input type="radio"/>
Lessons Learned (Debriefing)	<input type="radio"/>

- Low relevance to the project (only requires agreement that no specific arrangements will be made for this element). Special arrangements, to comply with the requirements are not necessary.
- Medium relevance to the project (simple arrangements for the element, e.g. by reference to standards or arrangements by industry associations). Special arrangements are evaluated and may be relevant to the success of the project.
- Highly relevant to the project (Detailed regulation for the element, typically defined in separate supplementary agreements). Special arrangements must be guaranteed throughout the project.

Fig. 5.24 Exemplary handling throughout the process flow

## 5.3 Key Points

### For Consultants:

1. By clarifying the framework conditions, space for focused and efficient project implementation is created. The application of consulting governance does not hinder individuality and creativity in project execution.
2. Consulting governance provides a framework for contract design between the client and contractor.
3. The agreement must be legally binding. However, to comply with consulting governance requirements, it should be in writing. Verbal agreements do not provide the necessary transparency and traceability.
4. In addition to the fundamental regulations on the elements of consulting governance, the agreement should ensure how these elements will be guaranteed throughout the project's entire course. This assurance is achieved by incorporating the element agreements into project governance.
5. To implement consulting governance, fundamental procedures and methods can be developed from the consultant's perspective for each element. Project-specific adjustments are then agreed upon with the client.

### For Clients:

1. The fundamental aspects of consulting governance should be carefully considered during the initial stages of designing a consulting project.
2. Consultants are also responsible for advising clients on the specific application of consulting governance. The corresponding agreements should be developed through a constructive dialogue to ensure a shared understanding prior to the start of the project.
3. Company-wide guidelines and value systems should be incorporated into respective projects during the implementation of consulting governance.

4. Regulations governing consulting governance can change over the course of a project. As a result, it is necessary to be responsive to changes in the framework, and learning processes can be integrated into the project where possible.
5. Procedures and methods for individual elements of consulting governance can be developed from the client's perspective for implementation. Project-specific adjustments can then be agreed upon with the consultant.





# 6

## Opportunities and Risks of Consulting Governance

**Abstract** The implementation of consulting governance significantly increases the success rate of consulting projects. It brings about clarity in the process, establishes structured frameworks, and adheres to defined rules while addressing risks. This approach enables effective and efficient project management. The investment of additional time in preparation pays off through seamless project implementation and the achievement of desired objectives.

Professional collaboration between both parties is enhanced, fostering greater trust and smoother cooperation with clearly defined roles. The potential risks of excessive bureaucracy can be mitigated by employing scalable forms of consulting governance. The initial effort quickly proves worthwhile, as the regulations of consulting governance become routine, facilitating productive collaboration in non-routine scenarios.

Above all, consulting governance mitigates the inherent project risks associated with all consulting engagements.

The introduction of consulting governance as a management instrument may raise questions about its necessity and added value, considering the

successful track record of consulting practice without explicit governance frameworks. However, we have already discussed the significance of a formalized consulting governance that allows for flexibility.

In this section, we want to emphasize the benefits for both consultants and clients while also acknowledging the potential risks associated with its implementation. It is important to note that the effectiveness of consulting governance relies on its active adoption and utilization by both parties. Merely having a governance framework in place will yield limited results; its true potential can only be realized when it is actively embraced and implemented in ongoing consulting projects. This chapter delves into this subject in more detail.

## **6.1 Consulting Governance Enhances the Success of Consulting Projects**

Projects inherently carry higher risks due to their unique nature and the absence of routine. Additionally, there is often a lack of experience in methodology, procedures, and collaboration within the specific consulting arrangement. However, many of the factors that contribute to project failures can be mitigated, and in some cases, completely avoided through effective consulting governance. This is the primary motivation behind implementing binding regulations for consulting governance in projects. It encompasses a compilation of “lessons learned” from numerous projects and the experiences derived from them, serving as a guideline for successfully managing consulting projects.

Drawing upon a diverse and extensive range of experience in managing consulting projects, as manifested in consulting governance, generally enhances the likelihood of successful project implementation. By systematically reducing project risks through the anticipation of suitable regulatory mechanisms, the quality of consulting collaboration is elevated. However, it is important to note that merely adopting consulting governance is insufficient; the key lies in actively incorporating it into the consulting project and embodying its principles throughout project activities.

