

## Knowing the price of everything?

Lonsdale, Christopher; Hoque, Kim; Kirkpatrick, Ian; Sanderson, Joe

DOI:

[10.1016/j.indmarman.2017.04.001](https://doi.org/10.1016/j.indmarman.2017.04.001)

License:

Creative Commons: Attribution-NonCommercial-NoDerivs (CC BY-NC-ND)

*Document Version*

Peer reviewed version

*Citation for published version (Harvard):*

Lonsdale, C, Hoque, K, Kirkpatrick, I & Sanderson, J 2017, 'Knowing the price of everything? Exploring the impact of increased procurement professional involvement on management consultancy purchasing', *Industrial Marketing Management*, vol. 65, pp. 157-167. <https://doi.org/10.1016/j.indmarman.2017.04.001>

[Link to publication on Research at Birmingham portal](#)

### General rights

Unless a licence is specified above, all rights (including copyright and moral rights) in this document are retained by the authors and/or the copyright holders. The express permission of the copyright holder must be obtained for any use of this material other than for purposes permitted by law.

- Users may freely distribute the URL that is used to identify this publication.
- Users may download and/or print one copy of the publication from the University of Birmingham research portal for the purpose of private study or non-commercial research.
- User may use extracts from the document in line with the concept of 'fair dealing' under the Copyright, Designs and Patents Act 1988 (?)
- Users may not further distribute the material nor use it for the purposes of commercial gain.

Where a licence is displayed above, please note the terms and conditions of the licence govern your use of this document.

When citing, please reference the published version.

### Take down policy

While the University of Birmingham exercises care and attention in making items available there are rare occasions when an item has been uploaded in error or has been deemed to be commercially or otherwise sensitive.

If you believe that this is the case for this document, please contact [UBIRA@lists.bham.ac.uk](mailto:UBIRA@lists.bham.ac.uk) providing details and we will remove access to the work immediately and investigate.

# **Knowing the Price of Everything? Exploring the Impact of Increased Procurement Professional Involvement on Management Consultancy Purchasing**

## **Abstract**

Much of the estimated \$554 billion annual expenditure on management consultancy services is accounted for by projects with a direct link to client profitability. As such, it is critical for clients (and arguably the wider economy) that the purchase process for such services is managed effectively. For many within the management consultancy literature, this requires close, bilateral buy-side service end-user / supplier engagement. In recent years, however, this bilateral engagement has been modified by a significant increase in procurement professional involvement. This has caused concern within the management consultancy literature as it is believed it will inevitably lead to a cost-focused approach that disrupts close end-user / supplier engagement and causes sub-standard service outcomes. In this paper, we explore, via qualitative research, whether this concern is justified. In the event, the analysis suggested partial justification. However, examples of positive procurement involvement were also reported, suggesting that existing models and assumptions within the management consultancy literature regarding the impact of increased procurement involvement require modification.

## **Keywords**

Management consultancy, personal engagement model, procurement, service outcomes

# **Knowing the Price of Everything? Exploring the Impact of Increased Procurement Professional Involvement on Management Consultancy Purchasing**

## **1. Introduction**

Much of the estimated \$554 billion annual expenditure on management consultancy services (IBIS World, 2016) is accounted for by important strategy and organisational improvement projects that have a direct link to the future profitability of client organisations (Management Consultancies Association, 2010; O'Mahoney et al., 2013). As such, it is critical for client organisations (and arguably the wider economy) that the purchase process for such services is managed effectively. Historically, it has been argued (particularly within Europe) that what constitutes the effective management of this process is close engagement between buy-side service end-users and representatives of suppliers – what O'Mahoney (2010) refers to as a 'personal engagement model'.

Close engagement of this type, which incorporates considerable levels of 'co-production' (Bovaird, 2006), is deemed important as it enables the client organisation to interact knowledgably with the supplier at the needs assessment (Petersen et al., 2005; Zsidisin and Smith, 2005), sourcing (Eriksson and Pesamaa, 2007; Rousseau, 1989) and contract management (Colling, 2005; Dyer 1997) stages of the purchase process. It is argued that this increases the likelihood that management consultancy services, characterised as they are by 'intangibility ... [and] high levels of transactional uncertainty' (Glücker and Armbrüster, 2003 p.270), will meet client need and fulfil service objectives (Bronnenmayer et al., 2016).

In recent years, however, evidence has emerged suggesting that this ‘bilateral’ engagement between end-users and suppliers has been modified by a significant increase in the involvement of buy-side procurement professionals in the management consultancy purchase process. While such professionals have always been involved in the process in an administrative capacity, much deeper levels of involvement have recently been reported (O’Mahoney et al., 2013; Werr and Perner, 2007). This is seen as part of a wider trend within professional services (Capgemini, 2010; Hodges, 2012; World Federation of Advertisers, 2014), with around 60 per cent of respondents to one recent survey reporting ‘procurement influence’ over professional services expenditure (AT Kearney, 2010).

This increased procurement involvement has been met with considerable concern from within the management consultancy literature. The fear is that it will inevitably lead to an ill-informed, over-formalised, cost-focused approach to the purchase process that disrupts critical close, end-user / supplier engagement (O’Mahoney et al., 2013; Patel, 2005; Radnor and O’Mahoney, 2013) and delivers standardised and sub-standard service outcomes as part of a process of service ‘commodification’ (Hansen et al., 1999; O’Mahoney et al., 2013). Emergent evidence suggesting procurement’s excessive rigidity over service specification (Gelderman et al., 2015) and dismissiveness towards supplier distinctiveness (O’Mahoney et al., 2013) has been presented in support of this view.

However, there are reasons to question these concerns, not least given that the negative depiction of procurement professional attitudes and actions within the management consultancy literature is at odds with their depiction within the wider purchasing and supply management literature. Here, while variation in practice is acknowledged (Rozemejer, 2008), procurement professionals are seen as frequently pursuing ‘value for money’ (not simply lowest cost) as their objective within the purchase process (Walker and Brammer, 2009) and

as possessing a more rounded skill set (including relational skills) (Cousins et al., 2006; Paulraj et al., 2008) than is suggested within the management consultancy literature.

As such, this paper uses qualitative research to explore whether the above-stated concerns regarding increased procurement involvement expressed within the management consultancy literature are in fact justified. It does this via two research questions: first, how has increased procurement professional involvement impacted upon the purchasing process; and, second, how can this impact be explained? The article is divided into four further sections: a review of the extant literature, a discussion of the research approach adopted, the presentation of the research findings and a concluding section assessing the implications for theory and practice.

## **2. Close buyer-supplier engagement, procurement involvement and management consultancy**

As suggested above, the intangibility, complexity, uncertainty and bespoke nature of management consultancy services (Glücker and Armbrüster, 2003; Mouzas and Blois, 2013; Sturdy et al., 2009) has led many commentators to argue that the purchase process for such services should be based upon a personal engagement model (Lian and Laing, 2007; O'Mahoney, 2010; O'Mahoney et al., 2013; Reid, 2008). This model consists of two connected principles. The first, drawing upon relational contracting theory (Macaulay, 1963; Macneil, 1978; Schepker et al., 2014), is close buyer-supplier engagement at the needs assessment, sourcing and contract management stages of the purchase process, wherein the contract is as much concerned with promoting the co-ordination and adaptation activities that ensure the service is customised to client need as it is with providing legal protection (O'Mahoney et al., 2013; Zsidisin and Smith, 2005). The second is 'bilateral' contact between end-users and suppliers, with buy-side procurement professionals playing only a

minor administrative role (Lian and Laing, 2007; O'Mahoney, 2010). Such end-user primacy on the buy-side is viewed as necessary as end-users are believed to uniquely possess the knowledge and expertise required to both identify and select suppliers that have the necessary technical (File et al., 1994) and co-operative capabilities (O'Mahoney, 2010) and participate meaningfully in close relationships with suppliers.

These principles are seen as relevant to all stages of the management consultancy purchasing process. Where the needs assessment stage is concerned, end-users are seen as best placed to determine whether external assistance is necessary (O'Mahoney, 2010) and to define project scope (objectives, outputs and business functions involved, for example (Laing and Lian, 2005)), often with the assistance of suppliers that are personal contacts. Where the sourcing stage is concerned, end-users are seen as ideally placed to identify potential suppliers, again often using personal contacts (File et al., 1994), and to evaluate and negotiate with potential suppliers, using the negotiation process to shape potential service solutions, establish co-production methods and develop social capital (Lian and Laing, 2007). The outcome of these actions is often an incomplete and informal 'psychological contract' (Rousseau, 1989) jointly developed with the successful supplier. Where the contract management stage is concerned, this is seen as best handled by end-users working closely with the supplier to 'co-produce' (Bettencourt et al., 2002; Bovaird, 2006) the management consultancy service (Mitchell, 1994) via a process of 'shared learning' (Fincham, 2006). Supplier performance here will often be assessed as much via indirect measures such as relationship quality as by whether the original (often no longer relevant) objectives have been met (Mitchell, 1994). This approach accords with the 'social learning model' of management consultancy, with suppliers playing the role of 'helpers' as opposed to 'experts', thus enabling end-users to find solutions to their own problems (Nikolova and Devinney, 2012).

