

## Press information

# LogicaCMG Study Unveils £3 Billion Consulting 'Gap'

New study finds that a quarter of consulting engagements are not assessed against original objectives

**Date of issue: 31 October 2006**

British companies should be able to generate far greater value from their use of external consultants, according to a comprehensive study of buying attitudes published today.

The research, commissioned by leading IT and business services company LogicaCMG, surveyed board level buyers of consulting services among 100 leading UK businesses across a range of sectors. It found that while the use of consultants is both widespread and on the increase, some companies are showing a lack of sophistication in how they are selecting, managing, and measuring the performance of the consultancies they use.

Sixty per cent of those questioned thought they were proactive and strategic buyers of consulting, but this claim was undermined by their detailed responses which showed a pattern of reactive and tactical buying of external short term consulting services, indicating a significant gap between perception and reality.

According to an assessment of their buying habits and use of consultants, only 40 per cent of the companies surveyed could be classified as mature buyers of consulting with a strategic approach. This analysis of the research findings was mapped onto a diagram, *The LogicaCMG Consultancy Quadrant*, in order to examine possible causes and relationships between an organization's strategic vision when it comes to employing consultants, and their maturity of buying process. The analysis identified four different types:

- **Rising Stars** (10 percent): buyers who are less mature in the way that they buy consulting services, but who manage their consultants strategically to give good business benefit from their work
- **Wise Owls** (40 percent): those who are experienced and effective buyers of consulting, who use consultants for well constructed programs of work that align with clearly defined corporate strategies
- **Aspirants** (23 percent): companies displaying reactive buying patterns, and using consultants for short-term tactical activities, often driven by external pressures such as regulatory compliance

- **Mid-life Crises** (27 percent): companies that are mature buyers of consulting, but who are failing to learn from past experiences or lack of success measures and continue to hire consultants in a reactive manner, to solve problems more than for strategic programs.

Respondents expressed reservations about using larger consultancies, fueled by a frustration that consultants from these firms can spend as much time looking for more work as they do undertaking the job they were hired to do. In addition, 61 percent said they expected to pay extra for using a large consulting firm simply because of the name, and 50 percent admitted to being deterred from using such consultants because of high-profile failures and cost overruns.

A key criterion for assessing whether companies are mature users of external consultants is if they measure the impact consulting activity has on their business: one in 10 of those interviewed never do any measurement while only a third always do. The study also found that a significant number were not even employing basic measures such as comparing results with original objectives (25 percent), or looking at whether the work was delivered on time (25 percent).

Relationships between respondents and their external consulting providers are on a strong footing, according to the research, with a healthy appreciation of the benefits they can deliver. Respondents gave a mean score of 4.5 out of 5 (with 5 being a great benefit) for consultants' ability to focus on real actions and see them through, the same score for delivering value for money, and 72 percent reported that real loyalty and trust had been built during their last engagement.

Alan Russell, director of LogicaCMG's consulting division and the president of the Management Consultancies Association, said: "Our research indicated that many clients buy consulting services in the same way that they would purchase commodities, which suppresses the business value that a well-founded consulting assignment can bring. This situation may contribute to another finding, in that clients may not permit consultants to assist with the development of a strategic specification for their work, leading to a surprisingly high proportion of short-term or tactical engagements.

"Consulting suppliers in turn would be advised to change their approach, by having the flexibility to respond to the needs of clients in distress situations and accommodate the short term constraints that may impose. This will help them win the client's trust so that, in the longer term, they can act as an advisor to the client to introduce a more strategic approach that can deliver sustainable value and enhance business performance."

## **About LogicaCMG**

LogicaCMG is a major international force in IT services. It employs 30,000 people across 36 countries. LogicaCMG's focus is on enabling its customers to build and maintain leadership positions using LogicaCMG's deep industry knowledge and its track record for successful delivery.



The company provides business consulting, systems integration and IT and business process outsourcing across diverse markets including telecoms, financial services, energy and utilities, industry, distribution and transport and the public sector. Headquartered in Europe, LogicaCMG is listed on both the London Stock Exchange and Euronext (Amsterdam) (LSE:LOG; Euronext:LOG). More information is available at [www.logicacmg.com/uk](http://www.logicacmg.com/uk).

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