A SURVEY OF HOW MANAGEMENT CONSULTANCY FIRMS IN KENYA MARKET THEIR SERVICES

BY

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DECLARATION

This project is my original work and has not been presented for a degree in any other University.

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This Management Project has been submitted for examination with my approval as University Supervisor.

P. O. K'obonyo
DEDICATION

I would like to dedicate this Project to my Father, Pascal Ooko; a man who believes in the power of education.
ACKNOWLEDGEMENTS

I wish to extend my sincere gratitude to the many individuals who either directly or indirectly contributed to the eventual completion of this research project.

In particular I would like to extend profound gratitude to my Supervisor, Dr. P. O. K'obonyo for the encouragement, diligent and conscientious guidance and necessary criticism that he accorded me throughout the project period. Without his guidance, this project could hardly have been what it is.

Similarly, I would like to thank Mr. T. Mutugu, Lecturer, Department of Business Administration for the useful advice that he offered me when he was assigned as my initial Supervisor.

To my classmates, MBA II, 1987/88 academic year: I am very grateful for their necessary criticism and for creating an academic atmosphere conducive to the undertaking of such a project.

I am very thankful to my entire family for the appreciation, patience, encouragement, moral and material support that I received from them during my study period.

I would also like to thank the University of Nairobi for providing me with the Scholarship to undertake my Postgraduate Studies, culminating in the undertaking of this project.
Finally, I am grateful to all those Consultancy Firms which cooperated in this survey, particularly those which granted me personal interviews.
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MARKETING IS CONSIDERED TO BE NEW TO PROFESSIONAL SERVICES INCLUDING MANAGEMENT CONSULTANCY. THIS REPORT PRESENTS THE FINDINGS OF A STUDY ON HOW MANAGEMENT CONSULTING FIRMS MARKET THEIR SERVICES AND PROBLEMS THE FIRMS ENCOUNTER IN THEIR EFFORTS.

A TOTAL OF 41 FIRMS WERE SURVEYED USING A QUESTIONNAIRE, AND 8 OF THE 41 FIRMS WERE PERSONALLY INTERVIEWED.

THE DATA COLLECTED WAS ANALYSED MAINLY BY USE OF PERCENTAGES AND CROSS TABULATIONS. HOWEVER, SINCE NOT ALL THE DATA COULD BE CONVERTED INTO PERCENTAGES, QUALITATIVE DATA WAS PRESENTED BY WAY OF NARRATIVES.

FROM THE RESULTS OF THIS STUDY, THERE ARE INDICATIONS THAT THE MOST COMMONLY USED METHOD OF MARKETING ORGANISATION IS TO HAVE AN PROFESSIONAL STAFF PERFORM MARKETING FUNCTIONS. MARKET RESEARCH IS MAINLY CARRIED OUT INFORMALLY, PERSONAL SELLING IS THE MOST USED METHOD OF PROMOTION, FOR THE FUNDING AGENCY SEGMENT OF THE MARKET, IT WAS FOUND THAT THE PROPOSAL IS THE MAIN MARKETING TOOL.
CHAPTER ONE

INTRODUCTION

Background

Service firms in general and professional firms in particular do not use marketing as much as manufacturing firms. Kotler (1984) has given the following reasons for this:

(I) In many cases, small service firms (including professionals) do not use management techniques such as marketing because they consider them expensive and irrelevant.

(II) Many professionals consider it unethical and unprofessional to use marketing.

(III) Professionals previously faced with full demand and little competition had no need for marketing.

(IV) Most professional associations have strict rules against marketing. Activities such as advertising, direct solicitation and referral commission are forbidden by association codes.

However, the situation for management consulting firms has changed considerably during the past decade. First, the industry has become competitive (Odette, 1982).
Second, the view that marketing is unprofessional and unethical is diminishing. This trend originated in U.S.A. and Britain. Turner (1969) argued that the ethical environment in which Consultants and other professionals work is an important consideration but which should not prevent marketing. He saw the problem as that of people associating aggressive sales promotion and, in particular, advertising with marketing. He acknowledged that such practices place any professional in an unprofessional atmosphere. However, he concluded that there was nothing unethical about advertising and promotion activities aimed at describing services in terms other than price.