**Important**

Consulting governance offers reassurance and security to all project stakeholders by establishing a set of rules that define a clear framework and delineate roles and responsibilities. This fosters a positive environment for collaboration within projects. By proactively addressing potential sources of errors and misunderstandings through anticipatory regulations, the occurrence of such issues is minimized. As a result, the overall effectiveness and efficiency of project execution are enhanced.

Precise regulations established through consulting governance directly alleviate the uncertainty associated with the level of innovation in consulting projects. This holds true, to a significant extent, when the mechanisms for attaining project objectives are well defined and align with the expectations of all project stakeholders. By providing a structured framework, consulting governance ensures that the project progresses smoothly and that the desired outcomes are effectively pursued.

## **6.2 Consulting Governance Creates Trust and Commitment**

Consulting governance, born out of extensive international collaboration, represents the culmination of best practices in managing consulting projects. While its effectiveness is not guaranteed, it carries a higher level of credibility compared to internal company guidelines that lack such critical discourse. Both consultants and clients of consulting services can reasonably place their trust in this ambitiously objectified approach, as the guidelines undergo a rigorous quality assurance process within the ICMCI committees. The development of consulting governance involved intensive discussions with diverse stakeholders, incorporating a wealth of experiences and creating a unique pool of knowledge. As a result, individual clients and consultants now have access to this valuable resource, deserving a certain level of trust.

The adoption of consulting governance is voluntary, with the involved partners expressing their commitment to follow established measures and

regulations that have proven effective in previous consulting practice. These regulations reflect a high standard of project cooperation, based on industry best practices. The aim is to achieve a high level of acceptance among all stakeholders, ensuring a well-rounded development process that aligns with the current state of the art in consulting. Naturally, specific project circumstances and framework conditions may necessitate adaptations, which should be addressed and implemented accordingly. One of the key strengths of consulting governance lies in its systematic provision of a comprehensive set of regulated instruments, enabling a shift from haphazard approaches to a systematic framework—ultimately leading to professionalization. It eliminates the need to reinvent best practices, providing the partners involved with rational confidence that they have agreed upon relevant and quality-enhancing regulations for their consulting project.

#### **Important**

The establishment of a high standard in consulting cooperation is achieved through the meticulous development of guidelines on consulting governance, drawing on international best practices. These guidelines serve as a basis for defining concrete consulting projects from a management perspective. As a recognized set of rules, consulting governance instills a sense of trust among the consulting partners. The voluntary agreement to adhere to these rules further reinforces a strong commitment to effective and cooperative consulting collaboration.

### **6.3 Consulting Governance as a Qualification and Professionalization Tool**

Consulting governance serves as a valuable repository of internationally recognized expertise essential for effective management of consulting projects. As its popularity continues to grow, it is expected to be integrated into various qualification programmes, enhancing the competencies of management consultants. It is also desirable that companies seeking external consultation adopt the principles of consulting governance, thereby further professionalizing their collaboration with

consultants. This book aims to make a significant contribution towards this goal.

In the field of management consultancy and related professions, it is important to systematically develop the required knowledge and skills that define a professional profile. Familiarity with consulting governance and the ability to navigate different frameworks to create suitable management tools are integral parts of this process.

Additionally, it is hoped that consulting governance will be increasingly recognized on the client side as a valuable competency component. Procurement departments and buying centres in companies can draw valuable insights from consulting governance elements during the early stages of conception, tendering, and selection of consulting projects.

### **Important**

The incorporation of consulting governance elements into certification programmes acknowledges their importance as essential competencies for conducting successful consulting projects. These elements form a fundamental part of the methodology in the consulting industry, representing a comprehensive “body of knowledge” that guides the practice of effective consulting. This integration contributes to the continuous advancement of the profession, equipping both consultants and clients with the necessary qualifications.

Consulting governance plays a crucial role in facilitating transparent and effective management of complex consulting projects. By establishing robust mechanisms, it enhances the reliability and resilience of project implementation. Anticipating and regulating potential areas of conflict minimizes ambiguity and fosters efficient collaboration in consulting partnerships. The adoption of consulting governance reflects the growing professionalization of the consulting industry.

## 6.4 Avoiding the Dangers of Bureaucratization Through Consulting Governance

Despite potential reservations, it is crucial to address and clarify misconceptions surrounding consulting governance. One common concern is that it may increase workload and bureaucratic processes. However, the purpose of consulting governance is actually to streamline and simplify the strategic efforts in consulting cooperation. This message should be consistently communicated to enhance the acceptance of consulting governance.

