

ENGINEERING CONSULTANT – CLIENT RELATIONSHIP: TRANSACTIONAL VERSUS COLLABORATIVE APPROACH

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2 Abstract

The main focus of this study was the transactional and collaborative nature of the engineering consultant – client relationship. The aim of the study was to determine the extent to which each one of these approaches describes real life business relationships in the engineering consulting context.

The study revealed that, in New Zealand, relationships between engineering consultants and their clients were mostly of a collaborative nature. However, collaborative trust-based relationships were held between individuals, not between companies. Even though clients and consultants also engage in transactional relationships, the extent of this type of relationship was significantly low.

It was also found that confrontational relationships do not constitute a third framework to in understanding client-consultant relationships. This type of relationship corresponds to a circumstantial context that is more common in transactional scenarios than in collaborative ones.

The decision on whether a relationship evolves depended on the client's and consultant's interests. Regardless of how a relationship started, whether it is a transactional or collaborative beginning, its evolution was determined by the levels of trust that were built up over time.

The challenge for consulting companies lies in taking the personal relationship between consultants and their clients to a state in which the individual expertise sought by clients was transferred to the company brand.

A collaborative approach had direct implications on other elements of the consulting business model such as value proposition, customers, costs and revenue. Similarly, collaborative relationships were the essence of the “key partners” element of a client’s business model.

Due to the highly tailored nature of engineering consulting businesses in New Zealand, it is considered to be a type of business which is very difficult to scale. Only transactional relationships offer the option to take advantage of economies of scale as these are easier to fit into standardised procedures. It is therefore considered that collaborative relationships will not fit a business model based on economies of scale.

The following recommendations are provided should either party want to nurture a collaborative relationship:

- Both clients and consultants should see each other as equally powerful while working together, as power imbalances of any kind can have negative consequences for the results of consulting projects. It is also suggested to establish a clear division of roles and responsibilities as this is a critical success factor in consulting projects.
- It is important that both client and consultant have as much shared input as possible during the scope of work definition. If there are any modifications to the scope of

work during the project, these should be discussed with the stakeholders in order to ensure that the revised scope of work meets the expectations of both parties.

- The interaction between parties during the problem solving process should be kept as open as possible to maximise the two-way flow of ideas. For clients, it is suggested to allocate as much time as possible to the technical discussion with the consultant.
- If there are contracting teams involved in the negotiation process, it is important to differentiate their role from any existing relationship between individuals.
- An idea is a network. Building up collaborative networks with people from different backgrounds creates the right environment for the formation of innovative ideas. It is highly recommended to use collaborative interaction as the start of a client-consultant dynamic to foster the creation of new ideas and solutions.

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3 Introduction

The main focus of this study was the transactional and collaborative nature of the engineering consultant – client relationship. The aim of the study was to determine the extent to which each one of these approaches describes real life business relationships in the engineering consulting context.

This research is relevant to engineering consulting in New Zealand as it determines the nature of the relationships between clients and consultants. By doing this, it highlights the benefits and drawbacks of transactional and collaborative approaches. It also allows consultants to determine which approach is more appropriate given the maturity of the relationship with the client and the business relationship history. Additionally, this study provides valuable insight to engineering consultants about the way their clients perceive the nature of the relationship, whether it is transactional, collaborative or a combination of both.

This paper is structured as follows: In the first section, the existing literature on client and consultant dynamics is discussed, focusing on the main characteristics of collaborative and transactional relationships. Next, the methodology followed to carry out the research is explained. This is followed by the findings of the interviews with engineering consultants and clients. Subsequently, the discussion section analyses the findings of the interviews in light of the main characteristics of transactional and collaborative relationships in the literature review. To finalise, concluding remarks, practical implications and recommendations are provided.

4 Literature Review

This literature review provides an understanding of the general aspects of the client-consultant relationship and describes the roles that clients and consultants play in the relationship. Two different approaches to depict the client-consultant dynamic are discussed: collaborative and transactional relationships. The main features of each approach are described, and the advantages of maintaining a collaborative relationship over a transactional one will be outlined. Finally, an evolutionary perspective on the transactional-collaborative relationship duality is examined.

4.1 Nature of the client-consultant relationship

The relationship between consultants and clients is defined by a mutual interest and depends on reciprocated understanding, on negotiated roles and on knowledge sharing (Sturdy, Schwarz, & Spicer, 2006). Under the context of a client-consultant dynamic, Greiner and Metzger (1983, p. 7) define the consultancy practice as “an advisory service contracted for and provided to organisations by specially trained and qualified persons who assist, in an objective and independent manner, the client organisation to identify problems, analyse such problems, recommend solutions to these problems and help when required in the implementation of solutions”. In line with this definition, Bunge (1983) defines client-consultant teams as enquiring systems designed with the explicit goal of providing and effective and efficient solution to an identified problem. In the client-consultant dynamic, the source of consultant’s power is seen in the dominance of their knowledge (Mills & Moshavi, 1999). On the other hand, what gives economic power to clients in relation to consultants is the fact that the consulting market is a buyers’ market (Armbrüster, 2006). As such,

consultants depend economically, as a professional service provider, on their clients (Nikolova & Devinney, 2009).

With respect to the roles that the consultant plays in the relationship, literature provides different perspectives. Lippitt and Lippitt (1978, p. 57) consider that the consultant “fulfils a number of roles that he or she judges to be appropriate for the client, the situation, and his or her own style”. Similarly, Massey and Walker (1999, p. 38) assume that “if the consultant selects appropriate roles that are aligned with client expectations, no matter how this process is managed, then the assignment is more likely to be successful in achieving the agreed goal”. Kubr (1996), on the other hand, suggested two main roles for consultants, the “resource role” assisting clients with their issues by utilising consultants’ experience and proper knowledge, and the “process role” consisting of helping the organisation “to solve its problems by making it aware of organisational process” Kubr (1996, p. 58).

By hiring a consultant, clients want access to highly specialised knowledge, which is an area where consultants can add value. It is expected that consultants will respond to clients’ demands for exceptional expertise “by developing specialised skills in specific areas” (Czerniawska, 2002, p. 2). On the other hand, consultants need to deliver the value required by clients without jeopardising the value that consulting firms want to create for themselves and their stakeholders (Czerniawska, 2002).

Barber and Nord (1977) suggested four variables useful in predicting early outcomes: the establishment or non-establishment of the relationship, the consultant’s style or role, the client’s motivation and cognitive style, and the nature of the problem. Aram and Stoner (1972) found congruent client-consultant expectations to be significant in successful

beginning phases, and Sashkin, Morris, and Horst (1973) suggested a framework for research linking client problems to existing knowledge.

