

Management Consulting

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Management consulting (sometimes also called strategy consulting) refers to both the practice of helping companies to improve performance through analysis of existing business problems and development of future plans, as well as, to the firms that specialize in this sort of consulting. Management consulting may involve the identification and cross-fertilization of best practices, analytical techniques, change management and coaching skills, technology implementations, strategy development or even the simple advantage of an outsider's perspective. Management consultants generally bring formal frameworks or methodologies to identify problems or suggest more effective or efficient ways of performing business tasks.

Management consulting is becoming more prevalent in non-business related fields as well. As the need for professional and specialized advice grows, other industries such as government, quasi-government and not-for-profit agencies are turning to the same managerial principles that have helped the private sector for years.

In essence, management consultants are employed advisors of corporations. They undertake a vast array of business problem identification and analysis and present solutions to their clients. These problems can be as simple as researching a new market or as intricate and colossal as totally rethinking the client's organization. No matter what the engagement, the competency that management consultants administer is not to be belittled. They can counsel a client to acquire a related company worth hundreds of millions of dollars, or reduce the size of its workforce by thousands of employees.

Management consulting has grown rapidly, with growth rates of the industry. As a business service, consulting remains highly cyclical and linked to overall economic conditions.

Currently, there are three main types of consulting firms. First, there are large, diversified organizations, such as global services that offer a range of services, including information technology consulting, in addition to a management consulting practice. Second are the large management and strategic consulting specialists that offer purely management consulting but are not specialized in any specific industry. Finally, there are boutique firms, often quite small, which have focused areas of consulting expertise in specific industries or technologies.

There are also corporations setting up their own internal consulting groups, hiring internal management consultants either from within the corporation or from external firms whose employees have tired of their working routines.

Internal consulting groups are often formed around a number of practice areas. The more common areas are: organizational development, process management, information technology, design services, training and development.

There are three potential problems to internal consulting. First, the internal consultant may not bring objectivity to the consulting relationship that an external firm can. Second, when the external consulting industry is strong it is increasingly difficult to find the required high caliber consultants provided by consulting firms. Finally, when financial times get tough, often the internal consulting group is the first to face layoffs.

Despite these problems there is a clear advantage. External consultants may pose more conflicts of interest and bias in favor of one client company over another. This is especially in economies that are experiencing high degrees of consolidation, which results in industry and product overlap among client companies.

Management consulting has become the primary source for innovation in the practice of management, forming a bridge between academia, firms, and thought leaders in other fields. It has been studying, developing, and using a variety of tools and techniques to approach business problems. Its practitioners have brought significant changes to businesses in both public and private sectors.

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