The economist survey (1988) found that it was mainly the established firms that considered some marketing activities unethical and unprofessional. In a bid to establish themselves, newer firms in the business have dismissed such views as self protectionist.

Third, the association rules that forbade marketing have been relaxed in the U.S.A. and Britain by court decisions (Kotler and Bloom, 1984). There is a strong possibility that the above developments in the U.S.A. and Britain could influence the situation in Kenya. The large Consultancy firms (owned by accounting firms) are multinationals with parent offices in Britain or the U.S.A. Since these firms are also influential members of the Institute of Certified Public Accountants of Kenya (ICPAK), they can easily lobby the Government of Kenya and the accounting community to adopt changes that have taken place in their home countries.
However, the ICPAK forbids its members from advertising their services and using direct mail communication with non clients to solicit for work.\(^1\) Tacit promotional activities by ICPAK members are nevertheless common. For example, advertisements to recruit personnel for clients are designed to give maximum visibility to the consulting firm's name and logo. Although many Consulting firms are not governed by ICPAK they still adhere to industry norms and rarely advertise their services.

Fourth, interest in marketing is growing because of the realization, that marketing is not only promotion but also involves other variables as well.

**Definition of terms and scope**

**Marketing**

Kotler and Bloom (1984:34) have defined marketing as:

> The analysis, planning, implementation and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets for purpose of achieving organizational objectives. It relies heavily on the organizational offering in terms of the target market needs and desires and on using effective pricing, communication and distribution to inform, motivate and service the markets.

This study adopted the above definition because of its strong emphasis on marketing functions, which are its primary interests. These marketing functions are the activities that a

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firm engages in in order to get clients and retain them. These activities may be direct, such as personal selling or indirect, such as building of a firm's reputation.

**Management Consultancy**

Many firms consider themselves to be management consultants and actually call themselves so, but in some cases they are not. For example, many of the so called management consultants in Kenya are actually training firms. For the purposes of this study a management consulting firm is defined as follows:

A firm whose principal activity is the independent practice of management consultancy, which arrives at its recommendations by factual investigation (Institute of Management Consultants U.K. 1984:20).

The Institute also defines management consulting service as:

The service provided by an independent and qualified person or persons in identifying and investigating problems concerned with policy, organization procedures and methods recommending these recommendations.

**Scope**

This study will cover only those firms traditionally regarded as management consultants. Such firms include Consultancy firms owned by accounting firms, business and strategy advisers and human resources specialists (The Economist Survey, 1988). The
above definition of a management consulting firm excludes firms which provide consultancy services on the side (such as banks and other companies that have in-house consulting teams) that are available to other parties at a price.

Review of related studies

A number of studies have been carried out on management consultancy that, in part, have addressed the issue of marketing of their services. Krentzman and Samaras (1980) studied whether small firms could make use of consulting firms and found the following restraining factors:

i) fear of high charges;

ii) dislike of high pressure sales tactics used by some consultants and;

iii) a feeling that employment of consultants was admitting inability to manage.

Their findings implied that the marketing approach used by consultants towards small businesses was not appropriate.

Two studies have addressed the subject of management consultancy in Kenya. Odette (1982) and Kasekende (1984) studied management consultancy and the transfer of managerial techniques. These studies also shed some light on marketing in the consultancy profession. Odette reported stiff competition in the management consultancy business. Kasekende noted that management consultancy carried out limited, if any, sales promotion. Both studies
reported that many managers and potential users of the service were unaware of its existence or where to find it. In Odette's findings, 30 percent of the non-users expressed interest in consultancy services. Both studies reported complaints from users and non-users about the high fees charged by consultancy firms.

The economist survey (1988) was an exploratory study on the state of management consultancy profession in Western Europe and U.S.A. Relevant findings were that all consultants indulge in marketing. It established that older prestigious firms did it by publishing in business journals, organizing conferences, holding discreet and exclusive drink parties for chief executives of client firms and placing their alumni in senior management positions from which they in turn can commission consulting assignments. Newer categories of firms in the business, especially accounting firms were found to be more aggressive in their marketing. They befriended journalists to get their names known and they sometimes engaged in direct solicitation. Some advertised in newspapers and on street hoarding. The study also found bidding to be a growing competitive practice.