It is true that consulting governance introduces additional rules and resources, which may seem unnecessary in the short term. Some may argue that consulting projects have been successfully conducted without explicit governance in the past. However, what sets consulting governance apart is its systematic and clear approach, encompassing the various phases of consulting cooperation. It brings a new level of structure and transparency to what was previously loosely or arbitrarily regulated.

Many of the contents and agreements within consulting governance are already present in various forms, whether through verbal or written communication. What consulting governance offers is an inclusive and comprehensive approach that can be seamlessly integrated into consulting cooperation. It serves as a systematic checklist, facilitating day-to-day project work while incorporating logical frameworks that significantly enhance the success of consulting projects.

An additional benefit lies in the explicit articulation of the “psychological contract”, which brings previously implicit and assumed mutual expectations into a unified interpretation. This fosters transparency, reliability, and commitment, preventing the need for extensive regulations that arise when unforeseen occurrences are not adequately anticipated. The implementation of consulting governance avoids such pitfalls and promotes a more harmonious and effective consulting process.

When implementing consulting governance, it is important to acknowledge that it is a dynamic document that should be subject to

**Important**

The development of consulting governance is not an end in itself. It reflects past practice and attempts to reduce the effort involved in consulting cooperation through anticipatory regulations. The goal is simplification through clear regulation.

regular updates and revisions. It builds upon previous versions and evolves to meet current requirements for both consultants and client companies.

In conclusion, consulting governance is based on international best practices. Its purpose is to streamline the learning process for those involved in consulting projects. By implementing consulting governance, the arduous and time-consuming task of gathering individual experiences can be avoided, along with the associated risks and costs. The international applicability of consulting governance further enhances its value.

Adhering to recognized standards and practices instils a sense of confidence and eliminates cognitive uncertainty when addressing new regulatory issues. This helps prevent unnecessary and excessive bureaucratic measures within the project organization. Embracing a growth mindset (Dweck, 2017; Herget, 2023) within the company encourages the development of an individually tailored consulting governance framework that benefits from international collaboration.

**Important**

Implementing an individual consulting governance framework based on the presented concept ensures active engagement with international best practices. This approach minimizes the need for in-house development by leveraging established and proven structures and concepts. By aligning with recognized standards, companies can benefit from a more efficient and effective consulting process.

Seen from this perspective, consulting governance serves to alleviate the bureaucratic burden associated with managing and executing consulting projects.

## 6.5 Key Points

### **For consultants:**

1. By adopting consulting governance based on international best practices, consultants can enhance their participation in the industry's leading approaches. However, it is crucial to tailor and evolve these recommendations according to their specific needs, ultimately leading to improved consulting outcomes.
2. Consulting governance not only instils confidence in clients but also provides consultants with a solid methodological foundation for effective cooperation.
3. The binding nature of consulting governance fosters commitment within the project, laying the groundwork for smooth coordination and collaboration.
4. Customized consulting governance significantly reduces the effort required to establish effective regulations in consulting cooperation, as it already encompasses these essential aspects.
5. Complying with consulting governance aligned with the international standard ISO 20700 reflects the current state-of-the-art practices and minimizes potential discrepancies between clients and consultants.

### **For clients:**

1. As external consulting engagements may not be routine for many companies, adopting tailored consulting governance based on international best practices ensures a foundation for successful consulting processes.
2. Consulting governance establishes the necessary transparency in consulting cooperation, facilitating a trusting partnership between clients and consultants.
3. Customized consulting governance streamlines the consulting effort and eliminates unnecessary regulations, addressing potential gaps that could lead to increased effort later on.



4. Rather than relying solely on the consulting governance provided by the consultant, developing an internal blueprint for cooperation with external consultants is recommended. This comprehensive framework regulates and supports all phases, from identifying the need for consulting to the tendering process and consultant selection within the company.

## References

- Dweck, C. (2017). *Mindset. Changing the way you think to fulfil your potential*. Robinson.
- Herget, J. (2023). *Strategic Culture Hacks. A Framework for Shaping Corporate Culture*. Springer.



