

Standardization and local adaptation
- An analysis of management consultancies
tenders to the public sector

Jonas Bäcklund

SCORE

(Stockholm Center for Organizational Research)

Stockholm University

SE-106 91 Stockholm

Sweden

Phone int+46 18 471 14 08

E-mail jonas.backlund@fek.uu.se

Score Rapportserie 2001:11

ISBN 91-974176-7-X

ISSN 1404-5052

Standardization and local adaptation

Abstract

This study discusses the relation between the increased presence of global consultancies and the service supply in local markets as manifested in tenders to the public sector. By departing from a view on consultancies as systems of persuasion, different approaches for balancing demands for economies of scale through standardization and adaptation to the client organization are analyzed. An important point of reference is whether the services offered are based on the idea of management as an expert activity with universal relevance or as something departing from the unique and local in each situation. One particular aspect of this is whether consultancies argue that experiences from private enterprises may be applied in public units. The analysis identifies three fundamentally different adaptation strategies applied by consultancies. However, a tendency is that the advantages of reusing experiences from other settings and organizations are highlighted in the tenders. The clients' experiences is generally de-emphasized and reduced to input for adapting more standardized approaches and tools,

Background and research focus

The demand for external advice on management has grown dramatically during the last few decades throughout Europe and management consultants can be found involved in a wide spectrum of functional activities across industries (FEACO, 2000; Kipping, Furusten & Gammelsæter, 1999). This means that competence that earlier primarily was coordinated within organizations today to a larger extent is purchased externally. In this perspective management consulting is just one example of what appears to be a wider societal phenomenon, where external knowledge is becoming an increasingly important aspect of organizational life. Examples of this development can be found in many different functional areas like IT, technology, advertisement, law etc. (cf. *Konsultguiden*, 2000). Simultaneously, as organizational dependence on external

competence on management appears to have increased, tendencies towards standardization are noted both with regard to consultancies' *messages* (Abrahamsson, 1996; Czarniawska & Joerges, 1996) and *working methods* (Fincham, 1995; Nees & Greiner, 1985; Sturdy, 1997). Standardization as a phenomenon can be said to be closely linked to an increased belief in markets as means of coordination and is often described as something inherently positive, both from a consumer and producer perspective (Brunsson & Jacobsson, 1998). Among the arguments favoring standardization from a producer perspective are those seeing standardizations as a way of rationalizing and optimizing service production (Levitt, 1971; Chase, 1978; Hansen et al, 1999), as mean to internationalize service organizations (Gustavsson, 2000), but also as means for attracting and communicating with clients (Ernst & Kieser, 1999).

However, the appropriateness for clients of what is seen as an increased supply of standardized models of management has been questioned, where management is regarded as too complex a phenomenon for standardized solutions to be applicable (Clark, 1995; Clark & Salaman, 1996; Engwall, 1998; Hilmer & Donaldson, 1996; Kieser, 1996; Poulfelt & Payne, 1994; Sturdy, 1997). The critique includes several points of departure, but can partly be derived from a research tradition emphasizing the local character of management, i.e. the relevance of organization's technology and near surrounding (Lawrence & Lorsch, 1967; Thompson, 1967). Another type of arguments highlights the importance of organizational culture where management to a high extent is being describes as a function of local preconditions in the form of institutionalized norms, rules, attitudes etc. (Hofstede, 1980; Whitley, 1992).

The special characters of consulting services are also seen limiting the room for standardization on a global level, i.e. the large amount of discretion available to management consultants with regard to the fulfillment of their tasks (Clark & Salaman, 1996). The intangible character of services means that consulting services cannot be inspected pre-purchase, highlighting the importance for the consultants of establishing trust in the consultant and in the client interaction (Edvardsson, 1990). Since trust is culturally relative phenomenon and depending on an agreement or overlap between the consultants' and the clients' values, it is seen central to the consultancy to make an *impression* of understanding the client's specific context and situation (Bergholz, 1999; Greiner & Metzger, 1983).

Consequently, one way to see the services offered by consultancies is as representing a choice of balancing possibilities for economic leverage e.g. through standardization (Ernst & Kieser, 1999; Hansen, et al, 1999; Levitt, 1971) and a need for local adaptation (Bergholz, 1999; Clark, 1995). At the very least there is reason to assume that consulting firms' internal demand for efficiency coexists with strong needs for global firms to show receptiveness to

the locality of clients and national markets (Goshal & Bartlet, 1993). This latent tension or ambiguity to which there are no simple means-ends solutions, in combination with the intangible character of consulting services, instead can be argued to open up a rhetorical space for management consultancies. Convincing potential clients of the splendor of their ideas and solutions is therefore seen as a vital part of knowledge intensive firms work (Alvesson, 1993). Management consultants, it is argued, must actively take command of “the process by which images, impressions and perceptions of their value, and service quality is created” (Clark & Salaman, 1996 p.14). Against this background, an important question is how consultancies rhetorically try to convince clients of the value and relevance of their services. How do consultancies, when presenting themselves and their services, address the above sketched out ambiguity and balances these apparently incommensurable demands?

Analyzing how consultancies in public tenders address *the need for, and approach to, adapting their services* to public units will approach these questions. Focusing on adaptation can be regarded especially suitable to highlight consultancies rhetorical strategies for balancing global and local arguments and is intended to highlight their inherent claims of the value and relevance of their knowledge and services. One particular aspect of this is if and how the consultancies argue that experiences from private organizations can and should be applied in public units. To enable a comparison between different tenders and consultancies the analysis is delimited to *strategy-oriented* services that deals with and reflects organizational ”core-issues”, e.g. like its identity and focus (Kubr, 1996).

In a first step, a view of management consultants as ”systems of persuasion” as well as some methodological considerations is further elaborated. After briefly discussing the regulation guiding public procurement, the tenders are analyzed focusing on how adaptation is addressed. Bases on this analysis, the following section focuses on the distribution of strategies among different categories of consultancies. Finally, the supply of and demand for standardized models of management is discussed.

