



Response to:

Theme for the High Level Segment of the  
Economic and Social Council for 2007 and  
for the Annual Ministerial Review (AMR):

Request to ECOSOC NGOs.

# **Improving outcomes from Development Funding by using Indigenous Management Consultants**

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## Summary

This paper is presented by The International Council of Management Consulting Institutes (ICMCI) to the AMR search for innovative suggestions for reducing poverty and starvation, and achieving the Millennium Development Goals (MDGs).

The ICMCI is the international professional body for Management Consultancy, with Member Institutes in 44 countries. It is responsible for the standard and award processes for the single qualification, CMC (Certified Management Consultant) and is an NGO of the UN ECOSOC.

The paper presents three ideas:

1 Using indigenous competent management consultants to improve the efficacy, effectiveness and efficiency of development funded projects, and through these and related involvements increase the capability and capacity the economy of the developing country. Both outcomes increase the likelihood of alleviating starvation and poverty while building more managerial and governance capacity generally.

2 ICMCI's core competence is in establishing and running national professional bodies for management consultants, and it is the NGO Mission of ICMCI to build national Institutes of Management Consultancy in Developing countries. This mission is in direct support of indigenous management consultants.

3 It is appreciated that not all the professional support can be found domestically. There is a shortage for example of professionals versed in the goals, objectives and operational norms of the Millennium Development Goals and who have experience in working with complex systems. Consequently and in addition, a second proposal is made to recognize a separate group of expert professionals; a cadre of MDG professionals to supplement the design of projects and contribute to policy and program development in the developing countries. Their identified role would be to ensure that all projects and programs and related policies address MDG objectives.

Because the three concepts can be considered as separate ideas, some of the arguments are stated in the discussion of each topic.

The paper also includes summaries of success stories of building national professional bodies for Management Consultancy. An annex is included explaining in more detail the use of management consultants in the value chain of a development project. A second Annex includes an extract of a recent ICMCI paper to UNCTAD CSTD on balancing investment on technology, process and people aspects (and by implication capital and revenue spending) for project effectiveness.

Key to understanding our proposals is that management consultancy is process that occurs with the the client. The consultants need underlying skill but be competent in the use of the process and have demonstrated to a client's satisfaction that the proper behaviour and due process is regularly employed. Only then can the management consultant claim to be competent”.

ICMCI considers that these proposals are an innovation in development funding because:

- Emphasis is placed on the entire development project, a holistic view of all the aspects from conception to implementation, with a focus on achievement (efficacy), outcomes for the developing economy (effectiveness) and value for money (efficiency);
- Due consideration is given to the culture and processes within the developing country by

- ensuring indigenous professionals are utilized;
- The competence of the qualified management consultant is recognised as the key selection criteria in selecting competent professionals;
  - It offers a practical proposal by suggesting ICMCI as a provider for establishing a national professional body for the production of competent indigenous and qualified management consultants
  - A connection is made between the needs of the development projects and the continuing enhancement of the capability and capacity of the developing country's economy through promoting better management by the use of these same consultants.

It is stressed that other professions are also important for effective development in a parallel manner. One such profession is Project Managers whose world wide professional body (International Project Managers Association – IPMA) shows secretariat offices with ICMCI.

Representatives of ICMCI would be delighted to discuss the matters raised further with officials from the UN and also from the funding agencies.

## **Building Capability and Capacity in a developing economy**

ICMCI considers that the funded development projects can be improved by the inclusion of Management Consultants at all the stages in the project - from initial planning and concept formulation through funding proposals, detailed preparation, implementation and benefit realisation. The effectiveness of this involvement is enhanced if two key factors are considered:

1 That Management Consultants are fully competent. Management Consulting has an agreed and defined due process to enable the skills and knowledge of the consultant be applied in a particular situation. The assignment is an intervention in a social as well as economic system and the consultant needs to be well versed in the due process to enable the assignment to be successful. ICMCI has developed a competency framework which is used in assessing candidates for the Certified Management Consultant (CMC) awarded to a common (by periodic assessment by ICMCI) standard by its Full member National Institutes. It is stressed that too many claim to be consultants through having knowledge and skills without the necessary competence and behaviour to make the use of their knowledge effective for the client

2 That a significant proportion of the effort in the consulting team, or all of the effort if it is a single consultant, is indigenous. Consultants “flown in” from another country are not as proficient in understanding the customs, culture, ways of working, and, even, some of the local practical considerations. A development project that does not consider local conditions will be less successful than ones which do.

ICMCI contends that involvement of these indigenous qualified competent management consultants in development projects is essential throughout the project life cycle. Annex A of this paper contains details of such involvement.. In essence, improvements would be made in:-

1. Efficacy: From conception to benefits realisation, a focus on the achievement of the desired outcomes can improve the targeting of expenditure and effort;
2. Effectiveness: Using modern best practice aligned to local conditions can ensure an optimum level of outcomes
3. Efficiency: eliminating unnecessary costs because competent management consultants can promote greater operating efficiency thereby ensuring greater overall efficiency of the project.

An additional benefit is that independent management consultants can monitor and assist compliance with agreed policy (be it national policy, or that of the funding agencies) and act as quality control agents rectifying at the earliest possible opportunity any unnecessary expenditures.