However, as reported earlier, there is evidence that procurement professionals are becoming increasingly involved in the purchase process for management consultancy services (O'Mahoney et al., 2013; Werr and Perner, 2007). This has been met with concern from within much of the management consultancy literature, which, in line with Malhotra and Murnighan (2002), views the formal controls engendered by (allegedly ill-informed) procurement professionals as inevitably diminishing the close end-user / supplier engagement and 'rapport' (Macintosh, 2009; O'Mahoney et al., 2013; Patel, 2005) upon which the personal engagement model depends. As such, the fear is that increased procurement involvement will result in an inappropriately cost-focused and adversarial purchase process, leading to sub-standard 'commodified' services that are not customised to client need and do not meet client objectives (O'Mahoney et al, 2013). O'Mahoney et al. (2013, p.230) argue that this process of procurement-led commodification 'helps procurers to reduce prices, but also reduces the ambiguity, or "interpretative viability", that many scholars argue is central to the successful diffusion of consulting wares'.

There is some emergent evidence in support of these concerns. For example, at the needs assessment stage, O'Mahoney et al. (2013) provide examples of procurement professionals that are unwilling to listen to end-user arguments concerning service uncertainty and complexity, while Gelderman et al. (2015) highlight excessive rigidity towards specification. At the sourcing stage, O'Mahoney et al. (2013) report that procurement professionals frequently display a disregard for supplier distinctiveness, leading to cost-driven preferred supplier lists that fail to cover end-user needs. Echoing the concerns of professional services industry bodies (Owens, 2014), several scholars (O'Mahoney et al., 2013; Patel, 2005; Radnor and O'Mahoney, 2013) highlight examples of aggressively cost-focused procurement involvement at the contract management stage.

However, there are grounds for questioning these concerns. First, while the management consultancy literature in support of the personal engagement model is extensive, the research on the specific issue of the recent increase in procurement involvement is as yet limited, being confined to a small number of studies (Gelderman et al., 2015; O'Mahoney et al., 2013; Radnor and O'Mahoney, 2013, for example). This in itself suggests further research is warranted.

Second, as mentioned above, procurement professional attitudes and actions are depicted in a considerably more positive light within the wider purchasing and supply management literature than within the management consultancy literature. While it is accepted within this literature that professional standards vary (Cousins et al., 2006; D'Antone and Santos, 2016; Rozemeijer, 2008), procurement professionals are nevertheless viewed as 'trusted advisors' who seek to support end-users, not replace them (Ellram and Tate, 2015; Russill, 2007), and to obtain multi-faceted value for money (including innovation), not lowest cost (D'Antone and Santos, 2016; Van Weele, 2014; Walker and Brammer, 2009). In addition, they are seen as proponents of far-sighted category management policies, not just short-term tactical gains (O'Brien, 2015), and, contrary to claims within the management consultancy literature, capable of handling the uncertainty and contractual incompleteness associated with management consultancy services, not least as such transactional characteristics are both common to purchase processes in many other sectors in which they are routinely involved (information technology and aerospace, for example) and managed via techniques such as agile supply (Christopher, 2000), credible commitments (Williamson, 1985) and close engagement with suppliers (Cox, 1996).

It might be argued, therefore, that increased procurement professional involvement will not inherently damage the management consultancy purchasing process, but could potentially add value to it (Czerniawska and Smith, 2010; Perner et al., 2014). For example,



at the needs assessment stage, procurement involvement might involve providing end-users with assistance with project scoping (Ellram and Tate, 2015). It might also involve coordinating demand across the organisation, thereby aiding the development of deeper relationships with commonly-used suppliers (Vincent, 2010; Werr and Perner, 2007). At the sourcing stage, procurement might (often as part of a category management exercise (O'Brien, 2015)) assist end-users by: implementing formal supplier identification processes (without preventing end-user exploratory discussions with suppliers); developing preferred supplier lists that address end-user needs (Sieweke et al., 2012); establishing formal 'request for proposal' exercises; getting involved earlier in negotiations (without 'crowding out' end-user involvement) (Gotto, 2008); and ensuring appropriate contractual protection (Czerniawska and Smith, 2010). At the contract management stage, while end-users would take the lead in day-to-day engagement (Ellram and Tate, 2015), procurement professionals might nevertheless add significant value via important but 'hands off' activities including: ensuring that payment matches performance in accordance with contracts (assisting with disputes should they arise); providing suppliers with regular performance feedback (an important aspect of close engagement); and collating and circulating end-user views on supplier performance (to minimise adverse selection and support close engagement by identifying co-operative suppliers) (Gotto, 2008).

As such, this paper uses qualitative research to address two research questions. First, how has increased procurement professional involvement impacted upon the management consultancy purchasing process? Specifically, has increased procurement involvement (as argued in the management consultancy literature) indeed led to an ill-informed, over-formalised, cost-focused approach that has disrupted close, end-user / supplier engagement and, as a consequence, delivered sub-standard service outcomes that do not meet client need? Second, how can the impact of increased procurement involvement be explained?

### **3. Data and Methods**

As Wagner et al. (2010) argue, research design is a critical issue for business-to-business research. The research design for this study follows what Meyer and Lunnay (2013) refer to as an ‘abductive’ logic, where the objective is to refine and develop theories and models. As with deductive approaches, abduction moves from theory to data. However, greater emphasis is placed upon incorporating insights from the data that lie outside the initial theoretical frame. Timmermans and Tavory (2012, p173) comment: ‘Rather than engaging with the scholarly literature at the end of the research project, as inductivist approaches have often advised, abduction assumes extensive familiarity with existing theories at the outset and throughout every research step ... [without] advocating a return to deduction based on existing theories’. In this case, the authors took propositions that inform the personal engagement model and, with further guidance from the purchasing and supply management literature, refined them iteratively as the data analysis unfolded.

Within this abductive approach, the collection of qualitative data was deemed appropriate given that the research aims were to develop a nuanced understanding of how increased procurement professional involvement is impacting the management consultancy purchasing process and the reasons for that impact (Bryman and Bell, 2015). Building this understanding required accessing the perceptions of those involved directly or indirectly in the purchasing process.

The qualitative data itself, collected between 2010 and 2012, comprises semi-structured interviews with 50 experienced respondents (at which point saturation had been reached, with only marginal new themes or sub-themes being raised (Guest et al., 2006)). The respondents were identified using a purposive sampling method (Patton, 1990) aimed at providing ‘a broad range of perspectives regarding the topic of interest’ (Hausman, 2005:

775-776). In this context, this required the inclusion within an expert sample of those directly participating at each point of the purchase ‘triad’: buy-side procurement professionals (P, 18 in total), buy-side end-users (E, 10) and management consultancy supplier representatives (S, 19) (due to commercial concerns expressed by most of the initial interviewees, it was decided that the supplier interviewees would not be the suppliers to the buy-side interviewees). Data were also collected from representatives of both buy-side and supply-side peak organisations (PO), i.e. those with indirect experience of the topic of interest. The sample, therefore, covered all of the main relevant standpoints.

The authors were also conscious of the issue of sample balance. To this end, a similar number of buy-side procurement and supply-side respondents were interviewed. Balance was also furthered by the choice of peak organisations. One of the peak organisations (PO1) was from the buy-side, one (PO3) was from the supplier-side and the third (PO2) was from a networking organisation that acted as an intermediary between buyers and suppliers of management consultancy services. That said, there was the potential for bias on the part of buy-side end-users to unbalance the sample. Such managers, while possessing a duty to their buy-side employer, may also possess both counter-balancing vested interests in meeting their own personal objectives (risking price insensitivity) and professional affinities with supplier representatives (via, for example, previous employment as management consultants). To help minimise the impact of this potential bias on overall sample balance, the interview process consciously sought to encourage these respondents to look beyond narrow vested interests. The potential for bias was also kept firmly in mind when interpreting and coding the data.