Management consulting as the noble art of persuasion

The assumption that consulting firms are dependent on the successful persuasion of clients of their value is by no means new. Several studies have reported that how a consulting firm and its consultants are perceived, that is its reputation, is the most important criterion identified by clients when selecting between firms (Askvik, 1992; Dawes, Dowling & Patterson, 1992; Clark, 1993). Consequently, convincing clients of the splendour of their ideas and solutions is seen as a vital part of consultants’ work. The extensive use of language and rhetoric are seen as central features of knowledge intensive firms as “the degree of elaboration of the

language code through which one describes oneself, one's organization, regulates client-orientations as well as identity" (Alvesson, 1993 p.1007). Clients accordingly, are seen making judgments about consultancies on the basis of their successful manipulation of generic symbols of expertise and authority (Starbuck, 1992). Service organizations such as management consulting firms are therefore frequently described as "systems of persuasion" that by using language and rhetoric draw upon as well as create and offer institutionalized myths/rationality surrogates (Alvesson, 1993; Clark & Salaman, 1998). These myths are made up of different taken-for granted beliefs about the order of things, e.g. on how organizations should look and function (Meyer & Rowan, 1977). Three predominant rationalized myths in today's society are: *the rationality myth*, *the globalization myth* and *the universality myth* (Meyer, 1994). Against this background, important reference points in the study are how consultancies when they describe themselves and their services relate to, and reinforce, these myths.

However, these kinds of rationalized myths can be based on different assumptions on the grounds of management knowledge e.g. whether it is possible to identify and communicate the nature of knowledge as objective and thus transmittable in a tangible form or whether knowledge is more subjective and thus of a more unique and local nature (see Burrell & Morgan, 1979). By analyzing how adaptation is addressed in public tenders, management consultancies' role as creators and distributors of generalized myths regulating the structure and actions of organizations, private as well as public, will be discussed (cf. Meyer & Rowan, 1977).

Analyzing public tenders

The study's main empirical source consists of management consultancies' tenders to public sector in Sweden. An important reason for this choice is that access is allowed to documents that otherwise would be difficult to analyze. However, the public sector also represents an important client-category for management consulting firms and thus a large part of the aggregated consulting carried out. The large number of reforms that the public sector has undergone the last decade in many countries is seen as a contributing factor to this development (cf. Olsen & Peters, 1996). A survey from 1999 shows that approximately 13 % of the total turnover in the management consulting industry in Europe can be derived from the public sector (FEACO, 2000). The equivalent numbers for Sweden shows that the public sector represents some 16 % of the total turnover of the 90 largest consultancies (Furusten & Bäcklund, 2000).

The process by which public units purchases management consulting services differs from that of private companies in that it is regulated by law -LOU. Written public documents make up the basis for selection and finally agreement between parties (SFS 1 993:1468). LOU applies to units like the state,

municipally, county councils, public companies, and companies who require government permission to operate (Hagman, 1994). Public units are obliged to follow certain common procedures for procurement above certain limits or thresholds¹ within the EU, which includes using a beforehand-decided process to evaluate tenders (deBoer & Telgen, 1998). To enable for suppliers from all EU countries to take part of the procurements, a call for tenders must be properly advertised (in the European Union database - TED), be written in an official EU language not exceeding 650 words, and applicable European standards must be used (Hagman, 1994:31). These rules and principles constitute a common legal principle on *transparence*, i.e. predictability and openness within the EU (ibid.). The regulation of the procurement process suggests that the public sector, despite consisting of many different units, can be expected to exert a coordinated procurement behavior with regard to consulting services. The similarity between Swedish and EU legislation in turn increases the possibilities to generalize the results from the study (Hagman, 1999; SOU, 1999). However, analyzing tenders above a certain threshold may mean that the smallest consultancies will not participate and thus that these actors may be underrepresented in the study.

Searches in one European database (TED) and one Swedish database (*Anbudsjournalen*) databases identified a total of 107 public procurements categorized as management consulting in Sweden in 1999². After interviewing the regulatory authority in Sweden (NOU) and scrutinizing these calls for tenders, 10 that were categorized as strategy consulting were chosen³ and the persons listed as in charge of these purchasing contacted. The 8 purchasing units that finally agreed to take part in the study were interviewed with regard to the procurement process. These procurements received an average of 21 tenders, which means that they received a total of 163 tenders.

In order to see how they were distributed among different types of consultancies, a categorization of the actors developed in a study of the Swedish consultancy field was used (Furusten & Bäcklund, 2000). A first category is the so-called *classical American* management consultancies whose core business is consulting in management issues.⁴ A second category is made up of the so-called *Big Five* firms, i.e. the management consultancies emerging from the large American and semi-American audit firms.⁵ A third category is the local

¹ Thresholds as of April 1st, excluding sales tax, for public agencies is SEK 1 728 000 or 130 000 special drawing rights (SDR) which equals the same amount of ECU. For other procuring units the threshold is the lowest of 200 000 ECU or 200 000 SDR.

² See appendix 1 for a more detailed description of the search and CPV-codes used.

³ E.g. described as "Advice on organization and strategy" or "consulting services within strategy and management".

⁴ McKinsey & Co, Booz-Allen & Hamilton, Boston Consulting Group, AT Kearney, Arthur D. Little, and Bain & Co.

⁵ PriceWaterhouseCoopers, Andersen Consulting, Arthur Andersen BC, Cap Gemini Ernst & Young, Deloitte Consulting and KPMG.

consultancies categorized according to size, in this study: *large* consultancies with a yearly turnover of over 50 mil SEK, and finally *small and medium sized* consultancies with a turnover of below 50 mil SEK.

Table 1. Tenders.

Number of tenders and distribution per category consultancies

<i>Consultancies</i>	Number of tenders	Share of tenders received
Big Five	23	14 %
Classical American	2	1 %
Large local	11	7 %
Small- and Medium sized local	120	74 %
Other ⁶	7	4 %
Total	163	100 %

Source: Own

In terms of the share of tenders from the different categories above, the analysis indicates that the public sector is a relatively more important client for local than for global consultancies. The single largest category participating consultancies is Small and Medium sized firms (74 % of the tenders). Combined, the two local categories (Large- and Small- and Medium sized local firms) submitted 81 % of the tenders. Classical American consultancies only submitted two tenders. The number of tenders from Big Five firms (14 %) is in turn somewhat higher than found in earlier studies (Furusten & Bäcklund, 2000).