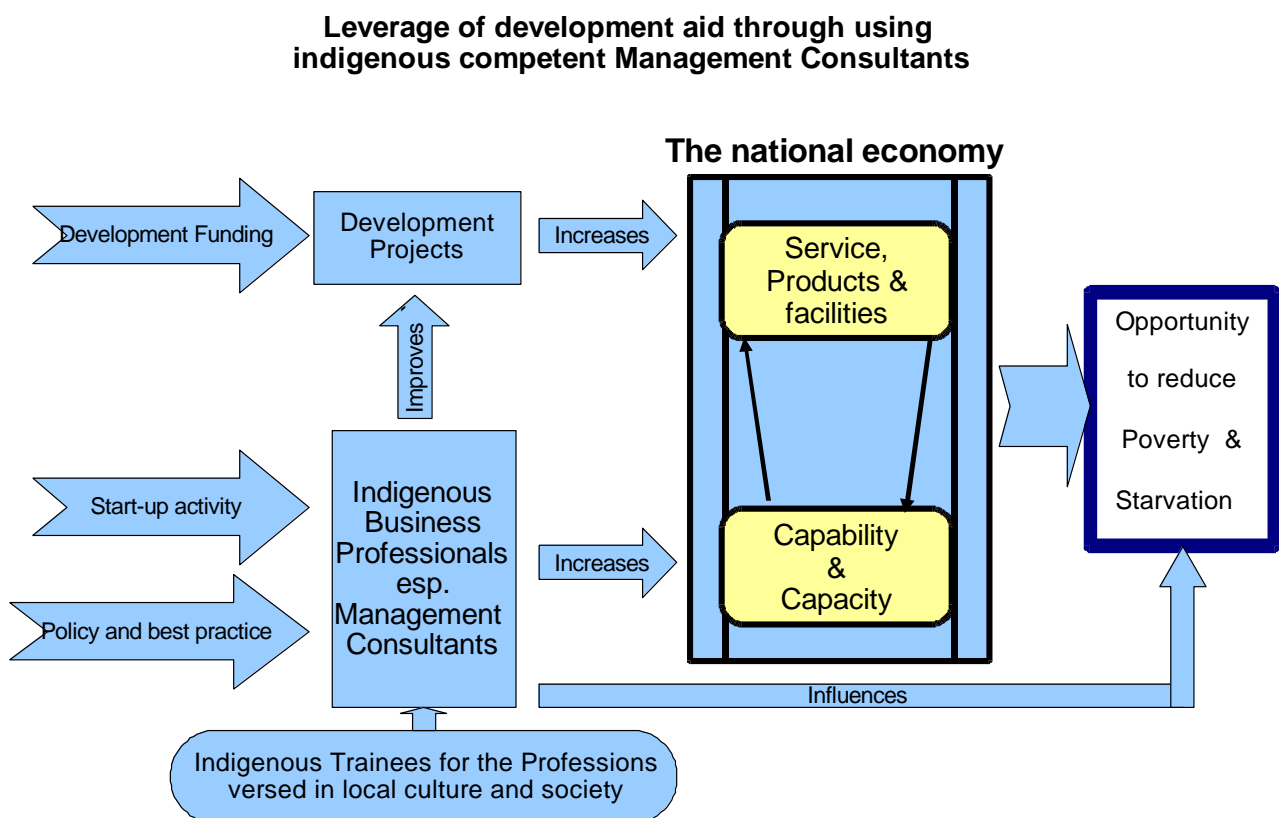
ICMCI further points out that there is a need to balance the capital and revenue aspects of projects and programs with the people or human resource aspects (training, skill development, organization, motivation). Annex B to this paper includes the core of a recent submission by ICMCI to the UNCTAD Panel on the People Aspects of Technology based developments in Developing Economies that addresses this point.

ICMCI contends that there are up to a million practicing management consultants world-wide for a reason. Their results justify the fees paid. Such fees are more than repaid in overall outcomes from projects. If indigenous management consultants were more available, a contribution from them toward an overall 5% improvement in project and program outcomes would be obtainable – at a rate much less than 5% of the project cost..

ICMCI has experience in developing new national professional bodies for management consultants. It has been responsible for delivering (or accrediting) the necessary training and development and assessing the competence of candidate Certified Management Consultant around the world. Indeed this is a core competence of the organisation. This paper concentrates on the benefit management consultants can bring to the developing economy through improved projects, but there is a second, and valuable contribution, from having a body of indigenous competent management consultants. High caliber professionals are a general resource and a powerful lever for increasing the capability and capacity of the developing economy. Having

development projects which have short term outcomes (e.g. power generation) without the business infrastructure to be able to use that increased resource to develop the local economy is missing out on the ultimate benefit from the development projects. Having a body of management consultants to help disseminate good practice in the business organisations, and to provide the support to enable small enterprises to grow into significant operations is a key to a quicker rate of economic development. Thus the economy gains by both the improved project outcomes and the improved use of the new capabilities and capacity. This gives the opportunity to use the improved economy to support sustainable efforts to reduce poverty and starvation. The achievement of this goal is in turn dependent on policy and good governance. Management Consultants can advise and assist but achievement is dependent on the decision makers.

A summary analysis is presented in the following diagram:



The start up activity is envisaged to include some initial funding of the professional body, and funding for those competent in establishing such a professional body to work with committed individuals and organisations, in order to establish a well grounded new national body. This body would have melded the international standards with local business practices and culture to be able to develop a national group of competent, indigenous management consultants and have the individuals well versed in running the professional institute and be committed to continuing the development of that new institute. Thus the start up is a balanced mixture of dedicated individuals with the support of their own national institute or the professional body, and funding (in development project terms not substantial) for the necessary foundation expenses as well as the funding of the outside support.