Statement of the Problem

In their studies on management consultancy in Kenya, Odette (1982) and Kasekende (1984) implied that consulting firms needed to market their services better. The studies did not, however, report on how the firms were marketing their services.¹ Their

¹ The main objective of both studies was to investigate management consultancy as a vehicle of transferring managerial techniques.
conclusions were mainly drawn from information obtained from clients of management consulting firms. This does not give a complete picture as the management consulting firms may give a different view.

Odette's study further suggested that even though competition in the industry was stiff and all firms had to be competitive, local firms were more disadvantaged by a bias against them. Many firms expressed a reluctance to hire local consultants. Odette concluded that this bias was motivated by lack of professionalism and entrepreneurial skills on the part of local consultants. Again his conclusion was deduced from information obtained from clients of consulting firms.

The Economist survey (1988) identified some of the ways in which management consultancy firms in Europe and U.S.A. market their services. This information, has not been documented for the Kenyan situation.

This study was motivated by the above observations and will endeavour to narrow the said knowledge gap.

Objectives of the Study

The study had two objectives:

1. To investigate how management consultancy firms in Kenya market their services. This objective was subdivided into the following sub-objectives:
i) Under what kind of arrangement is marketing performed?

ii) Do the firms perform any of the following:
   a) market planning?
   b) market segmentation?
   c) market research?

iii) The fee setting objectives and the use of proposals and bidding.

iv) The promotional methods that are used.

v) The referral sources that are used, and

vi) How the firms manage demand

2. To identify the marketing problems, if any, experienced by consultancy firms in their marketing efforts.

Importance of the Study

It is hoped that the study will benefit the following:

1. Management consulting firms: The findings may form a basis for comparing their marketing practices with industry habits. They may also learn ways of marketing they may not be aware of.

2. Academics and other researchers: The findings may stimulate further research.

3. Regulatory bodies (such as ICPAK). The findings may be useful when setting or revising codes of conduct and association rules on marketing.

Plan of the Study

This project report consists of five chapters, including the
introduction. The second chapter, provides a review of the literature pertinent to the study. The third chapter deals with the design of the study. It specifies the population of interest and the data collection instruments. The fourth chapter contains the findings of the study. The fifth and final chapter covers Summary and discussion of the findings, the conclusions, the limitations of the study and suggestions for further research.
CHAPTER TWO

LITERATURE REVIEW

Introduction

This literature review has two parts. The first part discusses aspects of service marketing in general and professional service marketing in particular. It also highlights each of the components of the service marketing mix. This part of the review suggests the general framework under which Management consultancy services are marketed. The second part of the literature review covers Management consultancy and is intended to facilitate an understanding of the profession.

Service Marketing

There is still no general agreement regarding what service-marketing is, "some people argue that there is no such thing as service marketing but only marketing in which the service element is greater than the product element" (Stanton 1981: 441). The root of this disagreement has been the various descriptions of the concept service that have been made. The American Marketing Association (AMA, 1960:21) first defined services as "activities, benefits, and satisfactions which are offered for sale or are provided in connection with the sale of goods". This definition did not recognise that some services are sold without accompanying goods. In an attempt to address this problem Rathnel (1966) introduced the goods-service continuum concept. The idea is that
most offers have an element of service and physical product. Very few offers are pure services (no accompanying goods) or pure goods (no accompanying service). Any offer, will therefore, fall somewhere along the goods-service continuum. For example, the restaurant businesses are considered to be services, although they sell physical products (food).

Kotler and Bloom (1984: 147) have given a definition which takes the above two views into consideration. They define a service as:

Any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

Kotler (1984) has further distinguished services on the basis of whether they are people-based or equipment-based. Examples of equipment-based services are cinemas, airlines and vending machines. Examples of people-based services are skilled-labourers such as plumbers and mechanics and professionals such as Management Consultants.

Service Characteristics, the problems created and suggested Solutions

There are four service characteristics which a marketer of any service has to take into account when developing a marketing program. These characteristics are common to all services (Berry, 1980).