As the tenders often were extensive both in terms of number and size, the purchasing units were asked to submit a selection of the tenders received for further analysis. This approach enabled a qualitative analysis of some 60 tenders from 8 different procurements. A vast majority of these tenders were for so-called “frame agreement”, which is as defined by the LOU (SFS 1992: 2528) as an: “..agreement between a purchasing unit and one or several suppliers with the purpose of defining all terms for call off during a certain period”. Frame agreements are designed and intended for public units that need to cover different needs over a period of time. From this follows that it can be difficult to in detail pinpoint and describe an assignment, consequently the task or assignment is often described in more general terms, e.g. like “organizational development”. Consequently, the tenders analyzed, with one exception, lacked more detailed descriptions of how the consultancies intend to go about solving the specified tasks.⁷ Instead the tenders included more general descriptions of the consulting organization and their services and on several occasions references were made to their respective web sites for more extensive

⁶ Sema Group, DetNorskeVeritas and Monitor

⁷ Tenders from one procurement were exempt from being categorized as public document according to LOU on request of several of the participating consulting firms.

descriptions, e.g. of working methods. The non-specific character of the tenders was also underlined by the fact that when comparing tenders from the same consultancy submitted to different procurements, they appeared with regard to form and content very similar to one another.

That a consultancy has been accepted for a frame agreement does not necessarily mean a guarantee to actually deliver the service (even if such an intention is frequently expressed). One extreme example of this is a purchasing through frame agreement in which 35 of the received 40 bids were accepted. On these occasions, a second procurement (call off) takes place where the user on a local level chooses what consultancy to hire. The use of frame agreement and the absence of detailed specifications of the task at hand make it feasible to describe the process as a form of accreditation rather than procurement. One interviewed procurer even described frame agreements as “hunting licenses” for consulting firms. When asked about the tendency to use frame agreements, the complexity of the purchasing behavior for qualified intellectual services, contrary to standard goods/service, was underlined as management consulting services were described as “more complex to define and evaluate and therefore not suitable for a strict interpretation of the legislation”. This view is confirmed in studies indicating that public procurement of management consulting services, from a client as well as from a consultancy perspective, is seen as a complex process (deBoer & Telgen, 1998; Eriksson & Lindvall, 2000; Kubr, 1996). However, these findings, i.e. frequent use of frame-agreements and thus the less specific selection criteria, mean that there is more rhetorical space for the consultancies to claim legitimacy for themselves and their services. This as the consultancies more freely can choose what to include and how to present themselves and their services. In the following section, an analysis of how adaptation to the client organization is addressed in the tenders is pursued.

Adaptation – a question of experience

An observation is that in almost all tenders it is claimed that the consultancies’ work has the specifics of the client organization as starting point for achieving individualized solutions. Considering that strategy consulting is seen dealing with issues like an organization’s focus and mission, this standpoint may not appear controversial (cf. Kubr, 1996). More general claims like these, however, leave us with the question of *how* this is approached unanswered. Consequently, in order to take the analysis one step further there is a need to go beyond more general claims in the tenders of unique approaches and solutions in order to identify how adaptation is addressed in the tenders on a more principal level.

A very clear tendency in the tenders is that almost all consultancies in one way or another referred to their *experience* as an important sales- and adaptation argument. *Cepro* refer to their “long experience”, *PriceWaterhouseCoopers* to their “extensive experience”, *Ernst & Young* to their “broad and deep

experience” etc. In some tenders the relation between experience and adaptation remain implicit whereas in others it constitutes something of a main argument for how to approach adaptation to public units. *Cap Gemini’s tender* can illustrate the latter where, under the heading “Adaptation to county council”, there “extensive experience” is presented as means to achieve a suitable solutions to the client. Experience could, however, be seen both as an indication of standardized and idiosyncratic approaches. A more local approach is expected when specific rather than general experience is emphasized. The reverse is a possibility when general experience is highlighted underlining consultancies’ “knowledge broking” role (Bessant & Rush, 1995; Sarvary, 1999). Consequently, the question of how experience relates to and rhetorically is translated into adaptation needs to be further specified. This will be approached by analyzing different dimension of how experience, as reflected in the tenders, is being related to the three above identified rationalized myths (Meyer, 1994).

- A first dimension reflects what kind of experience that is highlighted as means to achieve adaptation, or put in another way; *experience from what?* Are organizations described as increasingly interlinked and similar or as unique and particular? These questions can be rephrased to highlight how consultancies in their tenders relate to the myth of globalization. The globalization myth manifests the idea of experiences as having relevance beyond national and cultural boundaries, and thus of the world as being increasingly interconnected (Strang & Meyer, 1993). Implicitly, this myth de-emphasizes experiences from different national setting as relevant for solving the clients’ problems.
- A second dimension reflects how experience is translated into adaptation. This dimension in turn can be rephrased into the myth of universalism reflecting different views on the status of consultancies’ experience. Is adaptation achieved by modifying canonical practices and tools like TQM or is management knowledge and experience described as local, questioning the possibility to create individual solutions by adapting standardized models? Universality involves more generalized claims of authority reflecting the assumption that standardized models of management can be de-contextualised and successfully implemented in organization regardless of their national- and culture specific (Meyer, 1994).
- A third dimension of how experience relates to adaptation reflects the consultancies’ view on the optimal degree of client-involvement during an assignment and can be rephrased into the question; *who’s experience?* Is an idiosyncratic approach based on an active client-involvement seen as a requisite for adaptation or is client-involvement de-emphasized in favor of the consultants’ expertise of identifying problems and deliver solutions? These questions all relates the myth of rationality, which emanates form an ongoing rationalization of today’s society that includes viewing organizations

in terms of means-ends relationships and standardized systems of control over activities and actors (Scott & Meyer, 1994). More precisely, this involves defining the knowledge base of the consultancies as scientific, whose manifestations e.g. in consultants' expertise, is seen as a prerequisite for achieving change (see Meyer & Jepperson, 2000).