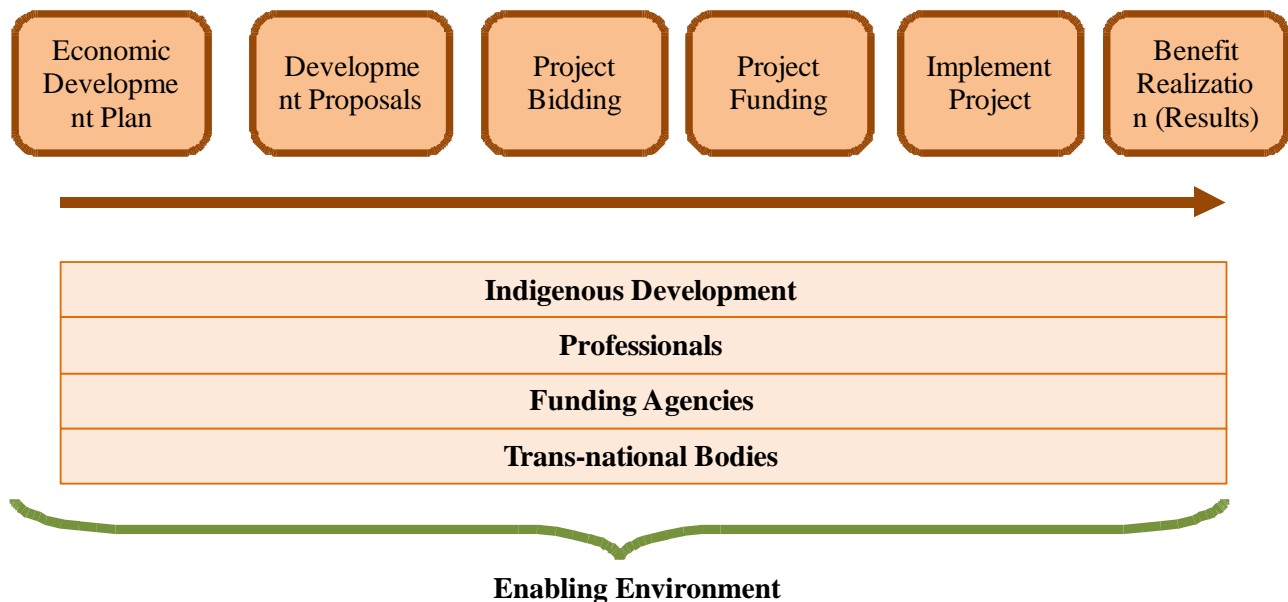
## The Overall Need

Many developing countries have been working with international financial institutions, aid agencies, foreign investors and their own indigenous business and other communities to achieve faster, more equitable and more sustainable growth and development. The scope of what is achievable and the degree to which it is supportable is limited by many factors, but one significant variable has been the effectiveness of programmes and projects to achieve and *sustain* their aims, objectives and outcomes. As a recent Senate Report on development assistance from Canada noted: “Slow, unaccountable, and poorly designed development assistance and ineffective foreign aid institutions in Africa ... (has) failed to achieve sustained improvements in the quality of life of African citizens. However, by far the biggest obstacle to achieving growth and stability in sub-Saharan Africa has been poor government *and poor leadership* within Africa itself.”<sup>1</sup> Institutes of management consulting sponsored by the ICMCI are about building leadership and professionalism, and the building of the virtuous circle of investment – return – further investment. It allows further assistance to be justified because successful projects and programs have been implemented and managed by indigenous professional ethical experts.

The management consultancy profession and, in particular, the singular international organization, ICMCI, wishes to assist in generating and perpetuating this virtuous circle and proposes a mechanism to show how certified management consultants can help.

## The Value Chain and Enabling Environment

In developing economies it is helpful to identify a value chain that extends from planning to achievement of results as depicted below:



In principle, each step in the chain (from economic development to benefit realization or outcomes/results) should be undertaken and completed expertly for the sake of efficiency and effectiveness. All involved in the flow chart have a stake in ensuring success, but managing stakeholders is itself a management challenge and one that must be addressed by professionals.

The value chain for a projected program, it is increasingly understood, is better supported when there is a

<sup>1</sup> OVERCOMING 40 YEARS OF FAILURE: A NEW ROAD MAP FOR SUB-SAHARAN AFRICA, The Standing Senate Committee on Foreign Affairs and International Trade, February 2007, vii.

proper enabling environment facilitated by a sufficiently robust and effective infrastructure, be this financial, political, and so on. The advantage of certified professionals – and professionals of many kinds get involved to a greater or lesser degree at different points in this process be they accountants, engineers or management consultants, is that they strengthen the enabling environment through their affiliation to their Associations – in the case of management consultants to their National Certification bodies and the ICMCI itself. Many of these professionals will be hired by outside funders – the IFI's, UN and other agencies.

ICMCI contends that involving professional qualified *indigenous* management consultants, with experience living and working in a particular country or region, can improve each step of the value chain. They can play a role in increasing the efficiency of action, and the effectiveness of efforts and teams to reduce overall cost, level of effort and usefully stretch the use of funds and resources obtained from funding sources of all kinds. For a more detailed evaluation of how management consultants can bolster the value chain see Annex 1.

## **The Role of Certified Management Consultants in Developing Economies**

Certified Management Consultants are expected to be competent in the consulting process and to be proficient in understanding the sector or industry in which they consult. They are also competent in at least one discipline or skill (be it strategy, management, finance, program management, change management, coaching, logistics, IT etc). The qualification ensures that they can demonstrate, through client references, that they have combined all these together in successful assignments. Similarly, because they are indigenous and trained through their own professional institutions - supplemented by access to world class expertise - they bring local knowledge, understanding and legitimacy to any project or program. In addition to their management consulting competence, all qualified consultants must adhere to a strict code of conduct. Finally, they represent independence, objectivity and integrity, where the client's best interest remains paramount.

### ***The Importance of a National Professional Body***

The experience in many countries is that in selecting a management consultant the key to selection is the professionalism of the management consultant. There are, for buyers of consultancy, two key dimensions:

- Competence
- Trust

The competence dimension is addressed by the possession of the relevant competency based qualification. One such qualification is the Certified Management Consultant (CMC) which is an international standard as described above. A feature of the CMC is that there is a core international standard, verified by a triennial assessment of the national awarding body's awarding process, but in addition the overall qualification is adapted by national professional bodies to meet local needs. The underlying knowledge will include knowledge of local business customs and standards, understanding of working practices, interpersonal standards, language and, almost above all else, how to change things locally. A CMC awarded by a local national professional body assures the buyer of the consultancy service of the appropriate competence for that country. .