All interviewees were UK-based (although about a third was working within multinational corporations). On the buy-side, the sample contains respondents from public and private sector organisations from a range of industries. On the supply-side, the sample contains respondents in consultancy organisations of different sizes and levels of focus (niche

versus general coverage, for example). Full details are found in Table 1. In line with the paper's research questions, the interviews explored interviewee perceptions about how increased procurement involvement has impacted upon the three stages of the management consultancy purchasing process (needs assessment, sourcing and contract management) and the reasons for that impact. In line with abductive reasoning, the interviewing was informed by theoretical knowledge, but not hidebound or prejudiced by it (Timmermans and Tavory, 2012). The average length of interview was 40 minutes and all interviews were transcribed. The interviews were conducted by telephone (40) and in person (10).

The data on interviewee perceptions were (in line with the abductive research design) coded using *a priori* and grounded codes (Sang and Sitko, 2014), with the coded data then transferred to a central database to be systematically compared for themes and then sub-themes, thereby enabling common and differentiating themes and insights to be identified (in particular, from the different groups of interviewees) (Lichtman, 2013). Two of the authors were involved in the interviewing and coding process. Procedures were put in place to provide consistency in interpretation, thereby ensuring that the use of two authors in the coding process was not to the detriment of coding reliability (Saldana, 2013). Specifically, the two authors concerned developed a common format for the interview transcripts. Discussions between the two authors then took place regarding both the *a priori* codes to which certain interview data was assigned and the grounded coding decisions made in relation to other interview data.

### **INSERT TABLE 1 ABOUT HERE**

In terms of the industry from which the sample was drawn, the global revenues of the management consultancy industry were, as outlined earlier, recently estimated at \$554 billion

(IBIS World, 2016). The UK part of this market (from which the data here are drawn) was estimated at £5.2 billion in 2014, with market growth estimated at over 8 per cent per annum, nearly four times the growth rate of the UK economy (Management Consultancies Association, 2015). Given the low barriers to entry, there is considerable variation between consultancies. In 2007, small and medium-sized enterprises accounted for 98 per cent of management consultancy firms and 78 per cent of consultants, yet the top ten largest firms by revenue secured over 50 per cent of global revenues (O'Mahoney, 2010). The biggest purchasers of management consultancy services are firms in the finance, manufacturing and public sectors (O'Mahoney, 2010).

#### **4. Empirical findings**

##### ***4.1 Impact of increased procurement involvement on the management consultancy purchasing process***

In accordance with the first research question, the authors explored, via the perceptions of the expert sample, how increased procurement involvement has impacted upon the management consultancy purchase process, in particular whether (in line with the concerns expressed within the management consultancy literature) it has been excessively cost-focused, adversely affected close end-user / supplier engagement and resulted in a commodification of management consultancy services with negative consequences for client needs and objectives. Concerns of this nature were indeed shared by respondents across all groups within the sample. However, the data also revealed considerable variation in procurement impact both within and between the different stages of the purchase process, as the ensuing discussion demonstrates.

### *Needs assessment*

Considerable concerns were raised by some end-users regarding the impact of procurement at the needs assessment stage. This was often in relation to the service specification. For example, E1 commented that procurement professionals ‘never quite get the complexity of the requirement’, adding: ‘When you get to anything that is an important ingredient [to service delivery] it becomes hard for a central function to run with the subtleties’. E6 agreed, saying that procurement often simplified the requirement to enable it to be specified more precisely, while S6, S9 and S13 viewed it as an attempt to commoditise the service. Where the procurement professionals within the sample were concerned, P2 accepted that procurement had a reputation for ‘just buying laptops or desks and chairs’ and not understanding services as complex as management consultancy, not least because, according to PO2, ‘the centre of gravity for a procurement manager [in the case of management consultancy services] ... is in a different place to where it is for more tangible purchases’. P3 admitted that, to a large degree, this reputation had until recently been justified in her organisation, as the procurement professionals involved had not stayed in post long enough to gain a proper understanding of service complexity.

Against this, however, respondents from all three groups in the sample claimed that increased procurement involvement at the needs assessment stage had on many occasions significantly enhanced service outcomes. With regard to this, procurement interviewees focused in particular upon project scoping. According to P3, ‘scope is the most important factor’ in ensuring value for money, with P2 arguing that, historically, scoping had often been undertaken by end-users who were technical experts, not project managers, and thus often handled badly.

Disciplined project scoping was, in part, about protecting the client from significant supplier opportunism enabled by information asymmetry and commercially-naïve end-user

actions. With regard to this, P3 commented: '[End-users] often don't really know what they want and hope discussions [with consultants] will come up with something ... [Procurement doesn't provide] technical advice, but we will look for objectives and deliverables ... phases, with milestones'. P7 added: 'We have to buy what the business needs, [but] we bring in structure. Across businesses there can often be a free-for-all ... [so we] bring in controls and standards'. The role of procurement professionals in mitigating potential supplier opportunism was also raised by supply-side interviewees, with S8 noting 'fruitful' procurement involvement in 'defining requirements', this being viewed as especially important when the end-user lacks discipline (S11). Some end-users also acknowledged procurement's contribution in increasing commercial protection – via 'suggested changes and timescales' (E9) and shaping the requirement (E6).

Procurement involvement with project scoping did not, however, just concern the mitigation of opportunism. It was also suggested that it could give both parties greater clarity concerning the parameters of the project and thus provide a better basis for successful (close) interaction between suppliers and end-users (P13). P9 commented: 'We can try to stop ... project failure ... [which] can usually be traced back to the original method of commissioning the project'. Greater clarity, however, did not necessarily mean being over-prescriptive. For example, P1 had helped end-users utilise 'outcome-based specifications' (where appropriate) to encourage supplier innovation. E6 concurred, highlighting the importance of such assistance from her procurement team. A number of supplier interviewees also made similar comments. S6, for example, remarked that procurement involvement often increased the feasibility of the end-user specification, while S9 admitted that it had forced small consulting firms like his to improve their service offerings and S14 said it had helped address the significant difficulties experienced by end-users and suppliers in defining project

requirements and outcomes. Procurement professionals were achieving this, according to S8, by ‘talking through a deliverable suite of services ... and asking pertinent questions’.

Overall, therefore, while some negative perceptions were reported by respondents concerning service commodification (of a manner predicted within the management consultancy literature), there was also widespread acceptance across the sample that procurement professionals were often playing a valuable role at the needs assessment stage via their involvement in project scoping.

### *Sourcing*

Perceptions regarding the impact of increased procurement involvement also varied considerably at the sourcing stage. In terms of specific actions, increased involvement manifested itself in: ‘framework agreements containing agreed rate cards’ (P16); ‘a formal tender process’ (P11); e-auctions (P12); standard-template contracts (P3); and project plans containing formal roles and responsibilities (P9). Procurement involvement of this type could concern single contracts or be part of a category management exercise for management consultancy expenditure.

For some, such actions were a necessary response to sourcing problems under the previously-dominant personal engagement model. While it was widely reported that this model’s facilitation of close engagement between end-users and suppliers was vital for successful service outcomes, it was also reported that such engagement could become too close or ‘embedded’ (P1), with P9 describing arrangements where consultants were ‘engaged on the basis of being a friend of a friend’. P3 encapsulated the mixed blessing of the personal engagement model’s facilitation of deep and enduring end-user / supplier engagement by describing it as a ‘double-edged sword’. She explained: ‘On the one hand, they [favoured suppliers] have a good understanding of our organisation and will provide extras. On the



other, there can be complacency on both sides, less value-add and a need for competition’. This created a challenge for procurement professionals, as P8 explained: ‘...you have [client organisation] and consultancies swapping personnel, so this can be a pressure on procurement to use a certain organisation. It is quite incestuous ... you know, the FD worked in [supplier]. There are strong relationships between partners of consultancies and directors in [client organisation]. It is all extremely political’.

These problems with the personal engagement model were also noted by end-users. E8 insisted that close relationships were necessary, but added: ‘Partners [in supplier organisations] ... tend to be very keen on selling stuff that they can deliver. So you can, as a client, get a very narrow view’. E7 went further and argued that a lack of proper process and, in particular, the lack of separation of end-users from suppliers created problems of probity similar to those described by P8 above. This lack of professional separation was also highlighted by supplier interviewees. For example, S8 commented that ‘[E]nd-users have their favourites that they want to use ... they have prejudices or they are alumni of a provider ... there is a huge network, a social community, affiliations and this affects choices’. S2 added that supplier selection decisions were often made on the basis that the end-user ‘worked for them before or plan to work for them in the future’. In some cases, end-users would either slant the specification in order to favour their ‘best buddies’ (S6) or allow a favoured supplier to actually write the request for proposal – ‘you know when a competitor has been involved in writing the RFP, you just know’ (S8). As a consequence, S8 argued that non-incumbents often ‘need an extraordinary bid to dislodge the favourite’ and needed ‘to speak the right language and get to the same level of trust’ that the incumbent has established.