While the above-identified dimensions can be seen as more or less interrelated and partly overlapping, they will be used as a point of departure in the analysis of how adaptation is addressed in the tenders. More precisely, by using these dimensions of experience it is possible to identify three different rhetorical strategies used by consultancies in addressing adaptation. These three principally different strategies are named; *taylor-made approach*, *combined competences*, and *modified standard solution*. How these adaptation strategies relate to the above dimension and how they have been derived is presented in detail below.

Taylor-made approach

A tailor-made approach thus somewhat idealized represents an approach to consulting and problem solving that to a high degree is based on local contextual knowledge and experience rather than de-contextualized ditto and its manifestations in standardized tools and approaches. A common point of departure in the tenders representing this strategy is that the uniqueness of organizations and thus the complexity of real-world problems make the application of standardized models and theories problematic. The below quotation from the consultancy *Monitor's* tender exemplifies this view (own translation):

We don't believe in productified consulting services; instead we strive to deliver unique solutions to each client. One aspect of this is that we avoid working with notions like *Benchmarking*, *Best demonstrated practice*, etc, that to us only leads to convergence of firms' strategies. Tailor-made solutions building based on the clients' own preconditions will win in the long run rather than more general recommendations. We don't work with direct competitors since our principle is that each client shall receive unique solutions that will give them a lasting edge.

By claiming not to work with direct competitors to clients is, again, client-specific rather than general, i.e. other organizations' experience is emphasized. Clients accordingly are presented as representing unique problems whose solving demands a tailor-made approach. Offering individual solutions based on the client's own preconditions emphasize the local and specific rather than the universal and general character of management knowledge. Following this logic,

the need for the active participation of the client organization during the course of the assignment, both with regard to problem/reality definition and implementation, is emphasized. This particular standpoint can be illustrated by the local firm *BDO*'s tender (own translation):

Our close contacts and cooperation with the client and his/her staff means that we approach the assignment with greatest respect and receptiveness to managements' and the staffs' perceptions and descriptions of their reality. We contribute to climate that is open, learning and lacks prestige that in turn makes up the basis for our mutual cooperation and to a realistic and methodical development of the business. The approach that works is unique to each client and business and emerges from a creative interplay between management, staff and the consultants.

Rather than the consultants as experts being in control (rationality myth), a high degree of client involvement e.g. in the form of a "creative interplay" is underlined. This means that local knowledge and the client's perception and definition of the "problem" are the basis for the solutions suggested and ultimately implemented. A related observation is that what is considered as a unique precondition on no single occasion describes as a geographical locus (e.g. Sweden).

Combined Competencies

A second strategy by which adaptation to the client is addressed in the tenders is that is possible to create individual solutions by combining different competence areas or "competencies". These "competencies" represent different intra-firm knowledge domains like industry (e.g. healthcare) or function (e.g. operations) as means to de-contextualize, reuse, and diffuse existing experience and knowledge. While emphasizing competence- or knowledge domain, who may take the form of the public sector, the uniqueness of organizations in general and the client organization in particular is de-emphasized. This organizing principle can be seen as a precondition for, but not equaling, using this particular adaptation strategy. An example of a tender that can illustrate this approach is from *PriceWaterhouseCoopers* who highlight their competence areas as a mean to achieve adaptation (own translation):

Flexibility, both from the organization and the approach, is a necessary ingredient in order to carry out the changes that (client) faces. Changes can be hard to accomplices without temporary expert help. The reality is complex and challenges can often be difficult to structure logically. We have despite this tried to structure our competence areas according to those needs we believe to be emerging in the (client) within the demanded areas. When services are called off, the assignments is planned and staffed according to the demand of each individual case. We start each assignment by defining

the client's unique situation and needs. From this analysis we create the most effective combination of competencies.

A related observation from the above statement is the adherence to the rationality myth by the implicit view of the client as incapable of solving his/hers own problems. As changes are hard to accomplish without "expert help", the client executive of the consulting firm is responsible for the "logical structuring of the reality" and thus for adaptation to the client by combining the firms different "competences". Thereby the clients' own knowledge is de-emphasized and thus not acknowledged as a valuable input for solving the client's own problem. The value of the consultancies expertise is frequently highlighted as means to achieve objective or "best" solutions, as illustrated by the local actor *Acando*, who in their tender note that they organize to approach an assignment in a way where:

Different competence areas interact to create best possible result- and business improvement. The task is to compile/productify the best possible solution to a problem, develop project models around it and then lead and secure the development of solutions and the implementation in the respective solutions-area with the client.

While also emphasizing the uniqueness of the solutions offered, the approach *combined competencies* fundamentally differs from the *tailor-made approach*. An adaptation strategy that is based on combining different internal competence areas be said to based on the assumption of the possibilities of reusing experiences and thus of its universal relevance i.e. that knowledge and experience can be extracted from its context and diffused without distortion and that it has bearing on problems in another setting (see Meyer, 1994).

Modified standard solution

A third approach by which adaptation to the client is approached in the tenders is by modifying prefabricated, decontextualised and standardized models and processes. As illustrated by the tender from KPMG:

KPMG uses a structured method Business Performance Improvement (BPI) for organizational development to support management and the implementation of such projects. We have a complete "tool box" with different methods and techniques who focuses on processes, people and technology in the kind of development- and change work that (client) goes through.

This adaptation strategy is thus to a limited degree based on the idea of management consulting as something local and unique in each situation and assignment. Following the logic of this approach, local knowledge is "merely" used as input to modify prefabricated solutions. Tenders following this approach emphasize the active role and function of the consultants and their expertise rather than the clients' experience, e.g. in supporting and implementing changes. Simultaneously, the standardized tools and models by which solutions are

created can be seen representing an assumption of management knowledge's universal character. A rather explicit example of this assumption is noted in the tender from *Professional Management*: "We have regularly collected and analyzed experiences from mission and made these into general model, methods, and frames of references for publication in books" The implementation of the solutions then is carried out "with the theories and general experiences developed in the book form as a point of departure.