In addition to the qualification, every professional body who is a member of ICMCI must adhere to a code of professional conduct and a standard of ethics. Every CMC must sign up to these codes and be subject to disciplinary action should they transgress. That disciplinary action can include publicity of the wrongdoing, or even expulsion from the professional body (which immediately withdraws the CMC status). Having a local national professional body enables the codes to be expanded to cover local needs. Thus selecting a candidate management consultant, who is a CMC from a local member of ICMCI, ensures (through the international programme of ICMCI) the competence and the ethical behaviour (a key element of trust) of the selected candidate.

## ICMCI's Mission as an NGO

### ***Our NGO mission***

ICMCI will strive, with appropriate national and international support, to establish professional management consulting institutes in developing economies, and will work with other NGOs to assist them understand how the use of qualified indigenous management consultants could assist them achieve their goals for leadership, change management and development in the economy.

### ***Preamble***

ICMCI has been an accredited NGO with Special Consultative Status at the UN ECOSOC since July 2001. This section distils our thinking since then into a mission for ICMCI. The conclusion is deliberately simple based on the principle "If we can not articulate our thoughts simply, we have not yet understood the situation".

### ***The role of a management consultant in developing economies***

Earlier parts of this paper address this issue in more detail, but for the sake of a self-contained argument:

A management consultant is competent in the consulting and change management processes that lead to real benefit realisation. He/she is knowledgeable in defined sectors and disciplines and acts professionally. In particular a management consultant is objective, independent and has integrity. At all times a management consultant must regard the client's best interests as paramount.

In developing economies, we have found a marked shortage of competent indigenous management consultants capable of addressing all these competencies. This shortage particularly impacts funded projects (or proposals for these) where the funding agencies (often fellow NGOs) need assurance that they can rely on the professionalism and integrity of advisers. An increase of only a few percentage points in the effectiveness of aid projects, through proper use of qualified management consultants, would be a worthwhile goal for any country. The ICMCI NGO mission is ready to make this happen.

## ***Building on our strength***

ICMCI admits to membership National Institutes of Management Consultancy who satisfy a rigorous evaluation which shows that they are fit to be both the national representative of ICMCI and able to be the awarder of the Certified Management Consultant qualification (CMC). The CMC is a single international professional accreditation standard that provides assurance to the international community of the competence and professionalism of a particular consultant.

ICMCI has itself developed a track record of establishing new National Institutes which meet rigorous requirements. Recent examples include: Russia, Bulgaria, Romania, Bangladesh and Egypt. Work is currently in progress in Thailand and The People's Republic of China was accepted into Provisional Membership of ICMCI on 25 June 2004 .

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## ***Our key activities in support of this mission***

ICMCI will act as the focal point for all national management consulting institutes in which individual Members (that is National Professional Bodies in other countries) assist in the development of new institutes. The assistance could include, but not be limited to, direct project funding by an Institute, perhaps supported by funding from other bodies (e.g. The British Council, The European Commission, The Asia Pacific Development Bank, multinational companies, The World Bank),. Individual member volunteers would assist in the development work; mentoring an emergent new national institute through to full membership of ICMCI, and promoting to project granting and executing agencies the value of independent indigenous management consultants for project success.

Naturally, this does not preclude individual national institutes working directly with an NGO to achieve their goals, nor individuals undertaking supportive assignments. It is only that ICMCI will concentrate on using its unique competences and skills directly in support of establishing new national institutes.

## The need for a Cadre of professional MDG Consultants

### *The MDG's and the Human Resources Challenge*

At a recent Conference held by the Canadian International Development Agency a major engineering company which had been contracted to build a harbor facility in Africa was confronted with incorporating MDG goals and objectives into their project design as part of the country's Poverty Reduction Strategy. In their words, "we did not have a clue as to how to go about this". This was the company's first exposure to the MDG agenda and interpreting it and applying it to their project was well beyond their expertise. Aggravating the problem, there was no *local* expertise readily available, expertise with knowledge of the country let alone the MDG's. And while it may now be said that the knowledge of the MDG's and the need to address them is now more widely known by firms and individuals working internationally, this dearth of on-the-ground locally knowledgeable expertise committed to and expert in practical solutions to achieve MDG objectives remains.

### *The Need for Professional Development*

The ICMCI contends that one method for ensuring the proper balance for projects in developing countries and ensuring that MDG objectives are achieved, is to utilize indigenous qualified consultants. The key message here is that the consultants be *indigenous* and *qualified*. In unison with competent indigenous managers: such indigenous professional expertise can provide investors with a degree of assurance that their local partners are credible, of world class quality, and operate with integrity. Over time they can provide a pool of expertise that can be recruited to senior management, all the while helping shape the policy agenda through the cultivation of their expertise and their incorporation into the decision making process. But the significance of such a cadre of professionals does not end there. As John Serieux, a regular contributor to the UNDP's International Poverty Center (IPC) and a professor in Development Economics at the University of Manitoba has noted, '... one of the factors that continues to impede ... true development... in Africa is the low level of education of the African population as well as the lack of access to the means to make their voices heard.' Professional institutes and professional consultants address both issues of low level education and lack of voice that assures performance.

### **The role of the management consultant**

In an article "*The Invisible Private Service: The Rise of the Consultant in Government*"<sup>2</sup> it was noted that "*...the rise of the consultant has been one of the most significant changes in how public policy is developed, implemented, and evaluated in Canada*". While many reasons were given for this: the increased deregulation and outsourcing of services; the impact of globalisation; the increased use of information technology to manage and operate; the international management trends emphasizing competition, re engineering, downsizing, and knowledge management; the results has been that there has been an increased use of consultants by government<sup>3</sup>. All levels of government and not just private industry have utilized the services of a management consultant ranging from the delivery of policy advice to the implementation and evaluation of policy directives, services, and programs. This is

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<sup>2</sup> CAMC "The Invisible Private Service: The Rise of the Consultant in Government" 2004

<sup>3</sup> Wooldridge, A. 1997 March 22. "Management Consultancy: The Advice Business. The Economist, Supplement, 1-22.

because management consultants are competent in the consulting and change management processes thereby leading to the achievement of outputs and outcomes that ensures maximum reach for any given endeavor. The management consultant is committed to performance and to benefit realization, and is knowledgeable in defined sectors and disciplines and acts professionally. In particular a management consultant is objective, independent and has integrity. Linked to a program of specialized training focusing on the body of knowledge associated with the MDG's and supplemented with, in some cases, considerable experience, they can be the expertise in the implementation of the MDG's – an MDG cadre.