While there was widespread agreement regarding the shortcomings of the personal engagement model, for some, however, increased procurement involvement had merely created even greater problems. The main complaint was procurement’s alleged frequent

tendency to insist, against end-user wishes, on selecting lowest-cost suppliers (or only being willing to pay low prices). S4 commented on this narrow cost focus: 'I have never known a conversation with procurement that has not come down to benchmarking on day rates ... Before I would not take the call if procurement rang. Now I take the call and bore them to death about the complexity of consulting'. S9 believed that procurement professionals were more varied, but agreed that some did devalue and commoditise consultancy, as did S8, who complained that they often 'don't have the conversation about value'. On the part of end-users, E6 complained about procurement's frequent pre-occupation with fixed prices, while E3 reported its tendency to produce 'savings reports [that were] considered irrelevant by the business'.

This narrow procurement cost focus was seen by end-user and supplier interviewees to have two adverse consequences. First, it resulted in the selection of suppliers that did not possess the capabilities (including relational capabilities) necessary for delivering a service that met client need. E8, for example, complained about being 'forced by procurement to get it from the wrong place', while S7 added: '[Procurement] make foolish choices in terms of suppliers that ... are not qualified for the particular project'. S2 (previously a buyer of management consultancy services), suggested that procurement indifference to supplier distinctiveness ran deep: 'If I could not identify the best [supplier] ... I would die of shame. But I have never met a management consulting category manager who knows it'.

Second, it led to some suppliers, seeing the low prices on offer, exiting the purchasing process or reducing their level of engagement. For example, S10 and S11 only pursued contracts where they could use personal engagement, as against joining a procurement-driven formal competition. Others were prepared to enter procurement-driven competitions, but lowered both their commitment to the contract and the quality of delivery team in line with the low 'day rate' being offered. S2 warned: 'Don't push price too hard or you will get the B

team'. PO2 similarly called on procurement professionals to 'get in tune with the dynamics of the requirement' and not 'lose the opportunity to get the "A" team.'

Procurement's shortcomings at the sourcing stage were recognised by some of the procurement interviewees themselves. For example, P18 commented: 'From the procurement view, the benefits have been a reduction in contractors and costs. From the business view, there is a perception that they can't get the individual they want'. Similarly, P9 reported that his team's sourcing actions were 'not consistent, patchy' in terms of their effectiveness and P5 confessed that procurement was running the sourcing process without adding any value: 'we've not nailed it yet ... [we are] not driving performance'.

Yet while respondents were discernibly less positive about procurement involvement at this stage (as against the needs assessment stage), there were still reports from all groups in the sample that procurement had improved value for money outcomes on at least some occasions. A number of the procurement interviewees, not surprisingly, provided evidence of positive involvement. P8, for example, described more proactive 'global category management' involving procurement 'looking at the market in advance of the end-user indicating a requirement, finding specialist suppliers ... interviewing suppliers ... and developing selection criteria'. He reported that this had led to 'better lead times, less project creep or overspend and ... savings reports', adding that 'end-users are happy that these savings have been made without projects being affected'. P3, meanwhile, reported double-digit price reductions within her organisation, again without affecting service quality, during an ongoing move towards category management: 'We agree criteria with stakeholders before the RFP ... [and] help with knowledge of other similar projects within the company and market knowledge – about capacity in the market, when we can [negotiate] a lower or pro bono rate ... We are on the verge of establishing preferred suppliers at tier one'.

Where end-users were concerned, E2 reported that a category management exercise within her organisation, in particular the negotiation of a preferred supplier list, had demonstrated that there was no conflict between attention to cost and service quality: ‘[We] became more conscious about what we were paying ... [but also] quality-wise, the PSL [preferred supplier list] allows consistency and allows us to see which suppliers are the best’. E4 likewise believed that savings of between 10 to 20 per cent could be negotiated on many occasions without service quality being damaged, while E7 reported both improved and more transparent supplier selection and more systematic contract management, interventions that had led to (audited) improvements on both sides of the value for money equation. On the supply-side, S8 reported that ‘some [client organisations] have done category management and developed a strategic panel of suppliers ... These firms have definitely moved on’. The positive procurement involvement in sourcing was said to be particularly in the case of the less complex ‘body-shopping’ (P5) management consultancy projects (E8 and S10, for example), a reminder that the management consultancy service category is itself varied.

Overall, therefore, while procurement involvement was viewed less positively at this stage than at the needs assessment stage, the expert sample nevertheless reported positive as well as negative interventions, with numerous reports of the positive effects of category planning. Furthermore, given the considerable reported shortcomings of the personal engagement model at the sourcing stage, there were doubts as to whether a return to this model would be an appropriate response to procurement shortcomings.

### *Contract management*

As outlined above (Ellram and Tate, 2015), even in the context of increased procurement involvement, the procurement function would be expected to perform a largely ‘hands off’ (although still important) role at the contract management stage. Many such ‘hands off’

actions were reported by respondents. P8, for example, described providing ‘a framework to support project management ... [containing] clear deliverables, target dates and milestones [linked] to invoice payments’. Periodic progress checking as to ‘whether the consultants have delivered the deliverable’ (P3) was also widely reported (although E7 said that end-users took over after a few months and S7 and P5 noted end-users often being ‘reluctant to be open about the performance of an assignment’). E9, meanwhile, commented positively on procurement’s role of being available to end-users when required: ‘[We were] a genuine team ... [Procurement] was very happy with the role ... They were happy to step out. We were involving them, rather than them trying to get involved with us’. When procurement was called in, E4 and E6 both recalled that it was to assist with contractual disputes between end-users and suppliers, procurement being deemed as better qualified to deal with such matters.

Some procurement professionals, however, were going beyond this ‘hands off’ role and engaging in day-to-day contract management. This was viewed by many within the sample as frequently being harmful to close buyer-supplier engagement and service outcomes. S4, for example, reported procurement ‘getting in between and in the way of the client and consultant’ during contract execution, while E10 added: ‘[Procurement is] a barrier between the supplier and the end-user’. According to S19, this barrier was being created because procurement involvement here was often too administrative and lacking in understanding of service delivery and, as a result, was leading to very simplistic forms of monitoring. S8 agreed, adding that some procurement professionals ‘want to get involved, but can’t add value and don’t really understand the project ... and can easily create a bad situation for the rest of us’. E8 argued that this lack of understanding was then exacerbated by poor relational skills: ‘You need someone who knows how to deal with “partners” as against companies. You have to incentivise and manage partners differently to get a good deal’. Some procurement respondents recognised these concerns. P11, for example, admitted that

procurement ‘needs to recognise that close relationships are not necessarily bad’ and P1 warned that procurement needed to be careful to avoid ‘no-go areas’ that could affect end-user relationships with suppliers.

At the contract management stage, therefore, respondent views concerning the impact of procurement involvement were again varied. Problems arose when ill-equipped procurement professionals ventured beyond their recommended supportive role and disrupted close buyer-supplier engagement. However, there were also reports of important ‘hands off’ procurement involvement which added value to end-users during contract execution.

### *Summary*

The paper’s first research aim was to explore how increased procurement involvement has impacted upon the management consultancy purchasing process. The respondents’ perceptions regarding this suggest that its impact has varied both between and within the three stages of the purchasing process. While many of the concerns expressed within the management consultancy literature were reported by the respondents, there were also examples of positive procurement involvement. This was particularly the case at the needs assessment stage, where procurement involvement in project scoping was often regarded as beneficial. Where the sourcing stage was concerned, while respondents were noticeably less positive, there were nevertheless indications that procurement has a potentially important role to play by, for example, supporting category planning via assistance with request for proposal exercises, negotiations and, in particular, flexible preferred supplier lists. At the contract management stage, procurement’s contribution was viewed positively where it recognised the need for an important but ‘hands off’ role, but negatively where it attempted to become more involved on a day-to-day basis.

Having outlined the perceived variation in the impact of increased procurement involvement, therefore, the paper now proceeds to the second research question – how might the impact of procurement involvement be explained?