The relationship starts when the client has a need to be addressed. According to Arnaud (1998) this request “reveals an awareness, more or less vague” of the existence of an issue within the organisation which needs to be addressed through the intervention of a professional. Additionally, Wittreich (1966, p. 130) supports this idea by arguing that “often a client who wishes to purchase a professional service senses that he has a problem, but it is uncertain as to what the specific nature of his problem really is”. Relationships between clients and consultants take place inside an environment in which the consultant’s advice is negotiated and depends on the client’s agreement or consent (Bloomfield & Danieli, 1995). In general, it is found that there are two main streams that describe the consultant-client dynamic: collaborative and transactional relationships.

4.2 Collaborative relationships

Collaborative relationships are defined as the type of relationships in which consultants and clients contribute to a common goal by participating together in the problem solving process. Barber and Nord (1977) outlined optimal conditions for collaboration. A reasonable extent of congruence is necessary for the relationship to begin and last long enough to study and face real problems. However, even congruent relationships may experience a certain degree of tension which may be a force for increased learning and insight. Regardless of the level of congruence between client and consultant, the nature of the problem being analysed is a major factor that influences the outcomes of the relationship in terms of solving problems.

Unlike transactional relationships, collaborative relationships include an additional factor which is worth discussing. According to Kakabadse, Louchart, and Kakabadse (2006, p. 425), “the relationship existing between consultants and clients is much more than professional, and involves a psychological dimension”. Based on their studies of the role of emotions in the consultant/client relationship, Lundberg and Young (2001) found that consultants provide an implicit emotional support to clients at the same time as they provide expertise and solutions on pragmatic problems. Kakabadse et al. (2006, p. 426) suggest that there has been a change in the role of the consultant and the aim of his employment. According to Kakabadse, “more than simply being the person in charge of helping the client, the consultant’s role here is to listen to the client and in a way he/she acts as a container”. This is reinforced by the findings of Stumpf and Walter (2001, p. 49) which claim that the relationship existing between clients and consultants is an “emotional duet”, in which the consultant has to learn to “recognise, deal with and respond to client’s emotions”. The emotional dimension of the consultant-client relationship is strongly linked with the trust level which characterises collaborative relationships.

Collaborative relationships offer three specific advantages over transactional relationships: knowledge co-creation, collaborative advantage and high levels of trust. According to Dawson (2005), the result of collaborative relationships based on knowledge is the generation of true partnerships in which both parties bring together their knowledge and skills to create value. This co-creation of knowledge requires a relationship for which mutual trust is key. Under this perspective, trust is the result of an existing service relationship that evolves over time (Dawson, 2005). Mutual trust is therefore the starting point of an effective knowledge co-creation process between consultants and clients.

A tangible outcome of collaborative relationships is collaborative advantage. This type of advantage is defined as “The benefits achieved when an organisation accomplishes more than it would have independently, by developing effective working relationships with other organisations” (Lank, 2006, p. 7). From the consultant and client perspective, collaborative advantage has several benefits: it increases the probability of winning business, it allows both parties to deliver a better service and it develops new markets. However, the generation of collaborative advantage carries several costs. It involves considerable time, money and resources. Additionally, it requires individual participants with experience and skills in collaborative work (Lank, 2006).

Maintaining a collaborative relationship allows consultants and clients to build high levels of trust. A sustained relationship with high levels of trust offers benefits for both the consultant and the client. The findings of Nikolova and Devinney (2009, p. 47) showed that “building up a personal, trust-based relationship with the client is seen as the most important success factor by both clients and consultants. Once clients develop trust in a particular consultant, they do not need to exercise the degree of tight control that is required in a first-time relationship”. For consultants, it has been demonstrated that profits increase significantly when a company reduces its customer defection rate (Reichheld & Sasser, 1990). The benefits from a revenue and cost perspective are two fold as loyal clients generate more revenue for more time, and the costs of keeping existing clients are regularly lower than the costs to acquire new customers (Berry, 1995). For the client, keeping a relationship with the consultant reduces the level of risk as given the intangible nature of services, it is difficult for a client to evaluate the quality of consultants prior to engagement. Additionally, a collaborative relationship allows consultants to become more knowledgeable about the

client's requirements and needs, facilitating service tailoring to the clients specifications (Berry, 1995).

Due to the interactive nature of collaborative relationships, these allow the creation of solutions that fit better the circumstances of the client. In this regard, Fullerton and West (1996, p. 45) suggest that it is important that “both clients and consultants must find a ‘tailor-made’ solution rather than the consultant simply giving an ‘off-the-shelf’ solution”.

4.3 Transactional relationships

Transactional relationships are characterised by scenarios in which there is only a one-way flow of ideas and clients often have a passive role (Clark & Salaman, 1998). Payne (1995) identified five different elements which describe transactional relationships: focus on single sales, short timescale, little emphasis on customer service, moderate customer contact and limited customer commitment. For the specific context of transactional relationships, Schein (1988) suggested a model which uses the analogy of the relationship between a doctor and his patient to understand the consultant-client dynamic. Under this context the role of the consultant is to prescribe a solution targeted at relieving the pain which the client is undergoing. Gilbert (1998, p. 340) supports this view by suggesting that consultants are asked to carry out a diagnosis and prescribe a “more or less painful treatment” to their clients to then go away and deal with the next patient. This passive role of the client in transactional relationships was analysed during the problem-solving process between clients and consultants. Williams (2001, p. 522) argued that clients can distance themselves from the process and “can fall back on the position then that it is all in the hands of the consultant”. Additionally, a second model suggested by Lundberg (1994), portrays the transactional

dynamic between client and consultant as the relationship between an expert supplier and a purchaser. In this context, clients that have identified issues within their organisation contract for assistance with a specialist. The transactional relationship works adequately as long as the roles between client and consultant remain complementary: doctor-patient and expert supplier-purchaser. The complementarity of the roles guarantees that the client-consultant relationship will be existentially advantageous as “the performed roles are likely to provide what they have been contracted to do” (Lundberg, 1994, p. 2). In situations in which the roles of the consultant and client are not complementary, cross-transactions occur. According to Lundberg (1994), these are characterised by the needs or expectations of one or both of the parties involved not being met. In cross-transaction situations, the performed roles of consultants differ from the roles they were hired to fulfil.

There are two major examples of transactional relationships in which consultants and clients have very clear interests in a ‘one-off’ transaction. The first example describes a situation in which the consultant is being manipulated by the client to serve their own needs (Kaarst-Brown, 1999). Consultants can be used as a scapegoat to integrate new decisions, rules and structures created by the client within the organisation. As an outsider, the consultant is likely to attract less anger than internal stakeholders within the organisation who may be viewed as betraying established norms and values. The consultant’s findings can be used to validate the specific agendas of people inside the organisation (Williams, 2001). Consultants could also be used as a “wishing well” (Kaarst-Brown, 1999, p. 555) when clients’ frustrations, hopes and suggestions have to be dealt with by the consultant. Kaarst-Brown’s perspective depicts consultants as individuals that are manipulated and involved in processes in which they have no control.