## Our Success Stories

ICMCI was founded in 1987 by representatives from 13 national institutes and has now grown to a 44-country body through both attracting existing institutes and by developing Institutes in countries that did not have an existing institute. Among new Institutes founded are: Bulgaria, Thailand, Romania, Cyprus, Egypt, and Bangladesh. We are also supporting institutes that have been formed locally with the benefit of our experience in operating a competence based qualification and a strict code of conduct.

The ICMCI has supplemented its resources to enable expansion in the following ways:

- Support from a national government funded body in a developed economy keen to increase its influence in another country funding its own national institute to support the other country develop an institute
- Government and supra government agencies as part of their aid programmes funding the development of new national institutes (with ICMCI's support)
- National Institutes with members working in other developing countries using the contacts formed to initiate the development of a local institute
- Governments and agencies in developing economies, recognising the benefit and the high gearing of the return from the investment, using their own resources to acquire support from other established institutes to develop the profession in their own country

In a little more detail, the following countries have been assisted to develop their own national professional institute for management Consultancy:

1. Bangladesh: With the support from IMC India and IMC Singapore, we are pleased to announce that the local Bangladeshi Institute is currently being assessed for admittance as a full Member of ICMCI able to award the CMC qualification. At present certification is provided through India, Singapore and the UK
2. Ukraine: The World Bank funded the establishment of a national professional body as part of the support in the early 1990s of the newly independent Ukraine. This National Professional body is not yet a member of ICMCI, but functions in the way that emphasises the points we have been making about improving development projects, and building the capacity and capability of the economy
3. Romania: The British Council provided funding for the IMC in the UK to support an enthusiastic group form a new professional body over a four year period.
4. Bulgaria: Again this was supported by the IMC in the UK with British Council funding
5. Jordan: The Jordanian Institute has been a Member of ICMCI for some time joining at a time when the the CMC standard was not defined. They have enthusiastically worked with ICMCI (with support of individuals from the UK) to adopt all the standards and provide the support and training for their local members to become full CMCs. Having established themselves, they are

now assisting the formation of new professional bodies in neighbouring countries.

6. Mexico: recently a body in Mexico has emerged from a group of academics and practising consultants to form a new national professional body for Mexico. IMC USA has been active in supporting this group. These are still early days but the prospects are encouraging.
7. Poland; A local group has joined ICMCI and has been supported by many near neighbour institutes
8. Slovenia: The Austrian Member of ICMCI has worked with local consultants to form the new national professional body for Slovenia
9. Croatia: Again established with support from the Austrian Institute (WKO)
10. Turkey: An existing well developed local body was guided by Denmark to becoming a Full Member of ICMCI in 2003
11. Latvia, Lithuania and Estonia have Institutes in the process of formation with assistance from Austria, Denmark, UK, and Sweden.

Other countries that have been assisted are Ireland (initially a chapter of the UK Institute, IMC Ireland became an independent body in the mid 1990s), Russia (where a competition was held between two local organisations who both wished to become the recognised national body for the Russian Federation, with Full Membership being attained in 2006) and The People's Republic of China (where again a competition resulted in the well established CEC becoming a Full member in 2003)

In the interests of balance, ICMCI notes that not all attempts have been successful: a new body formed in Portugal in 2001 is no longer functioning and in some countries governments have tried to set standards for the consulting that they pay for. ICMCI has found without exception that in the latter case the standards are lower than the CMC, they are not coupled with an professional code of conduct, and are more expensive for the applicant consultants. Even worse they are only recognised registers for government work in that country and do not allow consultants from neighbouring countries' registers to apply for the work. There are several instances of this happening in the recent accession countries to the EU.

ICMCI has a clear progress for assisting a national professional body progress to Full membership with the authority to award the CMC. Key elements of that process are:-

- Checking within the country that the applicant body does represent the profession for the country, and is recognised as such by the purchaser community, or
- There is no existing body that could fulfil this criteria and the grouping wishing to become the national professional body have the necessary resources, skills, competence and ambition to become such a body
- Appointing a mentor Member (or two) to assist the body develop into a Full Member.
- Admitting the body as a Provisional Member of ICMCI
- Monitoring progress until there is a history of four years effective operation of the body (some or all of which could pre-date the association with ICMCI)
- Encouraging and expecting senior consultant members of the body to be assessed to the CMC standard by assessors from another body
- Attendance at ICMCI Regional and International meetings

- Assisting with the design of their certification process so that it is at least equivalent in its standard required to that of the CMC
- Preparing the candidate member for its first full quality assessment process
- Admitting the successful applicant body as a Full Member.

The mentor process often includes assistance with designing the rules and operation of the professional body ( for example,governance, codes of conduct and ethics, the local CMC standard which is compliant with the international standard, disciplinary processes, organising training, setting up connections with the client community and gaining recognition). This normally requires expert senior consultants to travel to the country several times: a funding mechanism for this work is usually required to enable this to happen.

## **Appendix A**

# **Management Consultancy and the Improvement of the Development Value Chain**

### ***Summary***

ICMCI (The International Council of management Consulting Institutes) believes that an active indigenous professional management consultancy sector improves each step in the development value chain; from economic plan, to benefit realisation (and ongoing operation if the project results in a permanent facility). Professional Management Consultants provide independent and objective advice. They have access to best practice (not just in the country concerned but globally) and practice to a code of conduct and ethics which underpins their integrity. Involving indigenous management consultants in all development projects ensures that local factors are taken into account and significantly enhances the likelihood of successful implementation of development projects. We contend that the argument to support this proposition is straightforward.