#### ***4.2 Explaining the reported variation in procurement impact***

##### *Explaining variation in procurement impact between purchasing stages*

As outlined above, procurement involvement was viewed most positively at the needs assessment stage and least positively at the sourcing stage. In explaining this, a number of insights were provided by the respondents as to why there were often very positive views of procurement involvement at the needs assessment stage. First, there was a perception on the part of some respondents that certain aspects of increased procurement involvement at this stage were inherently less threatening to end-users (and suppliers) than involvement at the sourcing and contract management stages. This was because, particularly in the case of project scoping, procurement was seeking to shape rather than overturn end-user (and supplier) preferences. As a result, end-users (and suppliers) appeared often to be quite receptive to procurement involvement, with this promoting productive joint-working. PO3, from the supply-side peak organisation, described this complementary role as procurement ‘getting the internal client [end-user] to better frame the brief and the specification and help the consultancies understand what they are being asked to pitch for, the need and the context’. Second, because the very nature of project scoping requires relatively little service-specific knowledge on the part of procurement professionals, more such professionals were able to contribute in a manner that was valued by end-users (and suppliers). Procurement professionals used their project management skills to assist end-users.

A very different situation existed, however, at the sourcing stage. First, end-users and (favoured) suppliers saw a significant inherent threat in procurement involvement. There were, as E8 and S7 commented above, fears of being forced by procurement into inappropriate supplier choices. Second, much higher levels of service-specific knowledge are required for successful procurement involvement at this purchasing stage – for example, P12 commented: ‘It is about knowing your market’. However, as has been shown above, not all procurement professionals possess such knowledge. As a result of these two factors, procurement involvement was regarded less favourably and, indeed, often resisted at this stage of the process.

Procurement involvement at the contract management stage had the potential to be similarly problematic, with end-users (and suppliers) again perceiving procurement as a threat and there again being a requirement for high levels of service-specific knowledge. Indeed, examples were provided of procurement disrupting vital co-production relationships between end-users and suppliers – as mentioned, E10 described procurement as a ‘barrier’, for example. However, perceptions of procurement involvement at this stage were less negative than those regarding involvement at the sourcing stage because of a further factor – namely, that, in line with the purchasing and supply management literature (Ellram and Tate (2015), for example), many procurement professionals saw ‘hands-on’ contract management as the domain of end-users. P8 commented, for example: ‘Procurement does not and should not be involved in [hands-on] contract management, either now or before’. His reasoning was that, even if procurement professionals possessed service-specific knowledge, end-user ‘personal relationships with providers are a big part of [management consultancy]’. Instead, at this stage, many procurement professionals (even where they possessed significant levels of service-specific knowledge) were accepting of a more limited, although still important, role, as P10 illustrated: ‘End-users manage contracts day-to-day. We will have review



meetings with them on high value contracts'. This acceptance on the part of many procurement professionals of a limited 'hands off' role reduced the scope for negative perceptions on the part of end-users (and suppliers).

#### *Explaining variation in procurement impact within purchasing stages*

Variation in procurement impact was also perceived within each process stage. Three main explanations for this were suggested by the interviewees. First, in order for increased procurement involvement to have a positive impact, procurement professionals were seen to require service-specific knowledge. Some procurement professionals, for example P10, had built up such knowledge over time, having had long experience of buying management consultancy. However, service-specific knowledge within procurement functions had also been enhanced via the hiring of former management consultants into procurement roles. Former management consultants were seen as particularly useful in combatting the supplier opportunism that, as reported earlier, the personal engagement model could facilitate. P3 reported: '[Ex-management consultants] understand credible rates and have an appreciation of how consultants work – they understand the black arts of how they organise themselves', while P2 added that such a person 'knows how the game works ... whether you need one person for this task or two' and P6 reported that they 'know the tricks'. According to P8, these tricks could often be far-reaching and involved 'massive intelligence gathering from end-users about rates paid in [firm name]. We call it "terrorist activity". And as they are on site there is lots of opportunity for this. They can really feather their nests if they try hard'.

Some supply-side respondents (S6, S8 and S18), not surprisingly, also spoke positively about the procurement professionals that were former members of their industry (notwithstanding that they might limit their 'terrorist activity') and the growing number of such procurement professionals was clearly a factor behind comments acknowledging that

some procurement functions were showing greater maturity (S15), the result being that they were procuring ‘more intelligently ... [taking] account of differences between firms’ (S7). PO3, from the supply-side peak organisation, summarised thus: ‘Having ex-consultants in the buying team can even things up a bit. It eases the worry that the consultant is going to outwit [the client] at every stage’.

A second explanation reported for variation within each of the purchasing stages was the ability (or otherwise) of procurement professionals to develop the social capital necessary for positive working relationships with end-users and suppliers. With respect to this, while E2, for example, reported positively about procurement building ‘personal relationships and understanding’, the development of social capital with end-users was seen as a problem for procurement by many within the sample. Procurement professionals in many organisations were seen to be still operating as ‘outsiders’ within the triad. S2 commented: ‘On how many occasions does the internal stakeholder talk to [procurement] before talking to the supplier? The standard for category management [in general] is ninety per cent plus. Very few are there [in management consultancy]’. E1 believed much of this was due to a lack of social skills: ‘Firms need to recruit a procurement head that is clubbable, part of the team. But many come over as actually quite odd in the financial environment and do not get how the business operates ... Most do not have the personality to get heard’.

In this context, it was widely agreed that ‘credibility is key with internal end-users’ (P8) and that procurement professionals ‘need to find a way to have credibility’ (S2). With respect to this, P1 (central government) reported running sessions on ‘commercial awareness’ aimed at changing end-user impressions of procurement as a ‘blocker’, while P3 argued that the aforementioned former management consultants were ‘useful in building credibility with stakeholders’ because of their service-specific knowledge and relevant experience. For E4 and E7, however, the route to credibility was simply a relevant track

record of results, a route which P2 described: ‘We saved 17 to 18 per cent on a six-year contract [in a different professional service category] - this gave us credibility’.

A third explanation for variation within purchasing stages related to the way in which procurement professionals perceived their role. Particularly important here was whether procurement professionals sought to support rather than displace end-users within the purchase process. With respect to this, some procurement interviewees described themselves as seeking to ‘assist’ (P11) and be ‘a critical friend’ (P9). Explaining this mind-set further, P3 commented that ‘you come in when [the end-users] have been given a budget and want guidance’, while P8 said: ‘It is not the job of procurement to tell end-users who to use ... We support not lead’. On a more ‘political’ note, P7 talked of the need to ‘bring along stakeholders’, describing it as ‘the only way to make it stick in the implementation phase’. PO2 (recounting a former procurement role) provided an example of what this supportive role could mean for sourcing practice: ‘We would break the market into bits, niches, etc., and then ask stakeholders who they wanted in each part of the market. The list would be the first port of call on a project, but we were flexible if the list couldn’t meet their needs’.

There was some appreciation that many procurement professionals perceived their role in this manner among the end-users within the sample, with, as mentioned, E9 commenting positively about procurement being ‘happy to step out’ and E2 reporting similarly about an arrangement whereby she would call in procurement for assistance. Where supplier interviewees were concerned, S3 and S6 were somewhat scornful of this supportive role, as they were not cognisant that many procurement professionals actually aspired to it. In other cases, however, they did understand this and referred to the positive impact of procurement providing support to end-users in the form of advice and guidance (S15). This was in relation to, for example, executing process formalities appropriately (S12), increasing the clarity of the requirements (S13) and project management (S14).

The respondents, therefore, reported that procurement involvement tended to be more positive when procurement professionals possessed service-specific knowledge, were able to develop social capital with end-users and were content to perform a supportive role as against seeking to replace end-users. In the procurement literature, these are often referred to as elements of 'procurement maturity' (D'Antone and Santos, 2016). Also notable was the considerable degree of unanimity between the procurement professionals, end-users and suppliers within the sample with regard to this, suggesting an emergent common view of procurement 'best practice' in management consultancy purchasing.

### *Summary*

The paper's second research question concerned how the impact of increased procurement involvement might be explained. With respect to this, the respondents viewed the reported variation in procurement impact between purchasing stages to be explained by differences in the degree to which end-users (and suppliers) felt procurement involvement to be a threat to their interests (with a lower threat perceived at the needs assessment stage than at the other two stages) and the level of service-specific knowledge required at each stage (with lower levels of such knowledge required at the needs assessment stage than at the other two stages). In terms of the reported variation within purchasing stages, the respondents reported that procurement involvement tended to be more positive when procurement professionals possessed service-specific knowledge, social capital and acceptance of a supportive role.

## **5. Discussion and Conclusions**

This article has explored, via qualitative research, the concerns expressed within the management consultancy literature about the increased involvement of procurement professionals in the purchase of management consultancy services, in particular the view that

procurement involvement is ill-informed, excessively cost-focused, disruptive of close buyer-supplier engagement and, as a result, detrimental to service outcomes (O'Mahoney et al., 2013; Radnor and O'Mahoney, 2013). These concerns are part of a wider argument in the literature in favour of the continued use of the personal engagement model for management consultancy purchasing (Lian and Laing, 2007; O'Mahoney, 2010; O'Mahoney et al., 2013; Reid, 2008). The analysis makes several contributions to this literature.