The second example portrays clients as passive, exposed and exploited consumers of consultants' knowledge in which the flow of ideas from consultant to client is only one way (Clark & Salaman, 1998). Similarly, Bloch (1999) argues that consultants are not objective and that they are only looking to secure the next piece of work by telling clients what they want to hear. Consultants create a vocabulary which lacks true meaning and is only used for the dual purpose of impressing and confusing the client (Williams, 2001).

4.4 An evolutionary perspective on the transactional-collaborative relationship

Even though the transactional and collaborative approaches to consultant-client relationships seem as opposite ends of the spectrum, it can also be argued that transactional relationships are the starting point of collaborative ones. According to Dawson (2005), collaborative relationships are the result of a shift in the relationship structure from that of a classic client/supplier relationship in which services are rendered and fees charged (transactional approach). As the mutual trust required for a collaborative dynamic is built over time, it is often the case that the first contact between consultants and clients is the result of a pure transactional interaction.

Supporting the idea of building a consultant-client relationship by stages, Stumpf and Longman (2000, p. 126) developed a model to understand the evolution of the consultant-client relationship. The model is comprised of six different stages, beginning with the “development stage” targeted at creating a 'ready receiver' who will be willing to invest time in conversation with the consultant”. The second stage extends the scope of the relationship and develops a common interest between the consultant and the client through conversations. The third stage involves the identification of the real and important client needs that will

change the client's perception of the consultant. It is at this stage that the collaborative relationship is created. By developing a common interest, the consultant gains the respect of his/her client and credibility. In the fourth stage, the relationship is first tested when an accepted agreement is in place. A successful outcome during stage four translates into the consultant becoming a differentiated vendor in the eyes of the client. During the fifth stage, the consultant obtains a preferred vendor status by connecting with the client's future plans. The process finalises in stage six, where the partnership between client and consultant is created.

From the evolutionary perspective presented by Stumpf and Longman (2000), the collaborative relationship is described as a more developed stage in the client-consultant dynamic than its transactional counterpart. In this regard, collaborative relationships enjoy higher levels of trust which are only built up over time. Additionally, as the relationship evolves into a collaborative one, consultants are in a position to identify the real needs of the client better and involve themselves in the future plans of the client by building a long-term partnership.

Stumpf and Longman's approach gives the transactional-collaborative duality a completely different dimension. The first stages have common elements with the transactional approach. As the relationship evolves, more elements of the collaborative relationship are incorporated. Stumpf and Longman's model describes the transactional and collaborative perspectives as the beginning and end of the consultant-client relationship, respectively.

4.5 Summary of client-consultant relationships

Clear roles and expectations are necessary to maintain a harmonious relationship regardless of its collaborative or transactional nature. However, when it comes to nurturing collaborative relationships, literature suggests that trust is the key element.

Collaborative relationships are characterised by the contribution of clients and consultants towards a common goal by the joint participation in the problem solving process. On the other hand, transactional relationships are typified by short timescale relationships in which the role of the client is very passive and there is only one-way flow of ideas from the consultant to the client.

In general, there are significant differences between transactional and collaborative approaches. These relate to different aspects of the relationship, like relationship orientation and emphasis, timescale, customer contact and commitment. The differences between the two approaches are summarised by Payne (1995) as shown in Table 1.

Transactional	Collaborative
Focus on single sales	Focus on customer retention
Orientation to service feature	Orientation to customer value
Short timescale	Long timescale
Little emphasis on customer service	High customer service emphasis
Moderate customer contact	High customer contact
Limited customer commitment	High customer commitment

Table 1. Transactional versus Collaborative approaches.

Even though transactional and collaborative approaches can be seen as opposite ends of the spectrum, thanks to evolutionary perspectives, they can also be considered as the beginning and end of the way the relationship between clients and consultants spontaneously develops. They are no longer exclusionary ways of managing the consultant-client relationship but natural stages of developing a long-term relationship aimed at a common goal.

5 Research design

The purpose of the research design was to provide the framework for the collection and analysis of data for this business research project. In general, research is important to practitioners as it provides a source for the validation or challenge of existing theories and the development of new ones. Under the context of this project, research was important as it was utilised to diagnose the current nature of the consultant-client relationship for engineering consultancies in New Zealand. This diagnostic work was undertaken based on the characterisation of the client-consultant relationship carried out through the literature review.

The literature review undertaken for this business research project described the roles that clients and consultants play in the relationship and provided an understanding of the general aspects of the relationship. It discussed two different approaches to depict the client-consultant dynamic: collaborative and transactional relationships. It described the main features of each approach and outlined the advantages of maintaining a collaborative relationship over a transactional one. Finally, an evolutionary perspective on the transactional-collaborative relationship duality was examined as part of the literature review.

5.1 Research Philosophy

From an epistemological point of view, the research objective was to gain a better understanding of the human behaviour in client-consultant relationships. It was also an aim of this research to gain insights on how clients and consultants interpret the context and environment of the relationship. Due to these two reasons, it is considered that an interpretivist approach was the most appropriate to follow for this research. According to

Bryman and Bell (2011), interpretivism is characterised by the comprehension of the subjective meaning of social action. The obtained interpretations from this research were placed into the social scientific frame of collaborative and transactional relationships.

Bryman and Bell (2011) outline five different research designs: experimental design and its variants; cross-sectional or social survey design; longitudinal design; case study design; and comparative design. The research design for this work was aimed at providing justification on the selection of cross-sectional design as a research design to determine the transactional and collaborative nature of consultant-client relationships. Additionally, the main features of the chosen research strategy, i.e. qualitative research, were recognised. Finally, following the findings of Guba and Lincoln (1994), trustworthiness and authenticity were used as criteria to assess the appropriateness of the suggested research strategy.

5.2 Research Question

The question for this business research project was: What is the nature of the relationships between clients and consultants in the context of engineering consulting business in New Zealand?

5.3 Research Methodology and Method

According to Bryman and Bell (2011, p. 53), a cross-sectional design “entails the collection of data on more than one case and at a single point in time in order to collect a body of data in connection with two or more variables, which are then examined to detect patterns of association”. This type of research design allows the detection of patterns of association

between clients and consultants and the different variables that describe their relationship. The collection of data from clients and consultants corresponded to the two cases considered for research purposes. Extracting data from two different types of cases, i.e. clients and consultants, allowed the comparison of variables. For the purposes of this research, the variables of a client-consultant relationship included, but were not limited to: trust level, communication quality, interaction regularity and maturity of the relationship. Because the data was collected at present time, any past developments or predictions about how the nature of the relationship is likely to develop into the future were considered to be outside the scope of this research.

