

Internal Consultants as Agents of Change

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Introduction

In recent years, management consultancy has grown in importance, both in the form of using external consultants and of organising management functions, such as HR, as internal consultancies. This paper sets out some initial findings of a research project funded by the Economic and Social Research Council (ESRC) that has examined the role of internal consultancies across a range of public and private sector organisations. This research, conducted jointly by Professor Andrew Sturdy of Warwick Business School and Dr Nick Wylie of Bristol Business School, suggests that HR functions face a number of significant challenges if they are to re-frame their key roles and responsibilities as a form of consultancy.

What is internal consultancy?

Internal consultancy is typically associated with various forms of change management within organisations and exists in two main forms. First, in many (large) organisations it involves a dedicated group of consulting specialists operating on a similar basis to external consultants by initiating and scoping defined projects; cultivating 'client' relationships across the organisation; and committing a certain amount of resource to these projects. In this sense internal consultancy can operate as an alternative to the use (and cost) of external consultancies; something which is of particular importance to public sector organisations. A second and broader form of internal consultancy is associated with the approach of individual staff specialists (in areas such as HRM, organisational development, operational efficiency, business improvement,

information technology and program management), who provide expert advice and manage a range of change initiatives associated with their specialism. In this case the title of internal consultant assumes less significance than the notion of consultancy as an identifiable set of activities that can be used to introduce changes across the organisation.

One of the main findings of the research is that across these two forms, internal consultancy is often a fluid or dynamic approach to change agency and so has to be understood in relation to specific organisational histories. For example, in one major public sector organisation the internal consultancy service had been developed out of the use of external consultants on a major change programme, whereas in other organisations internal consultancy emerged from process efficiency departments. Despite these obvious differences in the precise nature and location of internal consultancy, the research has identified a number of characteristics that are common to all units and individuals involved in internal consultancy (IC). These characteristics are as follows:

Internal ‘outsiders’ – Internal consultancies, in a similar way to HR professionals, are typically responsible for some form of activity beyond their own departmental boundaries, i.e. they can be defined by a degree of structural separateness from the issues with which they are engaged and so may have a limited role in implementation.

Ongoing concern for credibility - The credibility or status of internal consultants cannot be assumed – or does not simply emerge from their structural location. This means all ICs have to work to attain and maintain their credibility within the organisation in order to generate activity.

Relationship management - Developing and sustaining strong relationships with other parts/managers of the organisations is a common concern of ICs. ICs can act as coordinators and integrators to ensure involvement of key stakeholders, but can also use relationship management as the process through which change is achieved.

Project/programme based - ICs typically work on the basis of finite and formalised projects. As part of this they will use some form of work allocation model (e.g. work prioritisation) and will defend their right/ability to say 'no' to specific projects.

Internal consultancy and the HR function

Many of these characteristics of internal consultancy resonate strongly with the role of the HR function within organisations and so it is perhaps unsurprising that the links between the HR function and the notion of consultancy have received increasing attention over recent years. This has tended to be framed in terms of ongoing debates around the role of the HR function and the manner in which it relates to line management. This debate has been dominated by the idea of 'business partnership' (Ulrich 1998) as a solution to problems of lack of influence and impact of the HR profession within organisations, and a consultancy style approach is often seen as synonymous with business partnership (Kenton and Yarnell 2005; Wright 2008). Alternatively, Caldwell (2001) proposes a classification of the HR function that sees a consultant role as distinct from business partnership and so just one of the options for the HR function to act as a form of change agency. However, whether seen as a re-framing of 'basic' HR activities or as a specific set of competencies there is undoubtedly much to attract the HR profession to a notion of consultancy, most notably in the way that it presents HR managers as experts in possession of specialist knowledge that

can be disseminated to line management and which is focused on value-adding activities.

Internal Consultancy Dilemmas

Thinking about the roles and responsibilities of the HR function in this way clearly resonates with the notion of internal consultancy presented above. Nevertheless, the research has also pointed to a number of dilemmas facing internal consultants which suggest that it should not be treated as a universal panacea to the challenges of delivering a HR change agenda.

Work flow vs work quality/interest/value?

The ICs studied in the research all appear to have an interest in ‘keeping busy’ and sustaining high levels of work flow. However, this presents a dilemma because there is a danger that ICs become involved in projects that are less interesting and may be of less significance to the organisation – a dilemma that is often experienced by HR professionals who remain associated with operational rather than strategic activities.

Enhancing credibility and professional status

ICs face a dilemma in their approach to enhancing credibility across the organisation and also with the senior management team. The initial findings of the research suggest that ICs can either demonstrate their professional status (i.e. by using external accreditations in line with other managerial specialisms) or focus instead on a more gradual development of organisational reputation through completing localised (although not insignificant) changes. In a similar fashion the HR function when framed as a consultancy has to identify whether its main source of credibility is through an understanding of broader organisational concerns or as a the possessor of unique insights into generic issues.

Ability/desire to achieve knowledge transfer?

The initial findings of the research suggest that ICs face a dilemma between retaining ownership of their skills (and so being able to demonstrate their unique value within the organisation) and disseminating these skills to other areas (which may ultimately be in the best long term interests of clients). Again, the HR function if thought of as a form of consultancy has to explore the extent to which it disseminates knowledge and expertise to line management or retains control of this to maintain consistency and sustain its status and credibility.

Competing client agendas - standardising v tailoring?

Clients, particularly at the divisional level, may want tailored solutions that fit with their own unique demands. However, ICs (sponsored at senior levels) are often charged with driving up consistency and so are aiming for solutions that produce greater standardisation. ICs have to consider how to deal with these competing demands something which is also felt by HR professionals in the way that they have to blend notions of 'best fit' and 'best practice' across organisations.

Audit / policing style vs client autonomy

The research has also identified ICs that have a dilemma over the extent to which clients are given a choice about whether or not to accept the intervention of the IC unit and to adhere to recommendations. Consequently, a shift to a consultancy style approach for HR has to take into account how much influence client departments will have over project outcomes and so the extent to which they can decide autonomously whether or not they accept HR advice.

Partnerships with others (internally and with externals)?

Also, ICs have to consider the extent to which they become closely associated with specific divisions/departments or whether they look to maintain a sense of

independence. This has very close links to the issues of credibility and work flow mentioned previously as close links can mean more repeat business but also more limited scope. For the HR function this has clear links to the extent to which their role as change agents can exist across organisational boundaries.

The use of virtual/part-time consultants?

The dilemma here is the extent to which ICs perceive their role as a permanent change agency within organisations or whether they look to use subject matter experts who have a more informal association with the IC unit. The internal organisation of HR consultancy therefore has to address whether this is a sustained approach to delivering key HR activities or initiated at different times to meet specific business needs.

Taken together these dilemmas facing internal consultants suggest a number of areas that HR professionals need to consider when adopting a consultancy style approach. Moreover, the initial findings of this research suggest that the reframing of HR work in terms of consultancy is not necessarily a straight forward solution to concerns over the professional and organisational status and credibility of the HR function. To assume otherwise is to underestimate the inherent complexities of this function and the nature of consultancy.

NB – if you have an involvement in HR consultancy and/or project work and are interested in participating in this ongoing research project please contact Nick.Wylie@uwe.ac.uk

References

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