# 7

## Future Outlook: Sustaining the Relevance of Consulting Governance

**Abstract** Consulting governance has emerged as a valuable instrument in the field of consulting over the past two decades, addressing the existing needs and challenges in consulting processes. It offers a proven approach to ensure the long-term success of consulting projects. Recognizing its significance, the International Council of Management Consulting Institutes (ICMCI), a global association of consulting firms, has placed great emphasis on promoting consulting governance as a means to enhance the quality of the consulting industry. With the increasing international recognition and attention it receives, consulting governance is expected to gain wider adoption in diverse consulting practices.

This book serves as a valuable resource in advancing the understanding and application of consulting governance. It equips both consultants and clients with the necessary knowledge and guidance to effectively implement and benefit from this concept in their day-to-day work. By facilitating the transfer and practical utilization of consulting governance, this book aims to contribute to its broader integration and adoption in the consulting field.

Consulting governance is gradually gaining recognition as a valuable instrument in consulting practice. It is important to note that while the elements of consulting governance have been present, they may have been addressed under different terms or arrangements. Companies seeking consulting services typically establish contracts with consulting firms and may agree on additional terms for project management beyond the initial tender. However, in practice, these agreements often lack comprehensiveness and coherence, leaving important elements unresolved. While discussions and partial agreements may have taken place, a unified and comprehensive agreement is often still elusive in everyday consulting practice.

The purpose of this book is to bring about a change in this landscape. It aims to foster the development of consulting governance by providing guidance on its implementation and showcasing its potential. By offering an outlook on the future development of consulting governance, the book aims to contribute to its further evolution and integration into consulting practice.

## 7.1 The ISO 20700 Standard Represents Good Consulting Practice

The international standard ISO 20700 was introduced in 2017 (Bodenstein, 2022), building upon its predecessor EN 16114 published in 2011 (Ennsfellner et al., 2014). With more than a decade since the introduction of these standards, we can reflect on the past and anticipate future developments. These standards have established internationally recognized quality benchmarks for consulting practice, gradually gaining traction within the industry. ISO 20700 serves as a catalyst for the adoption of consulting governance, as it highlights the need for operationalizing the standard in everyday consulting practice.

The Federal Association of German Management Consultants (BDU) has recognized the growing importance of ISO 20700 in its trends on consulting practice for 2019. While there is still ample room for improvement in the widespread implementation of the ISO standard and its

predecessor, EN 16114 (Herget et al., 2013), the passage of time indicates an increasing dissemination and consideration of these standards in practice. Inexperienced users of consulting services and companies less experienced in collaborating with consultants find a sense of security in adhering to the standard, as it signifies following established and current best practices. For experienced users, it has become an essential element of successful consulting projects.

### **Is Consulting Governance Part of the ISO 20700 Standard?**

It is important to clarify that the consulting governance presented here is not a part of the ISO 20700 standard, and this distinction should be emphasized. However, it is also true that the consulting governance framework is heavily influenced by the structure and content of ISO 20700. Thus, it can be confidently stated that consulting governance is rooted in the ISO standard and places strong emphasis on operationalizing it within the consulting process. The development of consulting governance primarily took place within the ICMCI, incorporating the collective experiences of numerous national associations. As such, consulting governance serves as an additional tool alongside the ISO 20700 standard to initiate, execute, and successfully conclude consulting projects.

## **7.2 Consulting Governance as Best Practice**

The International Council of Management Consulting Institutes (ICMCI), as the international umbrella organization for consulting associations, is committed to advancing the professionalization of the consulting industry. Among its recommendations, the guidelines on consulting governance hold significant importance. Developing these guidelines into a practical working tool provides additional support for consultants in their daily work. These guidelines, including consulting governance, encompass essential considerations regarding best practices in concepts and methodologies. The international nature of this process allows for diverse perspectives to be integrated, with member associations contributing to the discourse and the committees of the ICMCI

ultimately deciding on a universally accepted framework. Although individual consulting firms and consultants can develop their own consulting governance more swiftly, this book serves as a blueprint for individualized development. It is crucial to acknowledge that the association with a respected reference such as the ICMCI lends this working tool a high level of credibility and fosters trust, an aspect that should not be overlooked.