According to Bryman and Bell (2011), the structure of the cross-sectional design comprises the collection of data on a series of variables at a single point in time. Table 2 shows the structure of the used cross-sectional design as described by Marsh (1982), the included cases, i.e. client and consultant, and the variables considered.

	Trust level	Communication quality	Interaction regularity	Relationship maturity
Client				
Consultant				

Table 2. Data rectangle applied to the cross-sectional research of client-consultant relationship

Qualitative research in the form of semi-structured interviews was carried out as research strategy. Based on the definition of qualitative research by Bryman and Bell (2011), the suggested strategy was characterised by an inductive view of the relationship between client-

consultant dynamic frameworks and this research. Even though this research used existing consultant-client theories as a basis, the findings of this research could have potentially generated new approaches to the consultant-client dynamic. Additionally, the suggested qualitative research involved the understanding of the engineering consulting context in New Zealand through the examination of the consultant-client relationship.

Qualitative research is assessed through the use of trustworthiness and authenticity as criteria. According to Bryman and Bell (2011), trustworthiness is comprised of four elements: credibility, transferability, dependability and confirmability. To establish the credibility of the research findings, a corroboration process with the research supervisor, Dr. David Stewart, was undertaken. This ensured that the research was carried out according to the guidelines of good practice. With respect to transferability, a detailed description of the engineering consulting business environment was provided as part of the research to help other practitioners determine whether the research findings are applicable to different contexts. Similarly, dependability was guaranteed in this research by keeping detailed records of all phases during the research process to allow peers to “establish how far proper procedures are being and have been followed” (Bryman & Bell, 2011, p. 398). Additionally, to ensure the confirmability of the research, the author of this research was committed to avoid any influence of his personal values or theoretical inclinations on the way the research is done and the findings of it. The supervisor of the business research project was specifically asked to include the confirmability of the study as part of the peer-review process. Finally, data was collected through interviews from clients and consultants to represent different viewpoints of the engineering consulting business and guarantee the authenticity of the research for the chosen target population.

5.4 Data Collection

Data for this research project was collected through in-depth semi-structured interviews with consultants and clients based in New Zealand and Australia during September 2014. The interviews had a logical structure that allowed the author of this research to have a certain degree of control over the discussed topics while including additional questions based on the direction of the responses in the interview (Neuman, 2011). In-depth interviews are considered to be appropriate when the research objective is to carry out an explorative study to gain insights and understanding of a complex dynamic like the consultant-client relationship (Malhotra, 2007). The interviewed consultants worked for an engineering consulting company based in Wellington and all the interviewed clients were from companies within the power industry. The interviews lasted from 45 minutes to one hour. Consultants within the Wellington region were interviewed personally at the interviewees' premises, whereas clients based outside the Wellington region were interviewed telephonically.

The template used for the semi-structured interviews is included in Appendix A. The interview was planned to look for specific features of both collaborative and transactional approaches in real life relationships between clients and consultants. As such, the target population for research purposes was engineering consultants based in New Zealand and their clients. The selected group of six individuals was chosen with the aim of collecting a sample representative of the target population. The interviews were focused on consultant/client views on the nature of the client-consultant relationship. Clients and consultants were also asked to recount examples of successful and unsuccessful consulting projects they participated in and to share their insights. The interviews were recorded and partially transcribed.

5.5 Data Analysis

The information obtained from the interviews was analysed by comparison with the characteristics of each approach to determine whether each scenario represented transactional or collaborative behaviour. The characteristics of each approach were obtained from the literature review carried out for this research. The comparison of the variables against the framework obtained in the literature review determined the nature of the client-consultant relationship for engineering consultancies in New Zealand. The interpretation of collected data was followed by a process of development of propositions with regards to the current state of consultant-client relationships and the economic benefits and drawbacks of transactional and collaborative approaches.

6 Findings

Interviews with engineering consultants and clients were carried out throughout September 2014. In total, three clients and three consultants were interviewed. Table 3 summarises the demographics of participants.

Table 3. Demographics of participants

Reference	Age	Gender	Highest level of education	Professional experience
Consultant-A	60-70	Male	Undergraduate	Metallurgy
Consultant-B	60-70		Postgraduate	Corrosion engineering
Consultant-C	50-60		Postgraduate	Oil and Gas
Client-A	30-40		Undergraduate	Mechanical engineering
Client-B	50-60		Undergraduate	Production Engineering
Client-C	40-50		Undergraduate	Asset Integrity management

Most of the participants had roles at a senior level within their organisations. The experience levels of all participants ranged from fifteen to thirty years.

It was clear that when it comes to client-consultant relationships, there are two dimensions of the relationship, one between companies and another one between individual consultants and

clients. Due to the objective of this research, the focus of the findings was on the relationship held between individuals. However, some aspects of the relationship between companies were also explored.

6.1 Nature of the relationship

The interviews showed that both clients and consultants know how to distinguish a collaborative relationship from a transactional one. Their definition of the two approaches was in line with the definition provided by literature. It was seen that the majority of jobs carried out by consultants were of a collaborative nature. Whether specific projects were carried out collaboratively or in a transactional way depended on how much control of the project the client was willing to give the consultant.

As for the added value of consulting work, consultants considered that they added value to client's organisations by providing guidance on managing, calculating and predicting risk. On the other hand, clients engaged in work with the consultants because they brought expertise and know-how which the client's organisation did not have.

Prior to the commencement of consulting work, when the client had a problem that needed to be solved, there were times during which the client looked to deal with an individual and not a company. In this case, the individual skillset, expertise and reputation was the product being sought. However, when the consultant worked for a company whose brand was well known and respected, clients looked for the expertise of the company, rather than that of the individual. When clients and consultants work together for the first time, clients assessed the

consultant's work quality through references within the industry or "word of mouth" within the organisation.

Regarding the setting of expectations prior to the start of a project, these were set during the scope of work definition. This provided both client and consultant with the same starting point regarding trust. The work scope of the project was written such that it met the client's expectations from the beginning. After the services are delivered by the consultant, clients reviewed them to guarantee that expectations were met.

When working for a client through a sub-contractor, the connection between client and consultant was lost to a certain extent as there was no opportunity for the consultant to interact with the end client. The consultant ended up providing a service to the sub-contractor, which then was responsible for communicating the results to the end client. Under this context, there was no opportunity for the consultant to establish a collaborative relationship with the client.

It was found that as engineering consulting businesses grew, the internal processes required to keep the core activities under control also increased. From a consultant's point of view, internal accounting and contracting procedures, e.g., proposal writing, work order agreements and purchase orders, were considered to be processes that slowed down the dynamic between clients and consultants. They took time that otherwise would have been spent with the client or working on the project.