Organizations are implicitly described as increasingly interlinked and similar, thus aligning to the myth of globality. A common assumption in the tenders is that knowledge and experiences stemming from working with a private enterprise e.g. in Brazil, can be applied in a county council in Sweden. The tender from *Ernst & Young* illustrates this view and assumption:

The majority of the methods we have developed work within public as well as private enterprises. Our approach always includes a certain degree of adaptation of our methods to the client's specific conditions and uniqueness. Thanks to our large network clients can access many examples from different industries, private as well as public. Our ambition is that our clients shall be able to learn from experiences that others have made.

In a following section of the tender the global status and character of Ernst & Young's network is underlined, further emphasizing the idea of the value of other clients' experience. Another illustration of the universality myth assumption, i.e. of the relevance of experiences from private organizations for public units, is found in the tender from the firm *Grufman Reje*. They add a twist to this by stating that they "work with creating competitiveness for organizations in the borderline between the public and private sector". Implicitly knowledge and experiences from private organizations are offered as "methods for achieving success in a competitive environment" (ibid.).

Tenders which are based on this adaptations strategy frequently, under headlines like "Our services", include descriptions of different models expressed with letter combinations like TQM, Balanced Scorecard, IOS etc. (ex *Cepro*, *Grufman Reje*). This even if access to models and tools seldom is expressed as a specific demand or selection criteria, which *per se* implies that demand for tools and methods from public units, is subdued.

The strategy *modified standard solutions*, as in the case of *combined competencies*, represent the assumption that knowledge manifested in tools and models has universal relevance. This assumption enable management consultancies to argue in favour of de-contextualized and standardised models of successful organizations across markets and countries, in private as well as public settings (Meyer, 1994).

The following table summarizes the different strategies and their respective characteristics:

Table 2. Adaptation strategies

	Tailor made approach	Combined competencies	Modified standard solutions
Globality	Client organizations represent unique demands and preconditions. Favoring idiosyncratic approach to consulting	Client specificity implicitly de-emphasized. Individual solutions by combining different knowledge domains, e.g. industry- and functional expertise.	Organizational increasingly similar, e.g. public/private. Individual solutions created by adapting prefabricated standardized models and tools.
Universality	Experience is local and thus not transferable.	Experiences can be universally applied. Favor reuse of experiences and knowledge.	Other clients' experience applicable. Easily de-contextualized and transferable (e.g. best practice).
Rationality	Clients' perception and definition of problem. Active participation of the client organization.	Consultants as specialized global experts help client identify their "real" problem.	Client involvement de-emphasized – source for expert consultants as input to modify models and tools.

As noted above, the adaptation strategies *combined competencies* and *modified standard solutions*, while differing with regard to approach, share some fundamental views or assumptions on the character of management knowledge. This accordingly has implications for the role of, and interaction with, the client organization during an assignment.

The following section uses the above categorizing of adaptation strategies to analyze and compare the tenders in a single procurement (anonymized on the request of the purchasing unit) with regard to the different adaptation strategies.

The distribution of adaptations strategies - analyzing a single procurement

The purchasing analyzed is, in line with the delimitation of the study, for “strategy and business development services” to a large county council, which has adaptation to public sector as an explicit demand and selection criterion. Consequently, the success of the participating consulting firms is dependent upon their clear and specific presentation of their respective approach to adaptation. Forty tenders were received for a so-called frame agreement for continuous call-off’s during the period of agreement (1999-06-01—2002-05-31). The selection criteria “economically most advantageous” is used⁸ and the evaluation takes place in two steps:

⁸ LOU states that the bid with the lowest price or the “economically most advantageous” bid must be accepted. The latter more general selection criterion may include considering aspects like quality, technical competence, delivery time etc.

- In a first step the suppliers' technical ability and capacity as well as their financial strength is scrutinized. This includes controlling that the supplies have fulfilled their obligations, e.g. with regard to taxes and social insurance.
- In a second step the following criteria are considered (without internal ranking): Areas of competence, Adaptation to county council operations, References (relevant assignments), Organization, Flexibility, Organization, Quality assurance, Price, Accessibility, Environmental concerns. This includes a judgment of structural- (e.g. competence of management and consultants) as well as processual- conditions (e.g. working methods and approaches, quality assurance etc.)

The single largest category represented is Small- and Medium sized local consultancies (28 firms). The second largest category is Big Five firms where all five have submitted tenders. This means that the possibilities to draw conclusions on behalf of these two categories are good. The opposite applies to other categories, where three Large local firms, four firms from the category other submitted tenders. No tenders were submitted from classical American consultancies.

Departing from the sections of the tenders under the heading "Adaptation to county council operations", the tenders were categorized according to the three adaptation strategies identified. The results show that all three adaptation-strategies are represented, where the most frequent adaptation strategy is *modified standard solution* that is used by 18 consulting firms, representing some 45 % of the tenders. The second most common adaptation strategy is *tailor-made approach* that is used by 12 consultancies, representing 30 % of the tenders. The adaptation strategy *combined competencies* finally, occurs on 10 occasion representing 25 % of the tenders.

Table 3. Distribution of adaptation strategies

<i>Adaptations strategy</i>	Tailor made approach	Combined competencies	Adapted standard solution	Total
<i>Consulting firms</i>				
Big Five	0	1	4	5
Large local firms	0	0	3	3
Small- and Medium sized local firms	11	6	11	28
Other ⁹	1	3	0	4

⁹ Firms that do not match any of the above categories (foreign firms): ManpowerEkonomerna, Monitor, Sema Group, and IBM Consulting.