First, the research findings corroborate some of the concerns outlined above regarding the impact of increased procurement involvement. There was considerable agreement across the different groups within the sample that procurement involvement frequently led to the selection of inappropriate suppliers and the undermining of close end-user / supplier engagement, and was often part of a damaging attempt to commoditise management consultancy in the cause of cost reduction (O'Mahoney et al., 2013). However, more positive views were also expressed, particularly at the needs assessment stage where procurement assistance with project scoping was widely seen as improving both commercial risk management and, in line with Ellram and Tate (2015), end-user / supplier interaction. Interviewee perceptions of procurement were less positive at the sourcing and contract management stages, but even here there were reports of beneficial involvement with respect to, for example, preferred supplier lists and contract management frameworks. As such, the first contribution of the paper, in line with the wider purchasing and supply management literature (Cousins et al., 2006; Ellram and Tate, 2015, for example), is to call into question the widespread view within the management consultancy literature that an increase in procurement involvement will automatically have negative consequences for the purchasing process.

The paper's second contribution is that it provides explanations for why increased procurement involvement is viewed more positively in some instances than in others. In

terms of the more positive perceptions of involvement at the needs assessment stage, as against the sourcing and contract management stages, this was seen as due to procurement involvement here posing less of a threat to end-user interests and requiring lower levels of service-specific knowledge. The analysis also identified variation in the perceptions of increased procurement involvement within each process stage. This was explained with respect to procurement professional possession of service-specific knowledge, an ability to develop social capital with end-users and an appreciation of the need to play an important yet supportive role to end-users. The latter finding reinforces the view of those within the purchasing and supply management literature (Ellram and Tate, 2015; Fitzsimmons et al., 1998), and certain voices in the management consultancy literature (Czerniawska and Smith, 2010; Perner et al, 2014; Vincent, 2010), who argue that there is a role for procurement in complex services purchasing, but that the task is qualitatively different from, for example, production, commodity services and construction procurement tasks and hence requires specific expertise, sophisticated managerial qualities and targeted involvement.

The paper's third contribution is that it suggests, at least where the purchase of management consultancy services is concerned, that the historically-favoured personal engagement model suffers from significant shortcomings, particularly at the sourcing stage of the purchase process. Respondents within the expert sample reported that many service purchases made under the personal engagement model were affected by governance problems (Day et al., 2011), relating in particular to personal affinities affecting supplier selection decisions. Such problems can have adverse commercial consequences and are increasingly deemed unacceptable as a matter of principle (Chartered Institute of Purchasing and Supply, 2013). As such, the research supports the minority concerns in the literature about the use of the personal engagement model in the purchase of management consultancy services (Czerniawska and Smith, 2010; Perner et al., 2014; Vincent, 2010).

Bringing these contributions together, this paper calls into question the established view within the management consultancy literature, illustrated in Figure 1(a), that movement away from the personal engagement model will automatically have a deleterious impact on the management consultancy purchase process and outcomes (for example, O'Mahoney et al., 2013; Owens, 2014). Instead, the paper posits an alternative view of how increased procurement involvement is impacting the management consultancy purchase process and why (see Figure 1 (b)). In this view, the impact of increased procurement involvement is varied.

In the first scenario within Figure 1(b), increased procurement involvement is a negative development (as argued in the extant management consulting literature), with ill-equipped managers pursuing excessive formality and a myopic price focus. Here, critical close buyer-supplier engagement is undermined and services commodified, with deleterious consequences for service outcomes. This scenario was indeed observed in our research and it remains a key concern that greater procurement involvement in management consultancy purchasing is on many occasions having negative effects of this nature. Against this, however, the research also observed a second scenario (also outlined in Figure 1(b)). In this scenario, procurement professionals have relevant service-specific knowledge and significant social capital, and appreciate the need to play a supportive role in pursuit of a balanced value for money objective. As such, critical close buyer-supplier engagement is preserved and even enhanced, with positive consequences for service outcomes.

Accordingly, the paper advances three propositions for future research into management consultancy services purchasing. The first is that there is potential for procurement to impact positively the management consultancy purchase process in a manner that complements close end-user / supplier engagement. The second is that procurement involvement has a more positive impact at the needs assessment stage than at the sourcing

and contract management stages. The third is that the extent to which procurement has a positive impact on the purchasing process depends on the extent to which procurement professionals possess service-specific knowledge, an ability to develop social capital with end-users and an acceptance of a supportive role to end-users.

It might also be argued that the second observed scenario within (b) is preferable to the currently dominant personal engagement model as a normative model for the management consultancy purchasing process (Lian and Laing, 2007; O'Mahoney, 2010; O'Mahoney et al., 2013; Reid, 2008). This is because the supportive procurement involvement in this scenario not only preserves close buyer-supplier engagement and positive service outcomes, but also has a necessary greater (yet balanced) focus on the cost side of the value for money equation and is able to address the governance concerns associated with the personal engagement model within the area of management consultancy (Czerniawska and Smith, 2010; Perner et al, 2014; Vincent, 2010; Werr and Perner, 2007). This accords with D'Antone and Santos (2016, pp. 180-182) who argue that procurement, where there is significant 'maturity ... and orientation to innovation', does have a role to play within management consultancy purchasing and that, while there is no single model for procurement involvement, it 'should interact intensively' with end-users and suppliers as part of a triad.

### **INSERT FIGURE 1 ABOUT HERE**

The analysis presented here has several implications for management practice. First, the personal engagement model (O'Mahoney, 2010) has been shown in the research here to possess shortcomings with respect to management consultancy purchasing, particularly with regard to governance. A degree of process formality via increased procurement involvement



might, therefore, be important in addressing these shortcomings within organisations where the personal engagement model still prevails.

Second, it is important that any increased procurement involvement should not just involve the transfer of staff from other procurement roles, especially if this increased involvement extends to the sourcing and contract management stages. Instead, specific investment in recruitment (possibly targeting former management consultants) and /or management consultancy-specific training will be required. Where levels of management consultancy expenditure do not warrant such an investment, it may be necessary to limit procurement involvement to the needs assessment stage. A further option would be to engage third-party assistance.

Third, the research shows that the management consultancy services end-user community within buying organisations is very diverse and includes senior managers and executives. As a result, if procurement professionals are to engage meaningfully in the procurement process they need to adopt a supportive role and possess significant social capital and credibility with end-users. The latter again suggests the need for the recruitment of former management consultants. It also suggests a role for interpersonal skills training (Tassabehji and Moorhouse, 2008) and cross-functional team working in order to develop greater empathy and understanding between procurement professionals and end-users (Driedonks et al., 2014; Kiratli et al., 2016).

Several caveats and avenues for future research also need to be kept in mind with regard to the research presented here. First, as mentioned earlier, the sample in this study was not entirely balanced in its composition, due to the potentially skewed perspective of buy-side end-users. Second, the research reported here, for reasons of commercial confidence, did not include buy and sell-side participants of the same service purchase. Future research might seek to address this limitation. Third, while we offer empirical support for the depiction of

procurement involvement in Figure 1(b), further research is needed to identify whether there are additional factors not present in the research here that impact upon effective procurement involvement in management consultancy services purchasing, allowing a development of the positive scenario in Figure 1(b). Such research could also identify whether the depiction of procurement involvement in 1(b) was observed in a wider range of service and geographical contexts. Finally, further research might investigate specific aspects of the research, in particular the apparent buy-side trend of recruiting former management consultants that appears to be enhancing procurement ‘maturity’ in management consultancy purchasing. Such research would make a valuable contribution to not only the management consultancy literature, but also the literature (Ellram and Tate, 2015; Schoenherr et al., 2012, for example) on services purchasing more broadly.

## References

AT Kearney (2010). *Higher Visibility, Greater Expectations*. Chicago: AT Kearney.

Bettencourt, L., A. Ostrom, S. Brown and R. Roundtree (2002). ‘Client co-production in knowledge-intensive business services’, *California Management Review*, 45, pp. 100–128.

Bovaird, T. (2006). ‘Developing new forms of partnership with the ‘market’ in the procurement of public services’, *Public Administration*, 84, pp. 81-102.

Bronnenmayer, M., B. Wirtz and V. Gottel (2016). ‘Determinants of perceived success in management consulting: an empirical investigation from the consultant perspective’, *Management Research Review*, 39, pp. 706 – 738.