There has been a transition over time in which the negotiation process used to be carried out directly between consultants and clients. Nowadays, the negotiation process is most often

carried out between contracting teams. Consultants saw this transition from two different perspectives. First, it was seen as if contracting teams were taking away the negotiator role from the individuals, shifting the negotiation process to a company level. However, in the second perspective, the negotiation between contracting teams was seen as a standard procedure to reach a necessary contractual agreement before starting the job. The client's perspective on the negotiation process was more in line with the latter. When consultants lose connection with the client and have to deal directly with contracting teams, the closeness of the personal relationship with the client was lost to a certain degree.

It was considered by consultants that internal business processes on the client's side in which clients were removed from the consultant selection process threatened the personal relationship between clients and consultants as individuals. There were fewer opportunities to develop a relationship with the people that decide who was awarded the job. The contracting teams were therefore seen by consultants as "invisible decision makers" (Consultant A). Contracting procedures that did not require the input of the engineers in need of consulting services were seen by consultants as a barrier. For consultants, it was then more difficult to establish a trust-based relationship with contracting teams as they were not known.

Finally, it was considered by consultants that winning jobs from clients with no prior working relationship took more time and resources than getting jobs from clients with which there was a relationship already in place.

6.2 On collaborative relationships

In collaborative relationships there were three key elements identified by clients and consultants: high levels of trust, a two-way knowledge transfer and co-creation of knowledge.

Both clients and consultants identified these three features in most of the projects they have worked on. When the consultant did not know the answer to the problem immediately, and there was a need to interact with the client in search of that answer, there was a higher likelihood to have knowledge co-creation in the relationship. Both clients and consultants agreed on the fact that in collaborative relationships, there was a very strong element of tailor made solutions. Collaborative relationships involved an iterative problem solving process in which there was a very clear two-way flow of ideas between client and consultant with constant and open communication and shared commitment. The first attempt of reaching a solution was refined iteratively using the knowledge of both client and consultant until an optimal solution was achieved.

It was clear that having a very specialised engineering knowledge gave consultants power in relation to their clients. However, when working collaboratively, the interviewed consultants were deliberate in not using that power to place themselves above the clients they worked with. Instead, they positioned themselves at the same level of the clients and considered themselves “one more of the team” (consultant B). This was done with the purpose of achieving a closer interaction. Based on clients’ experience, this approach worked well when working collaboratively.

As they provided the same level of input, the problem solving process in a collaborative relationship usually involved similar participation from the consultant and the client. Collaborative jobs provided a satisfaction to the consultant at a personal and professional level and also provided a higher level of enjoyment.

For consultants, the role of being the expert in charge of the problem solving process did not conflict with feeling part of the client's team. In fact, engineering consultants took these dual roles when working collaboratively with a client. Additionally, when the relationship between a client and a consultant extended for more than 10 or 15 years, the collaborative history of work gave the consultant a very deep and comprehensive knowledge of the client's organisation. This understanding changed the consultant's role from the "designated expert" towards that of a contributing team member and brought the relationship between the client and consultant to a more personal level. It may seem as though the consultant's power was reduced by assuming the role of a client's team member, however, the active interaction that this teamwork encouraged, provided more benefits to the consultant than keeping an "expert" role.

Collaborative relationships provided clients a higher level of comfort in the results that they received from consultants. Similarly, transactional relationships were seen to lead to higher levels of uncertainty in the quality of the results for clients. However, one of the interviewed clients considered that, with higher levels of comfort, there is a higher likelihood to take on a relaxed position towards the quality of the consultant's work in a collaborative relationship.

6.3 On transactional relationships

Clients and consultants defined transactional relationships as relationships with a low level of interaction where the client had a very passive role. Projects that were carried out under a transactional relationship were considered more complex for consultants because they did not have the flexibility to change things as the problem solving process developed. According to Consultant A: "The best solution to a problem usually involves finding things out as you go along". As an example of transactional approach, consultants discussed small projects, in

which the input from the client was minimal. These often involved “off the shelf” solutions that proved effective in the past. Possibilities of future litigation and culpability from the client’s side often changed the dynamic between clients and consultants. In this case, the relationship between the two parties was more likely to be kept at a transactional level.

However, for clients and consultant, one-off projects were not always representative of transactional relationships. When asked about previous experiences, two of the interviewed participants expressed that they have had one-off projects which displayed all the characteristics of a collaborative relationship.

6.4 On building trust

From the consultant’s perspective, the first step in the trust building process included providing the client a road map for the problem solving process for free, as part of the initial work scope. In the first step, consultants also showed proof of their experience and track record through published papers and case studies. However, the technical and methodological details of the suggested work scope were not provided in order to protect the consultant’s intellectual property.

From the point of view of the consultant, the building of trust was a lengthy process that involved not only time but also resources. Clients built up trust with consultants by challenging their findings and evaluating their results. On occasions, clients engaged third parties to undertake external reviews of the results provided by consultants. From the client’s perspective, a mutual respect of each other’s knowledge and experience between clients and consultants was necessary to build trust.

Additionally, trust was considered to be about developing personal relationships. As explained by consultant A, “You get the next job because you did the last one well”. This view is complemented by client A, who argued “When a new project comes in, we are likely to consider first a consultant we have successfully worked in the past with”. For consultant A, “trust is built upon meeting expectations and delivering quality services”. High levels of trust were not only required to reach and maintain a collaborative relationship, they were also required to develop loyalty in a client.

For clients, loyalty was considered to be “more behaviour-based than time-based” (Client C). To consider themselves as loyal clients, behaviours like willingness to keep communication open, collaborative interaction and repeated work were more important than the timespan of the relationship.

However, loyalty was understood as an element of relationships in between individuals, not organisations. The transparency and objectivity required in tendering processes between organisations ruled out loyalty as a property of relationships between companies.

6.5 On confrontational relationships

Based on the experience of an interviewed consultant, confrontational relationships started in the definition of contracts which contained clauses that were seen as a threat to any of the parties involved. At first, the terms contained in these contracts were seen as a lack of trust from both parties involved. However, these terms actually represented the only way to start a relationship in which there was no trust built.

In situations in which the client required the services of an engineering consultant for litigation purposes (where the client often wanted a predetermined result), the relationship had a greater chance of becoming confrontational if the consultant's view conflicted with the client's interests. Additionally, Client B reported situations in which confrontational relationships occurred where there was a lack of communication and the final result of the project was not in line with the client's expectations. A complete disparity between the expectations of the client and the expectations of consultant was likely to lead to confrontational relationships.

6.6 The evolution from transactional to collaborative

For both clients and consultants, relationships with new parties did not always start as transactional ones. Some of the interviewed participants recalled relationships with clients that started as collaborative from the very beginning. Relationships also started as collaborative ones, for which case the evolution of the relationship focused on building up levels of trust. For relationships that started in a transactional sense, as trust developed, there was definitely a transition from a transactional relationship to a collaborative one. It was also clear for both clients and consultants that not every transactional relationship developed into a collaborative one. Whether a transactional relationship developed into a collaborative one was highly dependent on the client's need and interests.