The first unique characteristics of a service is intangibility,
that is, they cannot be felt, seen, tasted or smelt prior to purchase. No physical possession results from purchase of a service. Services are therefore consumed but not possessed. This intangibility of services poses a number of problems (Kotler and Bloom, 1984). For instance, buyers are often unable to judge the quality of a service prior to purchase. Promotion also becomes more difficult because consumers find it more difficult to conceptualise the offer. Further, there is no tangible or easily perceivable offering to be communicated to the prospective purchaser of the service. Pricing of services also becomes more difficult. There is no tangible base for costing the service (Dearder, 1978). Clients of management consultancy services are commonly billed for hours consultants spend on a job, in addition to overheads. However, what the client purchases is mental capacity and knowledge (Fernandes, 1979), which can only be costed arbitrarily.

Kotler and Bloom (1984) suggested that marketers of services should try to increase the tangibility of services by emphasising the benefits or results of the service rather than the actual offer. For example, a management consultant can present his services in terms of their results they will have on employee's productivity and profitability. To reduce client uncertainty, a consultant's qualification and experience can be emphasised.

The second unique characteristic of services, is that they cannot be standardised. It is not possible to standardise offerings among the sellers of the same service or even provide
consistency by one seller. This is because of variation of contact personnel performance and also because of variation of consumer contact personnel. relationship. The quality of management consultancy services will, therefore, vary from firm to firm, from client to client and even in the same firm, from day to day, depending on who provided the service. Lack of standardization in services worsens the problem of consumer uncertainty. (in the sense that consumers cannot be sure of the same quality for each purchase).

To reduce the problem of variability Kotler and Bloom (1984) have suggested that client satisfaction should be monitored through suggestion and complaint system so that poor service can be detected and corrected. Chase (1978) has suggested two solutions to this problem. First, a firm should undertake internal marketing. The idea is that in 'high-contact' business, the quality of the service cannot be separated from the quality of the service provided. Consultants should work closely with people from the client organisation. Internal marketing refers to applying the philosophy and practices of marketing to the people who serve the clients. A firm should invest reasonably on training and retraining its personnel. This is to ensure high standards in performance and a reduction in the range of variability of performance.

Secondly, if services can be customised, each client should be made to understand his assignment as unique. This reduces the client's tendency to compare and the need to standardise. However, in some cases, standardisation can be attempted through the introduction of standard procedures. For instance, in consultancy
work, methods of data collection and analysis can be researched and standardised.

The third unique characteristic of service is that it cannot be stored. It cannot be produced for consumption later. For instance, a consultant has to wait for a client before embarking on a specific assignment. The problem that arises out of this characteristic is that of managing demand and supply. When a firm has full demand, it may have to turn away some clients. When there is insufficient demand for it's services, some employees become idle. Sasser (1976) has provided strategies that can be used to level off demand and supply. A management consultancy firm can use differential pricing to shift demand or cultivate non peak demand by accepting low fees when business is low. On the supply side it can use part time associates such as university lectures to alter the supply capacity to better match the demand patterns. It can also increase client participation in an assignment. For example, a client can be requested to assist in the collection of data, especially if the data is internal to the client organisation.

The last unique characteristic of a service is that of inseparability. A service cannot exist on its own without its provider, whether it is a machine or the person. A service requires the presence of it's provider. The problem created is that this limits the service capacity of a provider. Kotler and Bloom (1984) have suggested that the service provider should learn to work faster to overcome this problem.

In addition, in a professional firm, the professionals should
only handle the essential duties. In management consultancy, for instance, routine clerical work which can be delegated to trained clerks should be delegated. This will enable the consultant to be more productive by allowing him more time to perform demanding tasks.

