



International Business Consulting (internationalisation) Basics (INCO)

Part 2

INCONEXT

**Supported by:
THE LEONARDO DA VINCI PROGRAMME**

Project No. LLP-LdV-TOI-2010-LT-0074



2. Evolution and tendencies of external consulting services

As the originators of external consulting may be deemed classic philosophy coryphaei, who in their works have analysed phenomena and problems of those times and suggested original ways of their solution. In the activities of *Maecenas*, *Aquinas*, *Goethe*, *Hartmann* the features of an external consultant's activity may be found.

Contemporary activity of management consultants first was entrenched in Anglo-Saxon countries, i.e., United States of America and Great Britain. The names of most famous consultants today are perfectly known not only from the manuals of special literature or management theory and history textbooks, but also from successfully functioning business subjects:

- ♣ Arthur D. Little;
- ♣ Deloitte;
- ♣ Edwin Booz;
- ♣ James Mc Kinsey;
- ♣ Tom Kearney;

External consulting services to Continental Europe came from the USA.

First wave of external consulting – The takeover of American practise in order to embrace a good practise of American business planning;

Second stage - the transformation process, started after apprehension that directly copied American model does not function effectively in multicultural Western Europe enshrining long-lived traditions, historical relations and customs;

Third stage – adaptation to challenges of globalization, rapid development during expansion of united European market.

The experience of Central Europe may be called an external consulting era. After integration of most Central European countries into the European Union structures, usually small as well as bigger, however functioning in local domestic market, organisations of these countries faced the necessity of changing in order to take advantage of newly opened possibilities and successfully insulate from external dangers (competitors).

In Asia and Africa the International (Transnational) consulting companies as well as consulting companies of the European Union have already dominated for many years, which help local business in effective usage of resources available (labour force, natural resources) in global business system.

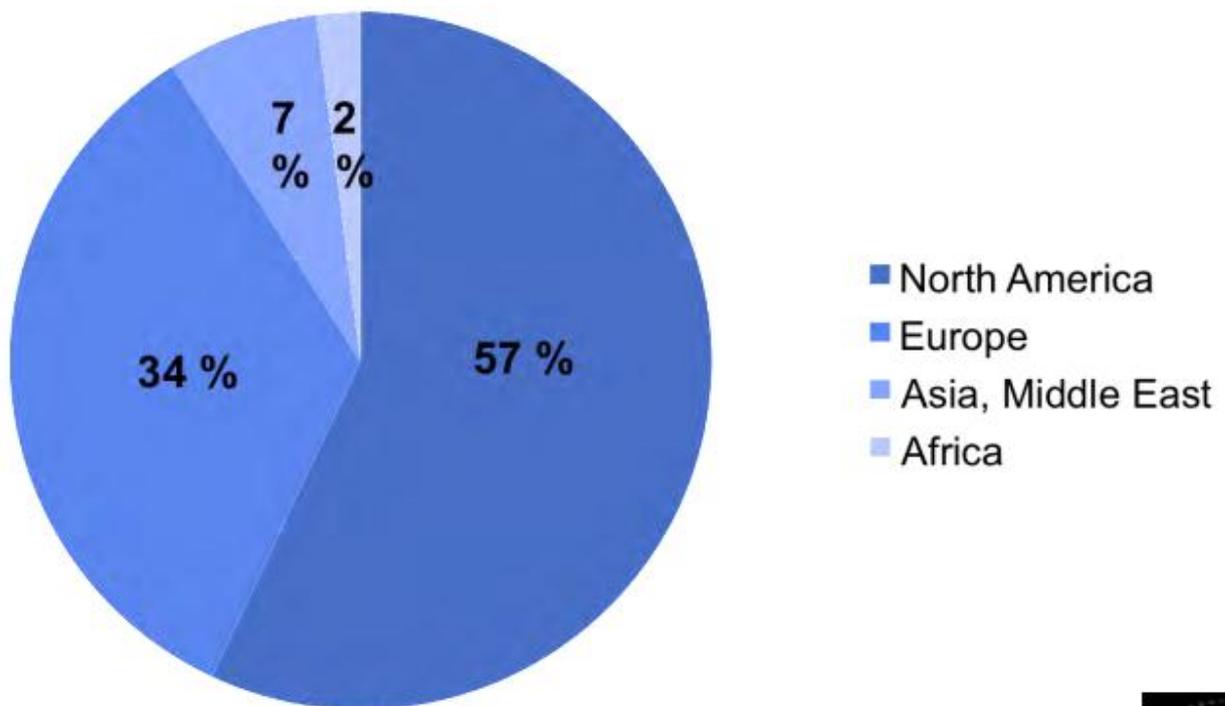


Fig. 1 Prevalence of management consulting services in the world

The main factors stimulating the development of external consulting business are the following:

- ⤴ Information technologies. The possibility of accumulating and processing as well as transferring continuously larger amounts of information over a defined time period is increasing;
- ⤴ Globalisation. Homogenisation of business conditions and expansion of markets;
- ⤴ Ordered services (outsourcing). Possibilities of taking necessary resources from outside for the short period;
- ⤴ Cooperation. Classic „everybody with everybody“ competition is replaced by the possibilities of cooperating to reach strategic goals;

Due to above named changes in worldwide external business environment the respective trends of external consulting development are emerging:

- ⤴ From „advice“ (Fact based) towards the assistance in implementation of made decision (Process based);
- ⤴ Shortening of period before decision making;
- ⤴ Increase of activity efficiency / shortening of period of investment return;
- ⤴ Professional competence is developed both in „T“ direction (deep knowledge is combined with wide possibilities of its application), and focusing on strategic, innovative and global thinking;
- ⤴ Professional public procurement of external consultants' services;
- ⤴ Appearance of internal consultants, i.e., independent consulting subdivisions in large companies (In-house Consulting);
- ⤴ Formation of qualification standards for management consultants;

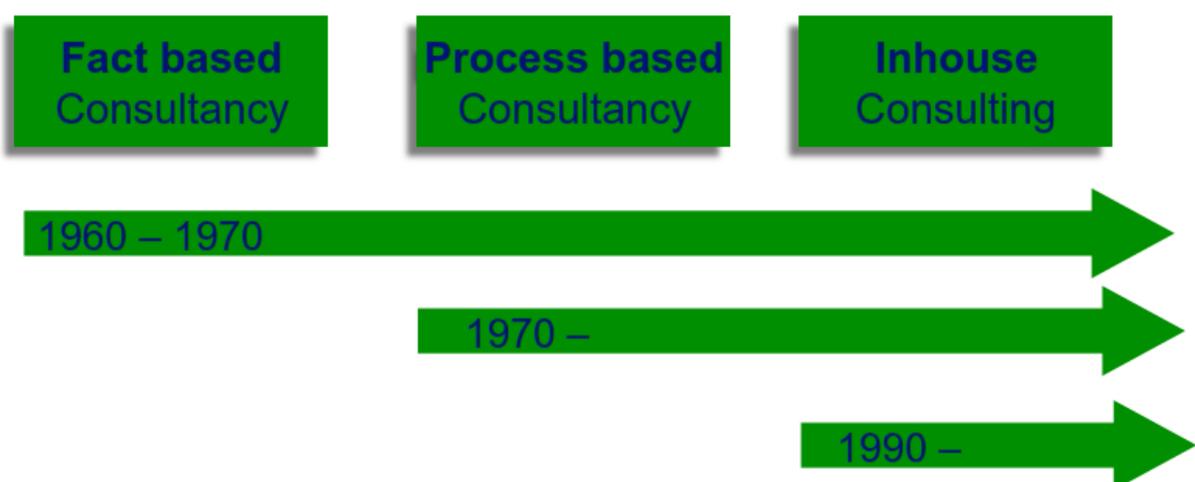


Fig. 2 Evolution of management consulting services in XX century

3. Internationalisation of management consulting services

In Twenty First century such business environment was formed, which resulted in the necessity of business internationalisation:

- ⤴ Local organisation beginnings are replaced by global existence;
- ⤴ Proven efficiency of multicultural personnel activity;
- ⤴ Global management relations;

- ⤴ Emergence of intercultural experience in management of national, organisational, professional cultures.

Intercultural management experience is gathered by systematising studies of many scientists:

Edgar Schein:

- ⤴ Artefacts and behaviour
- ⤴ Values and norms
- ⤴ Key assumptions

Geert Hofstede:

- ⤴ Hierarchy/ Power
- ⤴ Uncertainty avoidance
- ⤴ Individualism – Collectivism
- ⤴ Masculinism/ Feminism

Edward T. Hall:

- ⤴ Cultures of Superficial Content/ High Temperament (High Context) – Deep Content /Low Temperament (Low Context)

Cultures of Superficial Content (high temperament) feature by:

- ⤴ Tendency towards collectivism
- ⤴ Precise grouping/ attribution
- ⤴ Widely used non-verbal communication
- ⤴ Physical contact is not avoided when communicating
- ⤴ Little attention is paid to planning and punctuality

Cultures of Low Temperament feature by:

- ⤴ Individualism
- ⤴ Free grouping/attribution
- ⤴ Tendency towards information transfer using common codes
- ⤴ Punctuality and planning are appreciated

Low Context		High Context
Denmark	Austria	Portugal
Germany	France	Russia
Netherlands	Italy	Serbia
Sweden	Spain	Slovenia
Switzerland	China	Arabic Countries
Australia	Japan	Brasilia
Canada		Mexico
USA		