7 Discussion

Both clients and consultants knew how to identify an ongoing collaborative relationship. The advantages explained by the interviewed individuals lined up consistently with the benefits found in the literature. There was knowledge co-creation, collaborative advantage and high levels of trust. The way in which both clients and consultants described their roles in the relationship fitted with the view of Sturdy (1997), which suggests that the client-consultant relationship is dialectic, where clients and consultants both play a very active role. The emotional support aspect described by Lundberg and Young (2001) was evident in informal discussions between clients and consultant when, outside the context of a commercial project with contractual terms, there was a personal relationship already developed and the client spontaneously shared problems and the consultant listened.

The interviews showed that in the context of engineering consulting business the majority of relationships were collaborative. In this regard, the collaboration between clients and consultants was not always restricted to the problem solving process. It started at the problem definition stage, when both client and consultant worked together to define the problem and designed a work scope to solve it. The capacity of the consultant to deliver an appropriate solution was strengthened with a collaborative approach as the consultant was provided full access to the required information to solve the problem. Additionally, a better solution was achieved by the iterative problem solving process that the two-way flow of ideas facilitated.

One-off relationships were also collaborative, which may seem contrary to the concept of Kaarst-Brown (1999) in which transactional relationships are characterised by one-off transactions. Both clients and consultants had one-off projects that were of a collaborative

nature. Therefore, the frequency of interactions between clients and consultant did not constitute a factor from which the nature of the relationship was determined.

Transactional projects did not allow consultants to upsell services of a higher complexity, as once the transaction was finished there was no chance for the consultant to follow up on the opportunity. On the other hand, the projects of a transactional nature were easier to scale as some of them provided “off the shelf” solutions. However, for both consultants and clients, every job was unique in itself. Given this uniqueness, tailored solutions based on collaborative relationships did not fit an economy of scale model.

Transactional and collaborative relationships were compared using a model that addresses the most relevant aspects of each framework as shown in Figure 1.

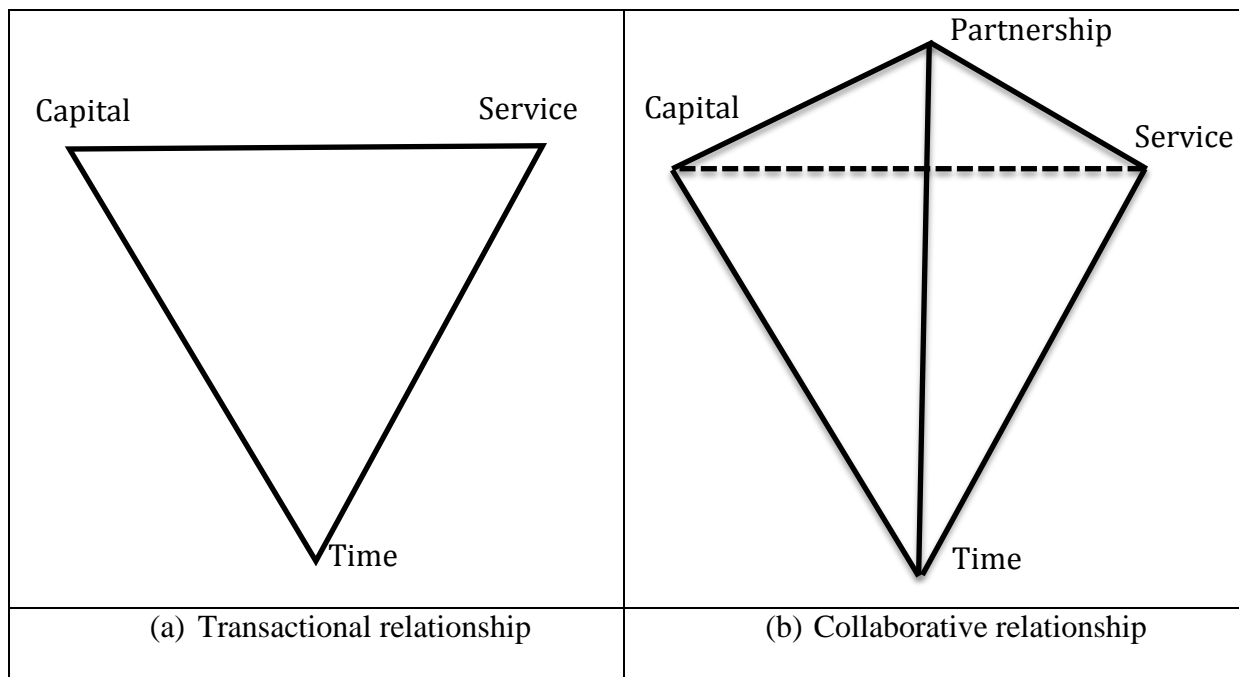


Figure 1. Dimensions and factors in transactional and collaborative relationships

What both frameworks have in common relates to the interaction between capital, time and service as aspects that defined the relationship. However, by adding the partnership element, collaborative relationships reached a new dimension as illustrated in Figure 1. Aspects of the client-consultant partnership included but were not limited to: trust level, communication quality, interaction regularity and maturity of the collaborative relationship. The new dimension of collaborative relationships is what created the advantages for clients and consultants. However, the new dimension also added complexity to the relationship.

There were different types of power in the consultant-client interaction. The power of consultants came from the fact that their activities affected the success of client's organisations, whether it was through health and safety, yearly production rates, or asset reliability. On the other hand, the source of economic power for clients in relation to consultants was the fact that the consulting industry is reliant financially on a continuous job inflow. Balancing these powers in the relationship was of essential importance for achieving a good outcome in collaborative relationships. A power balance provided consultants and clients the same level of input, which is ideal for encouraging an active collaborative interaction.

As the empirical study uncovered, confrontational relationships should not be considered as a third framework to understanding client-consultant relationships. These types of relationships corresponded to a circumstantial context that was more likely to occur in transactional relationships. The high levels of trust, interaction and cooperation reduced the likelihood of confrontation in collaborative relationships.

When it comes to trust, it is important to differentiate the trust at a personal level between clients and consultants and the trust at a company level. Today, contractual terms are a standard prerequisite to business and as such, they represent the way in which companies manage risk when engaging other parties in business. However, from a consultant's perspective, it was sometimes seen as an impediment to a faster interaction with the client. The trust between companies, which is the reason there is a need for a contract, needs to be distinguished from the trust between clients and consultants. The fact that the negotiation process is nowadays done in between contracting teams is what constitutes the inter-company interaction dimension. Collaborative relationships are effective mechanisms of guaranteeing future work for consultants if it is the individual at the clients' end and not a contracting team that makes the decision about who gets the next job. Because there is not the same level of interaction between consultants and contracting teams, there is not a real possibility to build a collaborative relationship with contracting teams.