<u>Total</u>	<u>12</u>	<u>10</u>	<u>18</u>	<u>40</u>
--------------	-----------	-----------	-----------	-----------

Source: Own

To highlight how the adaptation strategies relate to different categories of consultancies, the above table also shows the distribution of adaptation strategies per category consulting firms. *Tailor-made solution* appears to a large extent to be a strategy for local consultancies, this since almost (one other) all firms who pursue this adaptation strategy are Small- and Medium sized and local. However, despite the latent drawbacks of this strategy for smaller firms (see Suddaby & Greenwood, 1999), 12 Small and Medium sized firms pursue the strategy *modified standard solution*. Consequently local firms include actors with different approaches to adaptation and thus assumptions of management knowledge. The Big Five firms come out as a homogenate category considering that 4 out of 5 five firms represent the *modified standard solution*. With regard to the adaptation strategy *combined competences* the pattern is not as clear. Three of four firms from the category “other” pursue this strategy, as well as one Big Five firms and six Small and Mediums sized firms.

One way to analyze tendencies towards an increased standardization of the service supply is departing from the tenders that were accepted and the adaptation strategies they represent. Of the forty consulting firms who participated in the procurement, four were accepted of which three belong to the category Big Five: *CEPRO*¹⁰, *Ernst & Young Management Consulting*¹¹, *KPMG*, and *Öhrlings Coopers & Lybrand*¹². These firms have an average yearly turnover in Sweden of over 340 million SEK, which means that all accepted firms belong to the top 20 largest firms in Sweden (*Konsultguiden*, 2000). The fact that three of four belong to the few global actors who are among the largest on many European markets can be seen as a confirmation of the increased presence and success of these actors on national markets (Kipping et al, 1999). With regard to what adaptation strategy they represent, the results shows that three of four rely on *modified standard solutions*, one offer on *combined competencies*, while no single tender relies on a *tailor-made approach*. Despite the fact that adaptation to public organizations was an explicit selection criterion in the procurement, the winning tenders represent an approach departing from adaptation of ready-made, standardized and de-contextualised methods and tools rather than local experience.

In a final section, the findings from the analysis are summarized followed by a discussion of some of their implications.

¹⁰ Now Concours Cepro

¹¹ Now CapGemini Ernst & Young

¹² Now PriceWaterhouseCoopers

Conclusions

Despite that showing receptiveness to the client organization can be argued to be a success factor in management consulting (Bergholz, 1999; Greiner & Metzger, 1983), an analysis of how adaptation is addressed in public tenders indicates that forces are at hand undermining the relevance of more contextual, and tailor-made approaches. By departing from a view of management consultancies as “systems of persuasion”, the study shows how they with the help of language and rhetoric relate to, and reinforce, three modern rationalized myths; globality, universality and rationality (Meyer, 1994). This is shown by analyzing how these myths relate to descriptions of the consultancies’ experience, which appears as an important sales- and adaptation argument in the tenders. Studies of how consulting services are procured shows that (relevant) experience is described as the singly most important selection criterion (Stock & Zinszer, 1987). However, as noted above, experience may be an indication of both more standardized and idiosyncratic approaches.

The analysis shows that the value of experiences from private organizations for public units is highlighted in the tenders. Clients own experience in turn tends to be de-emphasized and reduced to input for adaptation of more standardized approaches or tools. A strategy of rhetorically de-emphasizing the clients’ experience may appear blunt, however, this tendency is also noted in other studies of consultants’ presentations (Bäcklund & Werr, 2001) as well as of their contacts with clients (Bloomfield & Best, 1992; Werr, 1999). Instead, the consultants are described as experts on management and important mediators of other clients’ experiences and thus crucial for achieving change. While the internal logic of public units can be argued to differ substantially from private organization, another tendency, as manifested in two out of three adaptation strategies, is to underline their similarities as organizations. These findings relate to a more general trend where public units increasingly are described as organizations in general (Jacobsson & Sahlin-Andersson, 1995; Brunsson & Sahlin-Andersson, 1998). The assumption that organizations are increasingly alike, i.e. the globalization myth, facilitate a line of arguments where access to and control of standardized and conceptualized services are described as important for consultancies to claim competence and legitimacy in solving business problems (cf. Furusten & Garsten, 2000). The underpinning of the three rationalized myths can be seen as a prerequisite for the establishment of specialized competence-teams and standardized tools. Only in this perspective is consultancies’ strive for economies of scale related to knowledge production viable (Hansen et al, 1999; Gupta & Govindarajan, 2000). However, by aligning to and reinforcing these myths and its manifestations in standardized approaches and tools, management consultants simultaneously open up for critical voices (Clark, 1995; Clark & Salaman, 1996; Kieser 1996; Poulfelt & Payne, 1994).

While a supply of more standardized models of management can be noted, further studies may want to include a focus on the demand or client- side for possible explanations to their increasing attractiveness. Studies show that the ideals that many reforms of the public sector are based on emanates from experiences from private enterprises (Sahlin-Andersson, 1998). External procurement of competence is here seen as a way for public units to legitimize change for and compensate for limited knowledge of how private organizations are run (McKenna, 1996; Saint-Martin, 2000). This includes analyzing whether standardized models of management are seen represent experiences from private organization and thus tools for public units to become more alike private organizations. Another explanation relates to the frequent use of frame agreements, i.e. the absence of more specific descriptions and guidelines with regard to assignments. Studies of decision-making processes of complex organizations shows that unclear goals and preference tend to increase the demand for different kinds of ready-made solutions (Cohen, March & Olsen, 1972).