Fig. 3 Most popular countries according to their temperament

Challenges of intercultural business management, which were faced in the international space, are:

- ⤴ Different work culture
- ⤴ Different planning culture
- ⤴ Different understanding of quality

When starting an activity in another country one should prepare to:

- ⤴ Make oneself familiar with the country
- ⤴ Evaluate significance of personal relations
- ⤴ Designate sufficient resources to form a team
- ⤴ Ensure that everybody understands uniformly the tasks formulated
- ⤴ Prepare to double the number of meetings
- ⤴ Form infrastructure appropriate for the activity
- ⤴ Assess the language barriers
- ⤴ Coordinate codes and rules
- ⤴ Use flexible planning process
- ⤴ Be careful when criticizing

For international communication a number of different technologies are used:

- ⤴ Meetings
- ⤴ Bilateral and multilateral agreements
- ⤴ Phone conversations

- ⤴ Interchange of fax
- ⤴ E-mail
- ⤴ Video/voice conferences
- ⤴ E- communication means (Skype, ICQ, MSN Google Talk, etc.)

In pursuit of successful intercultural cooperation it is necessary to notice the keystone factors of the process:

- ⤴ national and corporate differences of cultures
- ⤴ level of culture norms' identity of different members of the team
- ⤴ level of prevalence of identical culture norms among team members
- ⤴ level of work (communication) language knowledge used by the team
- ⤴ type of team behaviour and communication
- ⤴ management type of a team leader

With reference to those mentioned above, a good consultant of intercultural management should show

- ⤴ intention and skills for intercultural cooperation
- ⤴ versatile skills of communication and cooperation
- ⤴ knowledge of foreign languages
- ⤴ openness, cultural and political tolerance
- ⤴ respective personal values
- ⤴ personal stability and maturity
- ⤴ good background

the main concepts of international consulting: organisation, changes, systems.

To understand and assimilate the activity of international consulting it is necessary to ascertain the main points about the organisations:

- ⤴ How are organisations developing
- ⤴ How are organisations learning
- ⤴ How are organisations changing
- ⤴ What does the concept „people“ mean in the organisation
- ⤴ Relation between different expectations in the organisation

One should note an individual attitude to a multiple personality:

- ⤴ economic individual
- ⤴ social individual

- ⤴ multiple individual

Behaviour of organisations may be evaluated referring to the basic theories:

- ⤴ Lievegoed's model
- ⤴ Adize's model
- ⤴ Greiner's model
- ⤴ Bleisher's model
- ⤴ Hurst's model

All models are united by the analysed problem of changes' control, which starts with organisation development, later - control of transformations, and ends in control of changes.

Such transformation is possible assuming that functioning of an organisation is based on participation, training, personal improvement and orientation towards a result.

There are lots of theories trying to analyse an organisation as a functioning system:

- ⤴ Live system theories (Maturana, Varela)
- ⤴ Constructionism theory (Glaserfeld, Foerster, Simon)
- ⤴ Social system theory (Luhman, Willke)
- ⤴ System evolution theory (Malik, Kirsh)
- ⤴ Systematic consulting (Vienna school, Heidelberger school)

Exactly on the basis of systematic consulting theory the activity of external consulting was developed.

Taking into account a systematic approach the consulting activity is focused not on an individual but on a/an system/organisation.

Systematic approach is focused on:

- ⤴ Perception/ notices
- ⤴ Interactions
- ⤴ Stimuli
- ⤴ Responsibilities/ Emancipation

Systematic approach to training refers to:

- ⤴ Rendering and transfer of new knowledge
- ⤴ Usage of known models of behaviour and activity
- ⤴ Usage of links between surveys and feedback and contemporary psychology

Systematic learning/teaching is focused on both content and situation:

- ⤴ What are the expectations of a customer?
- ⤴ What is happening around the learning object?
- ⤴ What are the interactions between these actions?
- ⤴ What models of relations are taking part there?
- ⤴ Which external forces are taking part in given situation?
- ⤴ What do I intend to reach with my organisation?
- ⤴ What external conditions influence this?

A crucial benefit factor of trainings and consulting – business relations between a customer and a consultant.

To obtain maximum benefit from the consultant's services, a customer should:

- ⤴ assist consultant in getting familiar as much as possible with the market of his product, consumers, the product itself, interested groups and entire organisation;
- ⤴ allow perceiving the sense of organisation priorities' system;
- ⤴ clearly define a problem raised, and goals being pursued;
- ⤴ involve a consultant into the organisation's activity and implementation of tasks;
- ⤴ regularly make assessments of consulting, training process;
- ⤴ the ground of regular evaluations should not be made of criteria based on feelings, emotions;
- ⤴ ...avoid dependence on the consultant, his services;