### **What Contribution Will It Make to Professionalization?**

Consulting governance represents the consolidation of comprehensive expertise into a practical working tool. A hallmark of professionalism in any field is the utilization of validated and proven methods, tools, and instruments that uphold a high standard and ensure optimal service delivery. This is precisely what consulting governance achieves. Drawing upon several years of experience from countless projects, which have been rigorously evaluated for practical suitability through extensive discussions in international committees, consulting governance makes a significant contribution to elevating professional standards. This is evident in the advisory processes of all stakeholders involved. Consultants benefit from a reliable framework for mutual agreement, while clients reap substantial advantages from a clearly defined and regulated consulting project. Consulting governance encompasses well-established procedures designed to provide the utmost level of security in delivering top-quality consulting services.

## **7.3 The Growing Influence of Consulting Governance in Practice: Future Perspectives**

The adoption of consulting governance in daily consulting practice is still in its early stages, but its visibility and establishment are steadily growing. Integrating it into various certification programmes will play a significant role in its wider dissemination. Furthermore, national consulting associations have a crucial role to play in popularizing this concept among companies and consultants.

In the future, client associations of consulting firms are likely to emphasize the importance of consulting governance, ensuring its integration into their sphere of influence. Additionally, chambers of commerce will play a vital role in promoting these activities. With the increasing demand for consulting services over the past few decades, ensuring high-quality standards in service provision is in the best interest of all economic actors involved.

### **Who Are the Drivers of Consulting Governance?**

The current drivers are definitely the respective professional associations. The more the professional associations in the individual countries are intertwined with the consulting industry, the greater the awareness and application of consulting governance can be expected. It can also be assumed that consulting governance will be included in various certification programmes in the future, so that most counsellors will thus become familiar with it and can also be convinced of its usefulness in the context of further training measures. As already mentioned before, we assume that its widespread use in formal tendering procedures, where compliance with an agreed consulting governance is required, will also contribute to its dissemination. Last but not least, publications such as this one will significantly increase the awareness and benefits of consulting governance. Instruments that immediately convey a high benefit will in any case quickly establish themselves in practice.

### **Where Will Consulting Governance Be Most Prevalent?**

It is likely that consulting governance will be predominantly utilized in projects involving highly professional partners who are experienced in project implementation and the procurement of consulting services. Public entities that follow formalized procedures in procuring consulting services are also expected to be early adopters of consulting governance. This is primarily driven by the extensive requirements imposed on consulting firms, such as certification and adherence to specific standards in their consulting processes. In the future, these requirements may also include compliance with established consulting governance. Similarly, large corporations may establish their own set of requirements for

external consulting projects, with adherence to consulting governance being an expected criterion.

## 7.4 The Potential of Consulting Governance

The widespread adoption of consulting governance is expected due to its proven advantages and positive experiences. The concept offers significant time savings for companies by leveraging the experience and knowledge of others. With its international recognition and alignment with ISO Standard 20700, consulting governance is increasingly being recognized as an essential component of consulting projects. Both clients and consultants will quickly recognize and appreciate the immediate benefits it brings.

### **What Kind of Binding Force Does Consulting Governance Possess?**

The consulting governance presented here should not be confused with the ISO 20700 standard, but rather seen as a complementary tool. Standards represent the current state of the art and are considered in disputes to determine adherence to prevailing knowledge. In this context, consulting governance can have a significant impact beyond the legal realm. While the developed consulting governance aligns with the essential features of the ISO standard, it should be acknowledged that it does not possess the same level of comprehensive expertise. However, it can serve as a reference for addressing legal uncertainties and ensuring that consulting projects are conducted in accordance with current knowledge. With appropriate consulting governance complementing the standard, we anticipate a strong binding force to emerge in the future.

### **How Does Consulting Governance Contribute to Quality Assurance?**

Consulting governance plays a crucial role in ensuring quality assurance in consulting processes. By establishing transparent expectations and outlining agreed-upon procedures, communication channels, decision-making mechanisms, and conflict resolution protocols, consulting governance fosters a shared understanding of how the project will be conducted. When consulting governance serves as the foundation for collaboration,

it greatly enhances the quality of consulting projects. Potential obstacles are minimized, and the application of best practices and accumulated experience reduces inefficiencies that can compromise the project's outcome. Overall, consulting governance sets the standards for delivering high-quality consulting services and promotes a successful and effective partnership.

### **Important**

Consulting governance is still in the early stages of being widely adopted. However, its significance in consulting projects is expected to grow substantially in the future. By enhancing the quality of consulting services, it brings valuable benefits to the overall economy.