References

- Abrahamsson, E., 1996. "Management fashion". *Academy of Management Review*, 21, 1, 254-85.
- Alvesson, M., 1993. "Organizations as rhetoric: knowledge intensive firms and the struggle with ambiguity". *Journal of Management Studies*, 30, 6, 997-1019.
- Brunsson, N., 1991. "Politisering och företagisering", i Arvidsson & Lind, 1991 (eds.) *Ledning av företag och förvaltning*. Stockholm: SNS Förlag.
- Brunsson, N., & Sahlin-Andersson, K., 1998. "Att skapa organisationer", i Ahrne, G (eds) *Stater som organisationer*. Stockholm Nerenius & Santérus Förlag.
- Brunsson, N. & Jacobsson, B., 1998. *Standardisering*. Stockholm: Nerenius & Santérus.
- Bergholz, H., 1999. Do More than Fix my Company. *Journal of Management Consulting*, 10/4: 29-33.
- Bessant, J., & Rush, H., 1995. "Building bridges for innovation: The role of consultants in technology transfer." *Research Policy*, 24: 97-114.
- Bäcklund, J., 2000. "A Global Standard? – The local construction of consulting services." Unpublished working paper.
- Bäcklund, J. & Werr, A. 2001. *The construction of global management consulting – a study of consultancies web-presentations*. SSE/EFI Working Paper Series in Business Administration No 2001:3.
- Bloomfield, B. P. & Best, A., 1992. 'Management consultants: systems development, power and the translation of problems'. *The Sociological Review*, 40/3: 533-560.
- Clark, T., 1995. *Managing Consultants*. Buckingham: Open University Press.
- Clark, T. & Salaman, G., 1996. "Telling Tales Management Consultancy as The Art of Story Telling". Papers presented to the 3rd International Workshop on Managerial and Organisational Cognition, Strathclyde University, 14-16 June.
- Cohen, M., March, J., & Olsen, J. 1972. "A Garbage Can Model of Organizational Choice", *Administrative Science Quarterly*, Vol. 17, No. 1, March 1972.
- Corcoran, J. & McLean, F., 1998. "The selection of management consultants – How are governments dealing with this difficult decision? An exploratory study" in *International Journal of public Sector Management*. Vol. 11 No. 1, pp37-54.
- Czarniawska, B. & Joerges, B., 1996. "Travel of Ideas", in Czarniawska, B. & Sevón, G., 1996. *Translating Organizational Change*. NY: Walter de Gruyter.
- DeBour, L. & Telgen, J., 1998, "Purchasing practice in Dutch municipalities" in *International Journal of Purchasing and Materials Management*; Tempe; Spring 1998.
- Edvardsson, B., 1990. Management Consulting: Towards a Successful Relationship. *International Journal of Service Industry Management*, 1/3: 4-19.
- Eriksson, K & Lindvall, J., 2000. "Building Images". Paper presented to the EIASM workshop on the Management Advice Industry, Brussels, 17-18 November.
- Ernst, B., & Kieser, A., 1999. *In Search of Explanations for the Consulting Explosion*. Paper submitted to SCANCOR Workshop, 16-17 September 1999.

- Engwall, L., 1998, *The standardisation of management*, Paper presented at the CEMP workshop in Lausanne 20-21 November 1998.
- Engwall, L. 1999 "The Carriers of European Management Practice." *CEMP* report No 7.
- FEACO. 2000. *Survey of the European Management Consultancy Market*. 31 Dec 1999.
- Fincham, R., 1995. "Business Process Reengineering and the Commodification of Managerial Knowledge." *Journal of Marketing Management* 11: 707-719.
- Furusten, S., 1999. *Improvising on a Standard.*, Paper presented at NFEK conference in Helsinki August 20-21, 1999.
- Furusten, S., & Bäcklund, J., 2000. Strukturer på det Svenska managementkonsultfältet. In *Nordiska OrganisationsStudier*:1: 2000.
- Furusten, S., & Garsten, K., 1999. *The construction of external experts: the case of management consultants and temporary employees*. Paper presented at CANCOR conference, Stanford, 1999.
- Goshal, S. and Westney E (eds). *Organization theory and the multinational corporation*. Macmillan; New York, 1993.
- Greiner, L. & Metzger, R., 1983. *Consulting to Management*. Englewood Cliffs, NJ: Prentice Hall.
- Grönroos, C. 1983. *Marknadsföring i tjänsteföretag*. Liber förlag Malmö.
- Gupta, AK. & Gouvindarajan, V. 2000. "Knowledge firms within multinational corporations", in *Strategic Management Journal*, 21:473-496.
- Gustavsson, E., 2000. *Organisering av tjänster: från den symmetriska interaktionen till införandet av standarder*. (diss). Gothenburg University.
- Hagman, U., 1994. *Den nya lagen om offentlig upphandling*. Stockholm: Kommentus förlag.
- Hansen, M., Nohria, N., & Tierney, T., 1999. "What's Your Strategy For Managing Knowledge" in *HBR*, March-April, 1999. pp. 106-116.
- Hilmer, D. & Donaldson, L., 1996. *Management redeemed : debunking the fads that undermine our corporate performance*. New York. Free Press.
- Hofstede, G., 1980, *Culture's consequences; international differences in work-related values*. Beverly Hills: Sage.
- Jacobsson, B., & Sahlin-Andersson, K., 1995. *Skolan och det nya verket*. Stockholm: Nerenius och Santéus.
- Kellman, S., 1990. *Procurement and Public Management; The Fear of Discretion and Quality of Government Performance*, Washington DC: The AEI Press.
- Kets D Vries, M, & Miller, D., 1987, "Interpreting Organizational Texts" in *Journal of Management Studies*, 24(3) May, 1987 pp234-57.
- Kieser, A., 1996, Business Process Reengineering: Neue Kleider Fur den Kaiser? *Zeitschrift Fur Organisation* 65, 3, pp. 179-185.
- Kipping, M., Furusten, S., & Gammelsaeter, H., 1999. *Converging Towards American Dominance? Developments and Structures of the Consultancy Fields in Western Europe*, in paper presented at "The Creation and Diffusion of Management Practices", 14th EGOS Colloquium at Maastricht University, the Netherlands, 9-11 July 1998.