Bryman, A. and E. Bell (2015). *Business Research Methods*. Oxford: Oxford University Press.

Capgemini (2010). Global Chief Procurement Officer Survey 2010. London: Capgemini.

Chartered Institute of Purchasing and Supply (2013). Code of Conduct. Easton-on-the-Hill: Chartered Institute of Purchasing and Supply.

Christopher, M. (2000). 'The agile supply chain: competing in volatile markets', *Industrial Marketing Management*, 29, pp. 37-44.

Colling, T. (2005). 'Managing human resources in the networked organisation'. In S. Bach (ed), *Managing Human Resources*, pp. 90-112. London: Blackwell.

Cousins, P., B. Lawson and B. Squire (2006). 'An empirical taxonomy of purchasing functions', *International Journal of Operations and Production Management*, 26, pp. 775-794.

Cox, A. (1996). 'Relational competence and strategic procurement management', *European Journal of Purchasing and Supply Management*, 2, pp. 57-70.

Czerniawska, F. and P. Smith (2010). *Buying Professional Services*. London: The Economist.

D'Antone, S. and J. Santos (2016). 'When purchasing professional services supports innovation', *Industrial Marketing Management*, 58, pp. 172-186.

Day, M., M. Webb and J. Hughes (2011). 'The value of value in supplier relationships', *Dilf Orienting*, 48, pp. 5-13.

Driedonks, B., J. Gevers and A. van Weele (2014). 'Success factors for sourcing teams: how to foster sourcing team effectiveness', *European Management Journal*, 32, pp. 288-304.

- Dyer, J. (1997). 'Effective inter-firm collaboration: how firms minimize transaction costs and maximize transaction value', *Strategic Management Journal*, 18, pp. 535-556.
- Ellram, L. and W. Tate (2015). 'Re-defining supply management's contribution in services sourcing', *Journal of Purchasing and Supply Management*, 20, pp. 64-78.
- Eriksson, P. and O. Pesamaa (2007). 'Modelling procurement effects on cooperation', *Construction Management and Economics*, 25, pp. 893-901.
- File, K., D. Cermak and R. Prince (1994). 'Word of mouth effects in professional services buyer behaviour', *The Service Industries Journal*, 14, pp. 301-314.
- Fincham, R. (2006). 'Knowledge work as occupational strategy: comparing IT and management consulting', *New Technology, Work and Employment*, 21, pp. 16-28.
- Fitzsimmons, J., J. Noh and E. Thies (1998). 'Purchasing business services', *Journal of Business and Industrial Marketing*, 13, pp. 370-380.
- Gelderman, C., J. Semeijn and A. de Bruijn (2015) 'Dynamics of service definitions: an explorative case study of the purchasing process of professional ICT services', *Journal of Purchasing and Supply Management*, 21, pp. 220-227.
- Glücker, J. and T. Armbruster (2003). 'Bridging uncertainty in management consulting: the mechanisms of trust and networked reputation', *Organization Studies*, 24, pp. 269-297.
- Gotto, A. (2008). *Consultancy Sourcing Strategy Report*. London: Constellia.

- Guest, G., A. Bunce and L. Johnson (2006). 'How many interviews are enough? an experiment with data saturation and variability', *Field Methods*, 18, pp. 59-82.
- Hansen, M., N. Nohria and T. Tierney (1999). 'What's your strategy for managing knowledge?' *Harvard Business Review*, 77, pp. 106-116.
- Hausman, A. (2005). 'Innovativeness among small businesses: theory and propositions for future research', *Industrial Marketing Management*, 34, pp. 773-782.
- Hodges, S. (2012). 'Power of the purse: how corporate procurement is influencing law firm selection', *Law Practice Today*, January. [www.lawpracticetoday.org](http://www.lawpracticetoday.org) (accessed on 23 November 2015).
- IBIS World. (2016). *Global Management Consultants: Market Research Report*. [www.ibisworld.com](http://www.ibisworld.com) (accessed on 7 October 2016).
- Kiratli, N., R. Rozemeijer, T. Hilken, K. de Ruyter and A. de Jong (2016). 'Climate setting in sourcing teams: developing a measurement scale for team creativity climate', *Journal of Purchasing and Supply Management*, 22, pp. 196-204.
- Laing, A. and P. Lian (2005). 'Inter-organisational relationships in professional services: towards a typology of service relationships', *Journal of Services Marketing*, 19, pp. 114-127.
- Lian, P. and A. Laing (2007). 'Relationships in the purchasing of business to business professional services: the role of personal relationships', *Industrial Marketing Management*, 36, pp. 709-718.
- Lichtman, M. (2013). *Qualitative Research for the Social Sciences*. Los Angeles: Sage.

- Luo, Y. (2002). 'Contract, cooperation and performance in international joint ventures', *Strategic Management Journal*, 23, pp. 903-919.
- Macaulay, S. (1963). 'Non-contractual relationships in business: a preliminary study', *American Sociological Review*, 28, pp. 55-69.
- Macintosh, G. (2009). 'The role of rapport in professional services: antecedents and outcomes', *Journal of Services Marketing*, 23, pp. 71-79.
- Macneil, I. (1978). 'Contracts: adjustments of long-term relations under classical, neoclassical and relational contract law', *Northwestern University Law Review*, 72, pp. 854-905.
- Malhotra, D and J. Murnighan (2002). 'The effects of contracts on interpersonal trust', *Administrative Science Quarterly*, 47, pp. 534-559.
- Management Consultancies Association (2010). *The Value of Consulting*. London: Management Consultancies Association.
- Management Consultancies Association (2015). *UK Consulting Industry Statistics 2015*. London: Management Consultancies Association.
- Meyer, S. and B. Lunnay (2013). 'The application of abductive and retroductive inference for the design and analysis of theory driven sociological research', *Sociological Research Online*, 18.
- Mitchell, V. (1994). 'Problems and risks in the purchasing of consultancy services', *The Service Industries Journal*, 14, pp. 315-339.

- Mouzas, S. and K. Blois (2013). 'Contract research today: Where do we stand?' *Industrial Marketing Management*, 42, pp. 1057-1062.
- Nikolova, N. and T. Devinney. (2012). 'The nature of client-consultant interaction: a critical review'. In Clark, T. and M. Kipping (eds), *The Oxford Handbook of Management Consulting*, pp. 389-410. Oxford: Oxford University Press.
- O'Brien, J. (2015). *Purchasing Category Management*. London: Kogan Page.
- O'Mahoney, J. (2010). *Management Consultancy*. Oxford: Oxford University Press.
- O'Mahoney, J., S. Heusinkveld and C. Wright (2013). 'Commodifying the commodifiers: the impact of procurement on management knowledge', *Journal of Management Studies*, 50, pp. 204-235.
- Owens, J. (2014). 'Agencies sceptical that procurement is understanding PR better, finds AAR', *PR Week*, May 27. [www.prweek.com](http://www.prweek.com) (accessed on 19 December 2014).
- Patel, R. (2005). 'Walking a tightrope', *CPO Agenda*, 1, pp. 44-49.
- Patton, M. (1990). *Qualitative Evaluation and Research Methods*. Beverley Hills, CA: Sage.
- Paulraj A., A. Lado and I. Chen (2008). 'Inter-organizational communication as a relational competency: antecedents and performance outcomes in collaborative buyer-supplier relationships', *Journal of Operations Management*, 26, pp. 45-64.
- Pemer, F., A. Werr and M. Bianchi (2014). 'Purchasing professional services: a transaction cost view of the antecedents and consequences of purchasing formalization', *Industrial Marketing Management*, 43, pp.840-849.

- Petersen, K., R. Handfield and G. Ragatz (2005). 'Supplier development into new product development: coordinating product, process and supply chain design', *Journal of Operations Management*, 23, pp. 371-388.
- Poppo, L. and T. Zenger (2002). 'Do formal contracts and relational governance function as substitutes or complements?', *Strategic Management Journal*, 23, pp. 707-725.
- Radnor, Z. and J. O'Mahoney (2013). 'The Role of Management Consultancy in Implementing Operations Management in the Public Sector', *International Journal of Operations and Production Management*, 33, pp. 1555-1578.
- Reid, M. (2008). 'Contemporary marketing in professional services', *Journal of Services Marketing*, 22, pp. 374-384.
- Rousseau, D. (1989). 'Psychological and implied contracts in organizations', *Employees Responsibilities and Rights Journal*, 2, pp. 121-139.
- Rozemeijer, F. (2008). 'Purchasing myopia revisited again?', *Journal of Purchasing and Supply Management*, 14, pp. 205-207.
- Russill, R. (2007). *Change Culture by Transforming Cost Management*. London: Association of MBAs.
- Saldana, J. (2013). *The Coding Manual for Qualitative Researchers*. Los Angeles: Sage.
- Sang, K. and R. Sitko (2014). 'Analysing qualitative data'. In K. O'Gorman and R. MacIntosh (eds), *Research Methods for Business and Management*. Oxford: Goodfellow Publishers.