ICMCI controls the world wide standard for the only internationally recognised qualification in management consultancy, The CMC (Certified Management Consultant) qualification. This qualification is competency based and its award is backed by a rigorous quality assurance scheme across the institutes. ICMCI has already established national professional institutes in a number of developing countries. They have joined in the total of forty four countries which now have national institutes of management consultancy . ICMCI is committed to establishing institutes in other developing countries.

The paper concludes with a summary of the mechanisms available to establish these new institutes and the support being sought by ICMCI in pursuing its goals as an international umbrella organisation and NGO for professionally qualified competent management consultants.

### ***Structure of this Annex***

This annex summarises the overall need, presents a value chain to support the meeting of that need, describes what we mean by “qualified management consultant”, demonstrates the value add that such a professional can add to the stages of the value chain, postulates the scale of the benefits available and describes the role of ICMCI in making this benefit obtainable.

### ***The overall need***

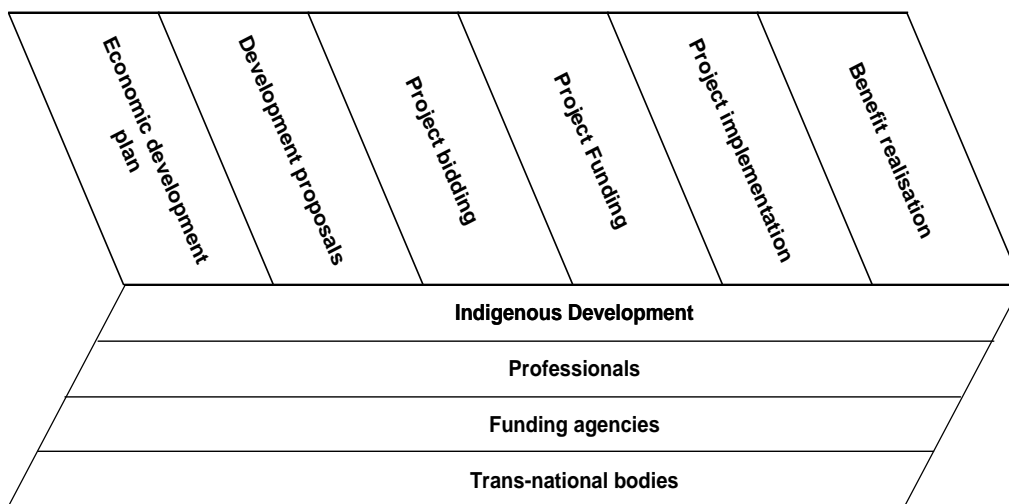
Developing economies have ambitions and desires for faster, more effective development. A considerable proportion of the mechanisms for achieving these aims are funded or supported by other countries, funding agencies, NGOs and even individuals. The scope of the achievement and the degree of support available is limited by many factors but one significant variable is the effectiveness of the programmes and projects to achieve the aims. It is a virtuous circle. More effective

use of support creates more wealth and capacity in the developing economies, and also increases the return on external support (and thus justifying further support). These both lead to more support and more effective development.

The management consultancy profession and, in particular, its International organisation wishes to assist and proposes a mechanism to do so.

### ***The Value Chain***

In developing economies with external support (through development banks, loans or even NGO's using their own funds) it is helpful to identify a value chain that extends from planning to achievement of improvement goals of the following form:-



In principle, each step in the chain should be taken and completed expertly in order to gain the most effective use of the development funding. (It is generally not desirable to skip steps) Even if the strict sequence is not followed (for instance a large project is suggested and then reverse justified into the overall development plans) the argument is that each step that is undertaken “is best if ’twere done well”. A poorly undertaken stage can put at risk the scope of the eventual benefit of the development.

The value chain for a particular development will be supported, to some extent, by the development infrastructure already in the country (be this financial institutions, political will, facilities already developed to enable other developments to proceed or a pool of talented resource). In particular certain professionals (such as engineers, bankers, accountants, project managers) will need to be involved to a greater or lesser degree at different points throughout the programme. These professionals may come from supporting funding agencies, trans-national bodies, international pools of expertise or from indigenous practitioners.

ICMCI contends that involving, professional qualified Management Consultants, with

recent experience of working and living in the particular country or region, can improve the effectiveness of each step of the value chain. Thus the management consultants can play a key role in increasing the value for money, performance improvement and results obtained from development aid and financing.

### ***What do we mean by qualified Management Consultants***

ICMCI is proud to be the custodian of the international standard of the only internationally recognised management consulting qualification in the world today: there are few, if any other professions with such a unified qualification, as the CMC or Certified Management Consultant qualification. This qualification has been adopted as a benchmark by many of the larger practices and is often used as a means of selecting management consultants for a particular assignment.

Management Consultants are expected to be competent in the consulting process, to be proficient in understanding the sector or industry in which they consult. They are also competent in at least one discipline or skill (be it strategy, management, finance, programme management, change management, coaching, or logistics). The qualification ensures that they can demonstrate through clients' references that they have combined all these together in successful assignments.

In addition to their professional competence, all qualified consultants must adhere to a strict code of conduct. Amongst other requirements, the code insists that 1) the client interests come first; 2) A consultant must have integrity, objectivity and independence and 3) Shall not behave in a way to undermine the profession as a whole, or particular parts of the profession. This code of conduct is supported by a code of ethics.

### ***The benefits available from qualified management Consultants in each step of the value chain***

ICMCI believes the benefits arise in each step of the value chain through exercising: -

- Professionalism: the skills and competences of the consultant can be applied to the appropriate stage of the value chain. For instance at the overall planning stage, having a review of the governance arrangements, the feasibility of the projects, the estimated benefits and the risk profiles are all valuable exercises
- Integrity and independence: having an outside review, instead of relying on the views of those proposing the project, is valuable for a project funder
- Due process: the consultant will use due (often best) practice in undertaking the assignment and support to the project. Again improving the confidence in the plans and the future projections.
- Focus: the consultant will be focussed on the outcomes from the project through not having a stake in the mere undertaking itself

ICMCI feels that the benefits are self evident for substantial projects that the use of independent management consultants can be used to achieve higher success rates and better outcomes. Our basis for claiming self evidence is the thriving nature of our profession in the developed countries with clients paying fees for management

consultants totalling many billions of dollars each year: clients are not so gullible as to spend this money (and to continue to do so) without receiving considerable benefit. In the developing economies, we find in general that the internal resources on a project are not, with of course notable exceptions, as well qualified or experienced as those in the developed countries and, therefore their performance can be improved by the proper use of external consultants.