- Konsultguiden, 1998. *Affärsvärldens Förlag*. Stockholm
- Kubr, M. (eds.), 1996. *Management consulting: A guide to the profession* (third edition) Geneva, International Labour Office.
- Lawrence, P. & Lorsch, J., 1967. *Organization and environment : managing differentiation and integration*. Harvard University.
- Levitt, T., 1971. *Marknadsföringens filosofi: om företagets möjligheter att överleva*. Stockholm: Beckman.
- LOU, Lagen om offentlig upphandling. SFS 1993:1468.
- McKenna, C., 1996, "Agents of Adhocracy: management Consultants and the Reorganization of the Executive Branch, 1947-1949", *Business and Economic History*, 25/1:101-11.
- Meyer, J.W., 1994. "Rationalized Environments" In. Scott, W., and Meyer, J.W., (eds.) *Institutional environments and organizations*. Thousand Oak, CA:Sage, 28-54.
- Nees, D. B. & Greiner, L. E., 1985. "Seeing behind the look-alike management consultants", *Organizational Dynamics*, pp. 68-79.
- Norrman, R., 1983. *Service Management*, Liber Förlag Malmö.
- Olsen, J.P., & Peters, G., 1996, *Lessons from Experience*. Oslo; Scandinavian University Press.
- Pears, M., & Wright, A., 2000. "Buy by the rules", in *Supply Management*; London: Sep 21, 2000.
- Poufelt, F. & Payne, A., 1994. "Management consultants: client and consultant perspective" in *Scandinavian Journal of Management*. Vol. 10, No4, pp421-436.
- SFS, 1993. Svensk Författnings Samling.
- Sahlin-Andersson, K., 1998. "Att hantera blandade principer" i Ahrne, G., (red.) *Stater som Organisationer*. Stockholm: Nerenius & Santérus.
- Saint-Martin, D., 2000. *Building the New Managerialist State*. New York: Oxford University press.
- Sarvary, M., 1999. "Knowledge Management and Competition in the Consulting Industry." *California Management Review*, 41,2: 95-107.
- Schön, D., 1983, *The Reflective Practitioner – how Professionals Think in Action*. Aldershot: Avebury.
- Suddaby, R., & Greenwood, R., 1999. *Colonizing Knowledge: Commodification as a Dynamic of Jurisdictional Expansion in Professional Business Advisory Firms*. Paper presented at SCANCOR Conference Stanford, Sept, 16-17, 1999.
- Strang D. & Meyer, J.W., 1993. "Institutional Conditions for Diffusion." in *Theory and Society* 22:487-511.
- Sturdy, A., 1997. "The consultancy process-an insecure business". *Journal of Management Studies*, 34:3 May 1997.
- STF, 1999. *Konsulter för miljarder – en rapport från Statsjänstemannaförbundet om de statliga myndigheternas upphandling av tjänster 1996-1998*.
- Stock, J.R. & Zinszer, P.H., 1987. "The industrial purchase decision for professional services", *Journal of Business Research*, Vol. 15, pp.1-16.

- Thompson, J. D., 1967, *Organizations in Action*. New York: McGraw-Hill
- Weick, K., 1995, *Sensemaking in Organizations*. Thousand Oak CA: SAGE
- Werr, A., 1999. *The Language of Change: The roles of methods in the work of management consultants*. (diss.). Stockholm School of Economics, Stockholm.
- Whitley, R. (eds.) (1992), *European Business Systems: Firms and Markets in their National Contexts*, London: Sage.

Appendix 1

Search and identification of procurements

Initially the board for public procurement in Sweden (NOU) was contacted. It is a public agency supervising the law on public procurement issues. NOU:s main task is to exercise the supervision and enforcement of the law on public procurement, thereby acting to ensure and enhance effectiveness in public procurement (SFS 1997:1068). NOU also has responsibility to supervise the agreement of national public legislation of procurement with WTO regulation (GPA), but also to continuously monitor the development of procurement legislation and directives within the EU (SOU, 1999). However, despite that NOU has responsibility for gathering and analyzing statistics within the area of public procurement (SOU, 1999) neither they nor the public agency of statistics SCB has an official Swedish database of procuring units. One explanation to this from the NOU is that it is up to the individual organizations themselves to judge whether they LOU applies to them or not.¹³ Since NOU has not database of running and finished procurements, a private company (ProTender AB) was contacted. ProTender produces a journal *AnbudsJournalen* and also runs a database (*ajour.se*) of public procurements. The paper has some 40 editions per annum and contains general information of procurement legislation and trends as well as advertisements of procurements. ProTenders has some 5000 contacts with purchasers within the state, county councils and municipally. The database *ajour.se* contains of Swedish procurements over and under threshold limits as well as procurements presented in the EU database TED (Tenders Electronic Daily). The TED contains procurements above thresholds of all EU member states.

The search was carried first with the help of *ajour.se* staff who, using their own database, generated results. A complimentary search of the European TED database (Tenders Electronic Daily) was also carried out. However, there is no explicit code for management consulting services. In order to capture all conceivable procurements of management consulting services in Sweden, the following criteria were used. Procurements in Sweden finished during 1999 and categorized as procurement of service, more precisely the following CPV-codes¹⁴:

¹³ Whether an organization is considered a procuring unit (where the LOU can be applied) can also be settled in court (Chapter 7 LOU).

¹⁴ TED and *Anbudsjournalen* uses the same classifications and CPV-codes.

72221000	Konsulttjänster för företagsanalys
72224000	Konsulttjänster för projektledning
74141110	Konsulttjänster för företagsutveckling
74141400	Konsulttjänster för personalförvaltning
74141500	Konsulttjänster för produktionsledning

These two searches generated a total of 107 procurements under the above CPV codes during 1999. Accordingly, the 107 observations include a wide variety of services, a majority of which are not traditionally regarded as management consulting. That management consulting is a notion that is given, and includes, many forms of services and expressions has been noted in earlier studies, examples of such services include everything from environmental risk analyses (certification) to more traditional strategy services (see Bäcklund, 2000; Furusten, 1999). Therefore, the continued study delimits itself to analyze those that would fall under the latter, i.e. strategy consulting. Despite the efforts and the large number of procurements identified in the above databases (*ajour.se* and TED), it would appear likely that the search would not reveal all procurements during the period. However, the above sources are expected to give at the very least, a satisfactory picture of public sector procurement of management consulting services above the thresh-hold during this time-period.

Appendix 2

Procuring units analysed

Stockholm county council*
Post och telestyrelsen*
Premiepensionsmyndigheten (PPM)*
Stockholm Stad*
Statens Järnvägar*
County council of Dalarna
Askersunds Kommun
Partille Kommun
*Interviewed units

Also interviewed:

Magnus Josephson, NOU - Nämnden för Offentlig Upphandling.
Pernilla Forsell, administrator/analyt *Anbudsjournalen*.
Eva Elfgren, Marketing manager Sinova.