- Schepker, D., W. Oh, A. Martynov and L. Poppo (2014). 'The many futures of contracts: moving beyond structuring and safeguarding to coordination and adaptation', *Journal of Management*, 40, pp. 193-225.
- Schoenherr, T., S. Modi, W. Benton, C. Carter, T. Choi, P Larson, M. Leenders, V. Mabert, R Narasimhan and S. Wagner (2012). 'Research opportunities in purchasing and supply management', *International Journal of Production Research* 50, 4556-4579.
- Sieweke, J., S. Birkner and M. Mohe (2012). 'Preferred supplier programs for consulting services: an exploratory study of German client companies', *Journal of Purchasing and Supply Management*, 18, pp. 123-136.
- Sturdy, A., T. Clark, R. Fincham and K. Handley (2009). 'Between legitimation and innovation: boundaries and knowledge flow in management consultancy', *Organization*, 16, pp. 627-653.
- Tassabehji, R. and A. Moorhouse (2008). 'The changing role of procurement: developing professional effectiveness', *Journal of Purchasing and Supply Management*, 14, pp. 55-68.
- Timmermans, S. and I. Tavory (2012). 'Theory construction in qualitative research: from grounded theory to abductive analysis', *Sociological Theory*, 30, pp. 167-186.
- Van Weele, A. (2014). *Purchasing and Supply Chain Management*. London: Cengage Learning.
- Vincent, P. (2010). 'Let them off the strings', *CPO Agenda*, 6. [www.supplybusiness.com](http://www.supplybusiness.com) (accessed on 23 February 2011).

- Wagner, S., P. Lukassen and M. Mahlendorf (2010) 'Misused and missed use: grounded theory and objective hermeneutics as methods for research in industrial marketing', *Industrial Marketing Management*, 39, pp. 5-15.
- Walker, H. and S. Brammer (2009). 'Sustainable procurement in the UK public sector', *Supply Chain Management: An International Journal*, 14, pp. 128-137.
- Werr, A. and F. Perner (2007). 'Purchasing management consulting services: from management autonomy to purchasing involvement', *Journal of Purchasing and Supply Management*, 13, pp. 98-112.
- Williamson, O. (1985). *The Economic Institutions of Capitalism*. New York: Free Press.
- World Federation of Advertisers (2014). *Global Agency Remuneration Trends*. Brussels: World Federation of Advertisers.
- Zsidisin, G. and M. Smith (2005). 'Managing supply risk with early supplier involvement: a case study and research propositions', *Journal of Supply Chain Management*, 41, pp. 44-57.

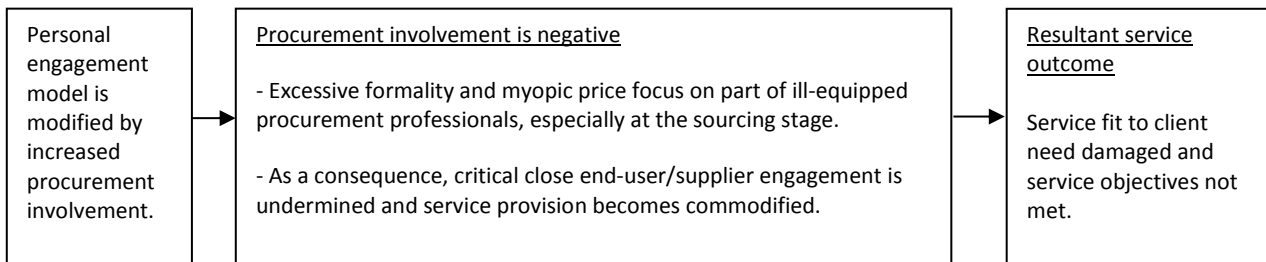
**Table 1: Details of research sample**

Int. Code	Informant Level / Role	Industry (for clients)	Specialisation (for suppliers)	Annual Turnover (£)	Number of Employees
P1	Category Head	Public Sector	X	1 to 2.5bn	5 to 10k
P2	Category Head	IT Services	X	10 to 15bn	75 to 100k
P3	Procurement Manager	Oil and Gas Construction	X	>100bn	75 to 100k
P4	Procurement Director	Telecoms	X	15 to 20bn	75 to 100k
P5	Category Manager	Public Sector	X	5 to 7.5bn	10 to 25k
P6	Procurement Director	Public Sector Buying Agency	X	0 to 1bn	<1k
P7	Professional Services Manager	Construction	X	2.5 to 5bn	25 to 50k
P8	Category Head	Financial Services	X	75 to 100bn	150 to 200k
P9	Procurement Director	Public Sector	X	0 to 1bn	1 to 5k
P10	Procurement Manager	Public Sector	X	0 to 1bn	1 to 5k
P11	Senior Buyer	Automotive	X	0 to 1bn	1 to 5k
P12	Procurement Director	Public Sector	X	0 to 1bn	5 to 10k
P13	Category Head	Railway Construction	X	10 to 15bn	50 to 75k
P14	Procurement Manager	Public Sector	X	0 to 1bn	1 to 5k
P15	Procurement Manager	Electronics Manufacturing	X	75 to 100bn	50 to 75k
P16	Procurement Manager	Communication Equipment	X	10 to 15bn	25 to 50k
P17	General Manager (with procurement responsibility)	Prof Services (Industry Body)	X	0 to 1bn	<1k
P18	Procurement Manager	Public Sector	X	7.5 to 10bn	>200k
S1	Senior Consultant/Owner	X	Supply Chain	<1m	0 to 5
S2	Senior Consultant/Owner	X	Prof Services	<1m	0 to 5
S3	Director	X	Construction	0.25 to 0.5bn	3 to 4k
S4	Managing Director	X	Financial Services	'Unreported'	10 to 20
S5	Partner	X	General Coverage	3 to 4bn	15 to 20k
S6	Division Head	X	Construction	0.25 to 0.5bn	3 to 4k
S7	Managing Director	X	General Coverage	'Unreported'	20 to 30
S8	Consultant	X	General Coverage	1 to 2bn	2 to 3k
S9	Chairman	X	Lean Six Sigma	2.5 to 5m	20 to 30
S10	Consulting Director	X	Financial Services	2.5 to 5m	30 to 40
S11	Vice President	X	General Coverage	5 to 10m	20 to 30
S12	Chairman	X	Global Supply Chain	3 to 4m	20 to 30
S13	Founding Partner	X	General Coverage	4 to 5m	30 to 40
S14	Senior Outsourcing Advisor	X	General Coverage	0.25 to 0.5bn	2 to 3k
S15	Founder and Director	X	General Coverage	1 to 2m	10 to 20
S16	Division Head	X	General Coverage	10 to 20m	75 to 100
S17	Senior Manager	X	Construction	10 to 20m	75 to 100
S18	Director	X	FMCG	10 to 20m	75 to 100
S19	Head of Risk and Opportunity Management	X	Construction	0.25 to 0.5bn	3 to 4k
E1	(Ex) Senior Analyst	Financial Services	X	15 to 20bn	25 to 50k
E2	HR Director	Telecoms	X	15 to 20bn	75 to 100k
E3	Internal Consultant	Financial Services	X	50 to 75bn	50 to 75k
E4	Head of Group Business and IT Services	Financial Services	X	0 to 1bn	<1k
E5	Commercial Director	Public Sector	X	0 to 1bn	10 to 25k
E6	Senior Commercial Process and Governance Manager	Public Sector	X	25 to 50bn	50 to 75k
E7	Property Manager	Food and Drink Construction	X	1 to 2.5bn	5 to 10k
E8	Interim Manager	Various Services	X	n/a	n/a
E9	Project Manager	Public Sector	X	0 to 1bn	<1k
E10	Client Defence Manager	Financial Security Services	X	2.5 to 5bn	10 to 25k

\* Procurement staff are usually termed (in order of seniority) chief procurement officer, procurement director, procurement/category manager (a 'category head' will also usually be at this level), senior buyer and buyer. In this article, we refer to procurement staff as 'procurement professionals' to encompass these different titles.

**Figure 1: Modifying the management consultancy literature view of increased procurement involvement**

**(a) Established view within the management consultancy literature regarding increased procurement involvement**



**(b) Modification of established literature view – alternative scenarios observed in research**