## **7.5 Key Points**

### **For consultants:**

1. In future consulting projects, greater significance will be placed on international standards and recommendations.
2. Consulting governance is closely aligned with the international standard ISO 20700, and as the popularity of this standard grows, the importance of consulting governance will also increase.
3. The reference to the international standard enhances the reputation of consultancy firms and strengthens the trust of clients. Clients can rightfully expect that the consultancy operates in accordance with the latest practices and considers the recommendations of professional associations.
4. Each consulting firm can actively promote the popularization of consulting governance by proactively engaging with clients and emphasizing its importance.

### **For clients:**

1. Consulting governance serves as a reliable guideline for companies that lack expertise in engaging with consulting firms. It provides a sense of security and assurance.



2. Many companies are still unfamiliar with the consulting process. By adopting consulting governance, they gain valuable knowledge and tools to navigate potential challenges and critical situations more effectively.
3. Adhering to consulting governance standards guarantees a high level of quality and ensures a standardized approach in managing consulting projects.
4. The implementation of established consulting governance significantly reduces transactional efforts in advisory processes. Additionally, it fosters professionalism in the interactions with consultants.

## References

- Bodenstein, R. (2022). Die Beratungsnorm ISO 20700. In R. Bodenstein, I. A. Ennsfellner, & J. Herget (Eds.), *Exzellenz in der Unternehmensberatung. Conducting consulting projects successfully - Guidelines for companies and consultants* (2nd ed.). Springer Gabler.
- Ennsfellner, I., Bodenstein, R., & Herget, J. (2014). *Excellence in management consulting. Quality standards for practice. Including EN 16114*. Springer Gabler.
- Herget, J., Bodenstein, R., & Ennsfellner, I. (2013). *Management consulting and IT in Austria. Status, success factors and future trends*. Manz.



# 8

## An Implementation Agenda: Key Considerations for Moving Forward

**Abstract** Consulting governance offers a powerful instrument that benefits all participants involved in consulting processes. By establishing a clear framework, it ensures that all necessary conditions are in place for a successful project completion. It is crucial to develop these regulations into a tailored tool that reflects individual needs, thereby increasing the chances of project success. When the tangible benefits of this tool become evident, it will be embraced with enthusiasm.

This versatile tool can be utilized separately by both clients and consultants, as certain aspects may be relevant to one party more than the other. Nevertheless, due to the significant overlap in common interests, the majority of consulting governance should be embraced and implemented as a shared set of rules. This unity fosters collaboration and ensures effective project outcomes.

To guide you in developing and implementing your own consulting governance, this book concludes with a comprehensive 10-step proposal. Adopt this invaluable resource and unlock the full potential of consulting governance in your organization.

Throughout the preceding chapters, we have delved into the intricacies of consulting governance, presenting a detailed conceptual framework and a procedural model. These resources empower every organization and consultant to develop their own customized consulting governance concept. However, the true measure of success lies in the practical application of this concept.

While knowledge is undoubtedly crucial, it is the will and motivation to implement consulting governance that truly drive its effectiveness. Without a doubt, incorporating appropriate consulting governance is a vital element in successful consulting projects. Therefore, we wholeheartedly encourage you, our esteemed reader, to refine and adopt this concept without delay.

To assist you in this transformative journey, we provide some concluding remarks and a concise 10-step agenda for implementing consulting governance. Take this opportunity to bring theory to life, and embark on a path that elevates your consulting endeavours to new heights. Let us now embark on this journey together.

## 8.1 Consulting Governance for Consultants

It is common for consulting firms to possess prior experience in utilizing consulting governance, albeit not necessarily under that specific label. Alternative terms may have been employed to describe similar practices. This includes the development of individual checklists based on lessons learned from past projects or those prescribed by professional associations.

The concept we present here can also be viewed as a checklist. However, we have expanded upon this notion by encompassing the various phases of consulting projects, defining the frameworks within which individual project steps can be executed, and incorporating the elements of consulting governance advocated by the international umbrella organization, ICMCI.

What sets our concept apart is the level of detail and operationalization we have achieved, making it readily applicable and implementable without delay. By offering a comprehensive and actionable proposal, we

aim to empower you to immediately embrace and harness the power of consulting governance.

### **Important**

The proposed reference model for consulting governance serves as a solid foundation for its swift implementation in one's own professional practice.