Once a collaborative relationship was established, the levels of trust were increased by the succession of successful collaborative projects. It effectively acted like a reinforcing loop in which successful collaborations built trust and higher levels of trust significantly increased the likelihood of a successful collaboration, as seen in Figure 2.



Figure 2. Virtuous cycle - Trust in collaborative relationships

Sustaining a collaborative or a transactional relationship had implications for the business model of clients and consultants. Figure 3 shows the business model canvas developed by Osterwalder and Pigneur (2010). For consultants, a collaborative approach was the backbone of its customer relationships and, as such, had direct implications on other elements of the business model like value proposition and customers.

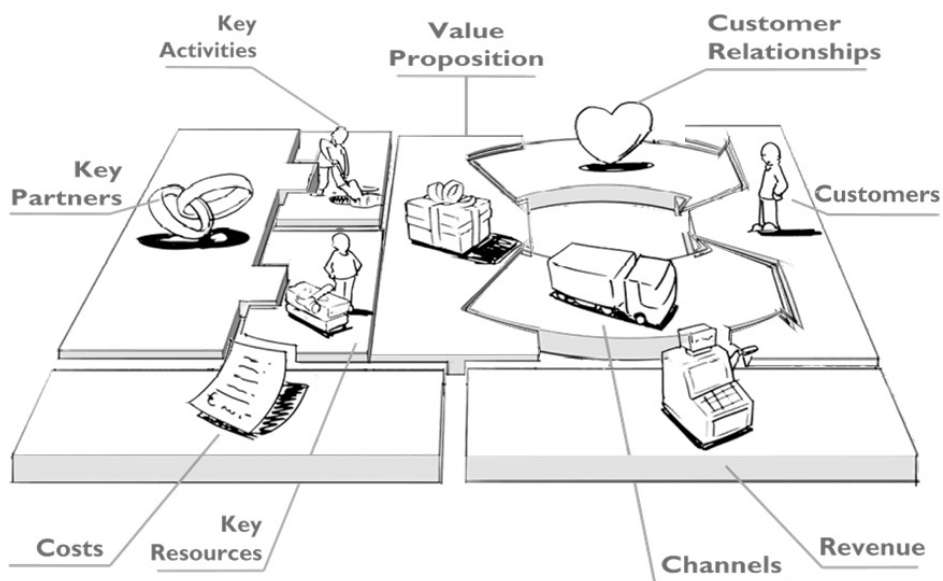


Figure 3. Business model canvas (Osterwalder & Pigneur, 2010)

Even for the cost structure of a consulting business, sustaining collaborative relationships have proven to reduce costs for consultants as loyal clients generate more revenue for longer periods of time, and the costs of keeping existing clients are regularly lower than the costs to acquire new ones (Berry, 1995). Collaborative relationships therefore had a direct effect on customer experience, customer retention and revenue generation. It was also found that collaborative relationships leaned the balance of customer relationships towards a personal approach rather than to an automated one. By dedicating consultants specifically to individual clients, collaborative relationships emphasised the dedicated personal assistance factor as a way of keeping relationships with clients. A final comment from one of the interviewed consultants made aware of the research outcomes was that the results highlighted the need to spread the level of interaction with clients across several individuals to ensure longevity of the developed client-consultant relationship.

On the other hand, for clients, collaborative relationships sat at the core of the “key partners” element of their business model. Clients turned to consultants for assistance in guaranteeing the normal functioning of their organisations and to reduce the overall level of operational risk. The activities carried out by engineering consultants were not part of the key activities of the clients’ organisations, and as such, clients did not have that specific engineering expertise and know-how in-house. Clients’ organisations therefore relied on consulting firms to perform very specific engineering activities. That is why it is important for clients to make consultants their key partners.

Regarding client loyalty, it is very important to distinguish it from being the only player in the market. In a relatively small market like New Zealand, the number of consulting

businesses that offer very specialised engineering services is small. It is then important for engineering consulting firms to determine whether the loyalty of clients is by choice or by lack of alternatives in New Zealand. Consultant's awareness of international competition was not discussed during the interviews with consultants.

7.1 Limitations and future research

With respect to the limitations of the research, it is expected that the findings of the research only apply to the specific context of engineering consulting in New Zealand. As the research data was obtained directly from clients and consultants, the findings of this research are directly applicable to the chosen context of engineering consulting. Although this research provided valuable insight into the client-consultant dynamic, the findings of this study are not meant to be generalised outside the chosen context due to the small sample and the focus on engineering consulting. Even though there might be strong similarities with other consulting businesses, an in-depth analysis of the transferability of the research should be carried out to correlate the findings to a different geographical location or discipline. Given the explorative nature of this research, it is considered that its major contribution was to provide insights into the nature of client-consultant relationships.

Even though effort was made to choose a representative sample from the engineering consulting and client population, another limitation of this research is that it is based on the views and interpretations of the interviewed participants and the results might not reveal the whole picture of client-consultant relationships in the context of engineering consulting businesses in New Zealand.

Finally, further research based on observation of client-consultant interactions during projects is encouraged to ratify the findings of this research with situations where clients and consultants are present at the same time.

8 Conclusions

The findings of this research highlight the main points of concern for clients and consultants that are interested in sustaining a collaborative relationship. Consequences on the business model of the organisation are outlined based on the chosen approach to maintain a collaborative relationship.

The study revealed that, in New Zealand, relationships between engineering consultants and their clients were mostly of a collaborative nature. However, it is important to highlight the fact that collaborative trust-based relationships were held between individuals, not between companies. Even though clients and consultants also engaged in transactional relationships, the extent of this type of relationship was significantly low. Both clients and consultants sustained a collaborative relationship because of the benefits that it offered to both parties.

It was also found that confrontational relationships did not constitute a third framework in understanding client-consultant relationships. This type of relationships corresponded to a circumstantial context that is more common in transactional scenarios than in collaborative ones.

Collaborative and transactional relationships can be seen as opposing frameworks that stand alone by themselves. However, it was found that this twofold perspective did not conflict with the evolutionary approach in which transactional relationships can evolve into collaborative ones. The decision on whether a relationship evolves depended on the client's and consultant's interests. Regardless of how a relationship started, whether it was a

transactional or collaborative beginning, its evolution was determined by the levels of trust that were built up over time.

This study also showed that a collaborative trust-based relationship reduced the amount of resources involved in obtaining a continuous job inflow, which is necessary to guarantee the survival of a consulting business. However, the challenge for consulting companies lied in taking the personal relationship between consultants and their clients to a state in which the individual expertise sought by clients was transferred to the company brand.