We illustrate the possibilities by taking each step in the value chain and demonstrate the impact available from using management consultants.

**Economic development plan:** an understanding of resource availability and the competence levels of the professionals and managers to be used provides a degree of realism to a plan and indigenous management consultants should be able to contribute to obtaining an understanding of these constraints. Expertise in particular industries, markets and trends globally should enable the plan to be more robust. We are aware of too many national plans that ignore what other countries will be doing. For instance, many countries and regions state that the introduction of a modern information technology infrastructure and the increased competence of their people to effectively use this technology will give them a competitive advantage and enable them to rise up the economic league tables. Sadly, this is being planned by so many economies that the overall effect will be a standstill for those that do it (and further problems for those who do not). The ability to question and examine the assumptions, risks and logic of a plan are key attributes for a management consultant in this field.

**Development proposals:** It has been stated that a development project that over spends and is late is often a project that was poorly estimated in the first place. It is natural for the proponents of a proposal to present their ideas in a favourable light. A professional with integrity and independence can add real value at this stage of the process. Improving the confidence of investors (especially those from outside the country) is a key result from involving qualified management consultants.

**Project bidding and funding:** The impact of having an independent review and confirmation of the estimates and the logic of a proposal to the chances of obtaining funding can be dramatic. Although this may be a case of one proposal winning the competitive acquisition of backing, we contend that by making the proposal preparation more professional, the quality of the proposals (and by this we mean the strength of the underlying logic, not the quality of the printing and presentation) will improve the effectiveness of all development projects, thus increasing overall benefit realisation from what are necessarily limited funding resources. Also the opportunity to ask if there is an alternative (maybe cheaper, maybe quicker) way to achieve the end result is a valuable input from an “outsider” to the project team.

**Project implementation:** Doing the project “right” is not a given. It requires skills and capabilities which are in worldwide short supply. Using a qualified management consultant to provide external reviews, knowledge of best practice and experience of similar situations can reduce the risk of underachievement or even lead to achievements over and beyond expectation.

**Benefit realisation:** Those intimately concerned with a project are often focussed on the achievement of the steps in the project – an outsider is often able to see the

opportunities for achieving the real outcome of the project. Completion is a good aim but the real achievement lies where the economy as a whole benefits.

**Operation:** when the glamour of the project fades, there is often the ongoing operation of a facility or organisation to be managed. Improving efficiency, effectiveness and economy of operations is the bedrock of our profession with many international management consulting firms tracing their initial growth to providing these services in the 1950's and 1960's. Coaching and mentoring managers, undertaking specific reviews, benchmarking performance are all the standard armoury of the qualified management consultant.

As can be seen from above, a qualified management consultant can add value to each step of the value chain.

Current practice for the largest projects is to often use management consultants from developed countries and ICMCI would not wish to suggest that this is inappropriate (many of them will after all be either direct members of our Member Institutes or be in large practices which are themselves connected with our Member Institutes). However, we would strongly encourage the use of a mixed team involving indigenous management consultants. These will be aware of local practices, norms (such as productivity) and competence (for instance the supply of competent managers for an entire development programme). ICMCI is aware that many funding bodies would wish to use indigenous consultants but they are not present in sufficient numbers.

### ***The benefits obtainable***

The benefits obtainable will vary from country to country (depending on the managerial and other professional resources already available) and from project to project. A professional management consultant will be able to assess the benefits of a particular assignment. It is conceivable that such a project by project evaluation could be undertaken for a sample of projects and plans. We are confident enough of the validity of our contention, based as it is on the experience of tens of thousands of management consultants worldwide that we wish to confine ourselves, at this stage, to a top down down assertion.

Although we have not quantified in detail at this stage the scope of the overall benefit, the potential is huge. The funded development programmes total many tens of billions of dollars a year. Even a 1% improvement in eventual outcomes through elimination of unworkable projects, cost reduction, earlier completion, improved effectiveness, elimination of duplication and benefits enhancement from projects would be worth towards a billion dollars, and 1% is far lower than the usual impact of professional management consultants. Indeed if we were only to achieve 1% improvements our business would not have prospered as it has in the last fifty years.

ICMCI contends that the potential is so large that instead of completing a detailed estimate, time and effort is best directed at improving the supply of indigenous management consultants in developing economies.

**ICMCI wishes to engage with funding bodies to develop further Institutes in other developing countries, as a key component of developing their own**

**infrastructure and also to enable improvements in the effectiveness of funded programmes.**

## **Annex B**

**Extract of ICMCI paper to UNCTAD CSTD Panel October 2006**



UNITED NATIONS COMMISSION ON SCIENCE  
AND TECHNOLOGY FOR DEVELOPMENT



Panel on

**"Promoting the building of a people-centred, development-oriented and inclusive information society, with a view to enhancing digital opportunities for all people"**

Balancing Investment in People, Process and Technology  
and  
Building the Capacity to do so in Developing Economies

A paper presented by:

Peter Sorensen (Chairman)  
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## **Summary**

ICMCI (The International Council of Management Consulting Institutes) the international professional body for Management Consultancy, with Member Institutes in 44 countries, is responsible for the standard and award processes for the single qualification, CMC (Certified Management Consultant), and is an NGO of UN ECOSOC.

The paper re-iterates a message known to management consultants that a successful development project in any economy, in any sector, needs to include the people and process aspects, as well as the technology aspects to be considered, designed and delivered.