Given their inherent advantage in terms of experience and expertise in managing, implementing, and overseeing consulting projects, consultants bear a special responsibility. It is crucial for the consultant to tap into the client's knowledge regarding effective project management and foster a shared understanding of the consulting governance concept. This collaborative approach ensures that both parties desire and actively contribute to the development of the concept. Additionally, the consultant should provide recommendations to the client on implementing the phases of consulting governance that solely concern the client. This not only enhances the project's acceptance but also significantly increases the likelihood of a successful project outcome. Consequently, the consultant assumes a dual responsibility: to create the optimal project conditions for themselves and to ensure that clients derive maximum benefits from the project, facilitated by consulting governance.

## **8.2 Consulting Governance for Clients**

For most clients, the concept of consulting governance may still be relatively new. While they may use supporting tools in their consulting projects, these tools are likely not as comprehensive and well-developed as the one presented here. By utilizing the Consulting Governance Reference Model, clients can elevate the level of professionalism in the preparation, execution, and conclusion of their consulting projects. In practice, it is often the consultant who suggests and promotes the formulation and implementation of consulting governance. With their extensive expertise and experience, consultants strive to ensure the effectiveness and

efficiency of consulting projects. However, client openness is crucial to ensure that the use of consulting governance meets high-quality standards.

### **Important**

The consultant's role includes assisting the client in developing a customized consulting governance framework. This fosters professionalism throughout the project process and ensures the delivery of high-quality outcomes in the collaborative consulting project.

Effective consulting governance provides clients with enhanced confidence when engaging with external consultants and tackling associated challenges. This is particularly advantageous for companies that have limited exposure to external consulting services. Many of the regulatory aspects addressed in consulting governance may not have been considered by the companies themselves. Hence, consulting governance introduces an innovative tool into the organizational realm that can also be applied to internal projects. Through well-implemented consulting governance, companies can gain valuable insights and learn how to navigate complex projects successfully.

## **8.3 Enhancing Project Collaboration through Consulting Governance**

Collaborative consulting governance plays a crucial role in ensuring seamless project implementation. By coordinating and aligning the governance framework, potential conflicts and friction within the project can be significantly minimized. As external consulting projects often disrupt daily business operations, consulting governance brings transparency to the interfaces and decision points for all stakeholders, including those who are only indirectly involved. It also regulates information sharing and communication within the project, fostering trust and successful cooperation.

Ideally, the development of consulting governance for joint activities should involve both partners. This collaborative approach allows for

upfront agreements and coordination that address numerous questions before they arise, preventing potential issues from arising later in the project. Consulting governance serves as a mental blueprint for the project's ideal course and helps clarify expectations from both parties. By explicitly addressing the psychological contract and unspoken expectations, consulting governance mitigates the risk of misunderstandings throughout the project life cycle.

### **Important**


Consulting governance plays a vital role in establishing clear and agreed-upon mutual expectations in a consulting project. By formalizing these expectations, it significantly enhances transparency and reliability throughout the project. With a well-defined consulting governance framework in place, all stakeholders can have a shared understanding of their roles, responsibilities, and desired outcomes. This fosters a sense of trust and ensures that everyone involved is aligned and working towards the same objectives. Consulting governance acts as a guiding principle that promotes transparency, consistency, and accountability, ultimately leading to successful project outcomes.

## **8.4 Creating your Own Consulting Governance: 10 Essential Steps**

In the following section, we provide a practical framework that allows for the immediate implementation of consulting governance within your organization. Our approach focuses on ensuring the acceptance of consulting governance within your system. By following this roadmap, both consultants and clients can develop an individualized concept in a relatively short period of time. In cases where the other party involved in consulting projects also has their own concept, the merging of both concepts becomes necessary.

Refer to Fig. 8.1 for a detailed overview of the 10 steps involved in developing your own consulting governance.

The individual steps can be outlined through the following questions and propositions:



## The path to developing your own Consulting Governance

1. Assess the current situation
2. Identify successful elements
3. Identify unsuccessful elements
4. Identify missing elements
5. What written or verbal points have proven successful in the past?
6. What written or verbal points have been missing so far?
7. Consider criteria from the reference model
8. Develop your consulting governance based on the previous points
9. Identify other standards and certifications to be included
10. Market your consulting governance!