A collaborative approach was fundamental to customer relationships within a consulting business model. It had direct implications on other elements of the business model such as value proposition, customers, costs and revenue. Similarly, collaborative relationships were the essence of the “key partners” element of a client’s business model. Sustaining a collaborative relationship with consultants provided clients not only a way to guarantee a sustainable operation but also gave them competitive advantage over other players in the industry.

Due to the highly tailored nature of engineering consulting businesses in New Zealand, it is considered to be a type of business which is very difficult to scale. Only transactional relationships offer the option to take advantage of economies of scale as these are easier to fit into standardised procedures. It is therefore considered that collaborative relationships will not fit a business model based on economies of scale.

9 Recommendations

This study has shown the benefits of a collaborative relationship between clients and consultants. The following recommendations are provided should either party want to nurture a collaborative relationship:

- Based on the findings of Nikolova and Devinney (2009), to achieve better results from consulting projects, it is suggested to keep a power balance during the interaction of clients and consultants. Both clients and consultants should see each other as equally powerful while working together, as power imbalances of any kind can have negative consequences for the results of consulting projects. It is also suggested to establish a clear division of roles and responsibilities as this is a critical success factor in consulting projects.
- Additionally, to keep the relationship solid and productive, it is suggested to keep constant communication with the other party as poor communication has been identified as a main cause of conflict between clients and consultants (Kubr & International Labour, 1993).
- It is important that both client and consultant have as much shared input as possible during the scope of work definition. If there are any modifications to the scope of work during the project, these should be discussed with the stakeholders in order to ensure that the revised scope of work meets the expectations of both parties.
- The interaction between parties during the problem solving process should be kept as open as possible to maximise the two-way flow of ideas. For clients, it is suggested to

allocate as much time as possible to the technical discussion with the consultant as shortage of time has been identified as the principal obstacle to the learning process from the consultant (Kubr & International Labour, 1993). Additionally, the amount of time spent by the client with the consultant is an indication of the participation level of the client. The higher the participation level, the greater the contribution to the problem solving process and the learning from the consultant.

- If there are contracting teams involved in the negotiation process, it is important to differentiate their role from any existing relationship between individuals.
- An idea is a network. Building up collaborative networks with people from different backgrounds creates the right environment for the formation of innovative ideas. It is highly recommended to use collaborative interaction as the start of a client-consultant dynamic to foster the creation of new ideas and solutions.

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11 Appendix A – Semi-structured Interview Guide

Question No.	Consultant interview	Client interview
1	Of your client/consultant base, what is the percentage of the clients/consultants you consider to have a collaborative relationship with? Do you have a transactional relationship with the rest? Are there any other types of relationship you currently have with clients/consultants?	
2	How would you describe the role you play when clients engage you to carry out work for them?	How would you describe the role that consultants play when they are engaged to carry out work for you?
3	From experience, is your role as a consultant always in line with the client's expectations?	From experience, is the consultant's role always in line with your expectations?
4	How is your role defined prior to the start of a project/job?	Is there an agreement on the role of the consultant prior to the start of a project/job?
5	Do you consider yourself as a resource to assist clients using your expertise? Do you consider yourself a problem solver for the client?	Do you consider consultants a resource that brings specialised expertise? Do you consider them problem solvers for issues within your organisation?
6	How do you add value to your clients' organisations?	How do consultants add value to your organisation?
7	Do you develop a relationship on every single job you do for a client?	Is there a relationship developed on every single job a consultant does for you?
8	Do you find your expectations to be congruent with the expectations of the clients/consultants you have dealt with?	
9	How often, when working with a client/consultant, both of you are involved in the problem solving process?	
10	What is the trust level across the different clients/consultants you deal with?	
11	Do you consider that during the interaction with a client/consultant, there is co-creation of knowledge?	
12	Is there always mutual trust with clients/consultants you deal with?	
13	Do you currently have "loyal" clients with which you deal with regularly? What is the level of trust with them?	Do any of the consultants you deal with consider you a "loyal" client? What is the level of trust with them?
14	How do you prove the quality of your work to clients prior to engagement?	How do you evaluate the quality of consultants prior to engagement?
15	Do you provide "tailor-made" solutions to all the clients you deal with?	Do all of the consultants you deal with provide you with "tailor-made" solutions?
16	How passive/active is the role of the client/consultant during the problem solving process?	
17	During the problem solving process, do you consider that the ideas flow only one-way?	
18	Do you focus on single sales?	How high would you consider your level of

	How moderate is your contact with the client during a job?	commitment when working with a consultant?
19	Do you always follow up with the client after finishing a project/job?	Does the consultant always follow up with you after finishing a project /job?
20	Have you ever felt manipulated by clients to serve their needs?	Have you ever manipulated a consultant to serve your own needs?
21	Do transactional relationships with clients/consultants always develop into a collaborative one?	

12 Appendix B – Information Letter



Letter Request for a Personal Interview

22 September 2014

XXX

Dear XXX,

I would like the opportunity to interview you as part of my MBA Business Research Project. The research is concerned with the transactional and collaborative nature of the client-consultant relationship. The interview is designed to take between 45-60 minutes.

The success of this research is reliant upon your honest opinion so maintaining confidentiality is of the utmost importance. **Under no circumstances will the information presented during the interview be attributed to any one individual. The organisation will be identified but your name and title will remain anonymous.** Interview tapes will be kept in a locked office, and will be destroyed at the conclusion of the research. The research findings will be published in the Victoria University library and excerpts may be included in academic publications and/or academic conferences.

Victoria University of Wellington has granted ethical approval as a teaching activity and this project has been reviewed by the Course Coordinator.

With your permission the interview will be recorded. If you for any reason would like to make contact regarding this research please contact one of the following:

David Osuna	+64 210332556	davidalejandro.osuna@gmail.com
Dr. David Stewart	+64 4 4635150	david.stewart@vuw.ac.nz

Yours sincerely,

David Osuna

13 Appendix C – Consent form



Consent Form for Personal Interview

**Personal Interview
CONSENT FORM**

I agree to be interviewed by David Osuna for the purposes of his MBA Business Research Project and consent to the use of my opinions and information. I understand that none of the opinions or statements that I make during the interview will be attributed to me personally, and that I may withdraw from the research before September 29, 2014. I am also aware that the findings derived from this study will be published in the Victoria University Library and excerpts may be included in academic publications and/or academic conferences.

I have been informed of the purpose of the research and the confidentiality conditions.

I understand that raw data collected during the interview will only be available to the researcher, name, and his supervisor, Dr. David Stewart.

I have been informed that I will receive a research summary upon request.

Name: Date:

Signed:

If you would like a copy of the research summary please add your email/address below:

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