The message is well known and accepted best practice, but our experience is that too often the lesson is ignored and projects fail to deliver their expected benefits because of a failure to balance the investment into all necessary aspects. The apparent simplicity of the advice is deceptive: the message is universal. Indeed the aphorism that “if you can not make the message simple, you have not really understood the problem” is very appropriate in this case.

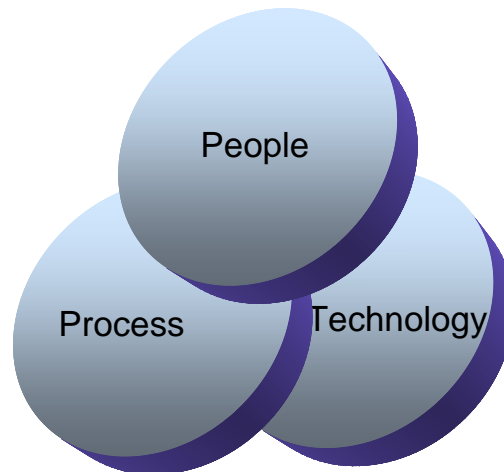
The message is presented in terms of a new investment, but applies equally to analysing existing operations or improving performance.

Apart from reminding the panel of the core message, ICMCI offers itself as part of the mechanism for ensuring the approach is followed in developing economies. It is argued that a project in developing economies covering the people and process options needs to be knowledgeable in local custom and practice. Indigenous qualified management consultants are one of several possible means of ensuring that the investment is properly balanced and attuned to local conditions. ICMCI’s core competence is in establishing national professional institutes and has done so in several developing economies.

## **People, Process and Technology**

In any development project, there will be elements of the technology being used (and this may be technologies other than information technology), people considerations and a way of working, normally referred to as the process elements. These may be explicitly addressed or be implicit or by default.

The situation is often represented as three overlapping circles, in an analogous manner to the way that the three elements of “Action centred leadership” were presented by John Adair in the 1960s.



For the avoidance of doubt, it is necessary to list some of the topics which are included under the three headings, especially the people circle as it encompasses an extensive range of considerations.

### ***Process***

Process covers the “way things are done” both in the implementation of a project and the ongoing business or operation that the investment is intended to support. As well as the overall design (sometimes referred to as the top level process design), the complete process specification should include:

- Operations, procedures
- Activities, work instructions
- Rules, roles, routing
- Process performance measure definition

A common mistake with a new project is to document in extreme detail the existing process. This can result in a constraining “mindset” of reproducing the current with technology as only automation (and thus missing considerable opportunities for technology enabled change) and produces a very large set of documentation, which some say is as useful to the project as “The ancient Egyptian Book of the Dead”.

### ***Technology***

The technology can be information technology, mechanical, chemical or biological or even a particular method or approach. Given the panel is concentrating on the role of an Information Society in people oriented use of technology, we list below some aspects of the information technology which need to be considered and delivered in a successful project:

- Applications
- Operating Systems
- Data sources
- Data management
- Data integrity
- Systems functionality

- Business architecture
- Information systems infrastructure
- User and technical documentation
- Training systems
- Sustainability and the ability to be maintained in the environment of use

An extensive list but for which expertise is often readily identifiable (if not always in plentiful supply). In addition these elements include many which are physical, are clearly capital expenditure and can be authorised separately. Most of the other two circles include investments which are not physical and often not included in the capital spend allocated to the project.

### ***People***

Of the three circles, this is the widest ranging and often involves more sub-elements than the other two combined. “People” refers both to the individual (the person who operate the technology and the process in a defined way) but also the entire organisation and support services around that individual. Elements can include the following:-

- Roles,
- Job definitions
- Functions
- Competences required
- Initial training
- On going training
- Personnel development
- Knowledge requirements
- Skill requirements
- Structure
- Reporting mechanisms
- Career path design
- Performance assessment
- Knowledge, skills, attitudes
- Beliefs
- Values
- Behaviour
- Working conditions
- Social Environment
- Political environment
- Culture
- Legal considerations

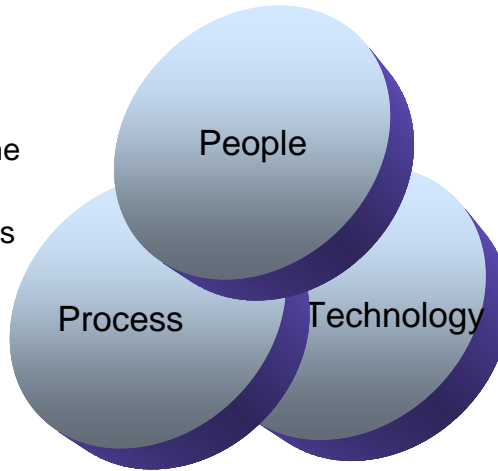
This is an extensive list. But, there should be no surprises in the list for a competent development programme manager.

### **The Need to Balance the Investment**

Experience shows that it is necessary to have the people, process and technology aspects of a project aligned and in balance. Investing in a disproportional manner in the three areas (and we use investing to mean spending time, effort and cash whether that is classed a capital or revenue expenditure) can lead to sub-optimal result for the project. In the extreme case of ignoring one of the three normally results in a failure to gain a return from the investment in the other two. The following diagram illustrates consequences from an imbalance in each one in turn of the people, process, and technology trio.

**Not enough people change**

- People confused
- Unable to operate the process/technology
- Revert to old process wherever possible
- No long term gain
- Sub standard performance



**Not enough technology**

- Processing held up for lack of information
- Bottlenecks and backlogs
- Angry staff "without the tools for the job"
- Many paper based work-arounds
- Inefficient process
- Sub standard performance

**Not enough process change**

- People frustrated as they do not know what to do
- Inconsistent process
- Low quality and tasks falling between the cracks
- Sub standard performance

ICMCI recommends that, in line with accepted best practice, every development project needs to ensure that the investment is balanced.

[The original paper continues with material that overlaps with the presentation in the main paper to which this extract is now an annex]

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