Fig. 8.1 10 steps for developing your own consulting governance

## 10 Steps to Your Own Consulting Governance

### 1. Assess the current situation:

- Which corporate governance regulations directly or indirectly impact consulting projects within the company?
- How can corporate governance be incorporated into consulting governance?
- What preparatory activities are currently conducted for consulting projects? Are there any tools such as process instructions or checklists?
- What written agreements are in place with partners?
- What oral agreements exist that are not documented but considered agreed upon?

*Ensure these points are documented.*

### 2. Identify successful elements:

- Determine which preparatory activities and tools have been effective
- Evaluate written agreements to identify successful components
- Assess oral agreements to identify aspects that should remain verbal or be documented

*Create a list of items to be included in your consulting governance.*

### 3. Identify unsuccessful elements:

- Determine preparatory activities and tools that can be eliminated and reasons for doing so
- Assess written agreements to identify components that can be omitted and reasons for doing so
- Evaluate oral agreements to identify aspects that can be omitted and reasons for doing so

*Remove unnecessary items from the list. Add any improvements or adjustments to the list.*



#### 4. Identify missing elements:

- Evaluate preparatory activities and tools
- Assess written agreements
- Evaluate oral agreements

*Add missing points from your practical experience to the list, ensuring they are considered in your consulting governance.*

#### 5. Determine expectations from the partner (for consultants: the client; for companies: the consultant) based on successful written or verbal agreements from the past.

*Create a list and add it to the previous list if necessary.*

#### 6. Determine expectations from the partner (for consultants: the client; for companies: the consultant) based on missing written or verbal agreements.

*Create a list and add it to the previous list if necessary.*

#### 7. Consider criteria from the reference model in Chap. 4 and add or adapt items to your list.

*Add the above list.*

#### 8. Develop your consulting governance based on the previous points.

- Differentiate multiple variants based on project complexity:  
Consulting governance for
  - Complex projects
  - Medium-sized projects
  - Small projects

#### 9. Identify other standards and certifications to be included in your consulting governance. Consider the certifications you have and those you expect from your partner.

Remember that following standards and having certifications:

- Demonstrates quality commitment
- Builds trust

- Provides security
- Enhances professionalism.

*Standards and certifications reduce uncertainties and risks in assessing a service provider's value proposition.*

### 10. **Market your consulting governance!**

Incorporate it into your marketing statements, such as “We operate in accordance with the guidelines of ISO 20700 Management Consulting Services” or “We follow the recommendations of the International Council of Management Consulting Institutes on consulting governance in our projects.”

*Standards, certifications, and your consulting governance give you a competitive advantage.*

By following this approach, you will develop your own unique consulting governance that builds upon previous practices and seamlessly integrates with them. This organic integration ensures widespread acceptance among stakeholders. Whether you are a company seeking consulting or a consultant, implementing this consulting governance will elevate your level of professionalism, benefiting both you and your partners in consulting projects.

## 8.5 Key Points

### **For consultants:**

1. A meticulously crafted and tailored consulting governance provides a solid methodological foundation for the consulting project.
2. Adhering to the principles of consulting governance demonstrates the consultant's commitment to professionalism and underscores their credibility to the client.
3. The consultant plays a crucial role in raising awareness about the significance and value of effective consulting governance for the project

process and its outcomes. Clients may lack the expertise derived from extensive project experience to fully appreciate its importance.

4. Furthermore, the consultant should actively encourage the client to establish and adhere to sound consulting governance for project phases that fall under the client's purview.
5. Following the completion of a project, the consultant should integrate the lessons learned into the ongoing refinement of their own consulting governance framework.

### **For clients:**

1. Effective consulting governance necessitates close alignment with corporate governance and other company-wide guidelines and management systems.
2. Thorough project preparation in collaboration with external consultants ensures the smoothest possible execution of the consulting project.
3. If you possess limited experience in the field, it is advisable to engage the consultant and seek their expertise. Experienced consultants will gladly share their knowledge, recognizing the mutual benefits.
4. Well-implemented consulting governance fosters organizational confidence through enhanced transparency. Every employee should be aware of what to expect and how the project will be managed and executed.
5. Upon project completion, it is crucial to reflect on lessons learned during the debriefing process, including insights related to consulting governance, to incorporate them into future endeavours.
6. The company should consciously leverage this potentially novel experience with an innovative management tool for internal operations as well. Project work occurs internally in most organizations, and appropriately adapted consulting governance can prove immensely supportive and beneficial in this context.