**Distinctive problems in Marketing Professional Services**

Kotler and Bloom (1984) have identified seven distinctive problems in the marketing of professional services. These problems apply to management consultancy by virtue of it being a professional service. In this section we shall discuss the seven problems:

i. In marketing of professional services, one has to consider third party accountability. For instance, a management consultant has to take into account the interests of such third parties as investors, Government bodies and the governing professional association (if the firm is owned by an Accounting firm) when serving clients. A consulting firm cannot, therefore, satisfy the client's needs in isolation. There are possibilities of professional negligence suits in the case of rights of third party clients being violated.

ii. In buying consultancy services, clients face a lot of uncertainty; they cannot evaluate the expected performance nor can they evaluate easily the actual performance, indeed, clients sometimes are uncertain of what the problem is and
what they want done. Many clients engage consultants on a 
one time basis and repeat usage of services is not high (The 
Economist Survey, 1988). Many of the clients are, therefore, 
inexperienced in the selection and evaluation of those 
services. Client education therefore becomes an important 
component of marketing.

iii. Prior experience in this industry is a factor users often 
take into account when employing consultants. This is a 
problem in two ways: First, few firms have experience in all 
industries and this becomes a formidable obstacle. Secondly, 
for new firms, getting any clients becomes very difficult. 
A firm cannot promote its 'newness' in consulting business 
the way a beer manufacturer would promote its new brand. 
Newness in the case of consultancy services is in fact a 
disadvantage. Whereas a new beer brand generates excitement 
and a desire to try it out in consumers, a new consultancy 
firm implies inexperience. Prospective clients would in 
this case want to know what the firm has done before employing 
that particular firm.

iv. Very few consultancy businesses have marketing sections or 
departments. Usually, either the Managing Director, all or 
some of the professionals take the responsibility of getting 
clients. This arrangement introduces the problem of turning 
doers into sellers. Many Management consultants do not like 
to consider themselves as salesmen. Convincing them to 
carry out salesman-like activities can be difficult. Users
of consultancy services, however, like to meet with the persons going to do the job prior to the commencement of the assignment. In consulting business it is important that all professionals be able to do client liaison duties. Added to the problem of unwillingness, some otherwise capable consultants might not be suited to such duties. Some firms try to solve this problem by having more capable and suitable consultants do the selling and different people do the work. Krentzman and Samaras (1980: 135) found that this approach promoted suspicion in prospective clients. They may fear that the salesman whom one meets and the consultant who does the job will turn out to be altogether different people. In their words:

The former may be a most impressive man who seems to size up your problems quickly and shows all the signs of being able to tackle the job with vigour and skill. But then on the appointed day, a far less impressive specimen may appear to take on the assignment.

v. The growth of professional firms often stagnate because of the unwillingness of the firm to allocate time for marketing. Consultancy work is characterised by pressing deadlines to be met in almost all assignments. This leaves very little time for marketing activities during assignments. However, this situation can lead to idle capacity when large assignments are completed and more are in the pipeline. Further, the unwillingness to allocate time for marketing is because time spent on marketing is not chargeable to clients. An obsession with chargeable duties can however, lead to slow increase of billings.
vi. Management consultants do not advertise openly due to I.C.P.A.K. regulations and professional traditions. The problem of advertising professional services is that the effect is unknown. This is because consumers are not used to seeing these services being advertised. Advertising could in fact backfire on professionals who traditionally have not advertised. This could be due to the effect explained in the swahili saying "Kibaya chajitembeza, kizuri chajiuzza," which means undesirable products/services advertise themselves while desirable ones are just bought.

vii. Lastly, marketing is still new to professional services. There is, therefore, a limited knowledge base about marketing professional services. These problems make it difficult for management consultants to use marketing methods that have worked with other services or goods.

Marketing mix decisions

A consultancy firm can use the service mix, specifically promotion (communication) and pricing decisions to carry out its marketing activities. The way in which these components are employed results in a particular marketing mix. The composition of that mix is a key factor in the success or failure of marketing efforts (Kotler and Bloom, 1984).

Service mix decisions

The most basic marketing decision a firm makes concerns which
service or products to offer to its target markets. In consultancy, most firms offer a number of services. These make up the service mix. Kotler and Bloom (1984: 130) offered the following definition and explanation of the concept of service mix and service line:

A service mix consists of the set of all service lines and individual services that a particular organisation makes available to clients. A service line can be viewed as a group of services within a service mix that are closely related, either because they serve similar needs, are made available to the same clients, or are marketed through the same type of channels.

A firm's service mix has a certain length and width as illustrated in the figure 2.1. The example provided in the figure shows a firm that provides consultancy in three lines of service: Human resources, Financial and Computer. The Finance line consists of designing accounting systems and Financial Planning. A management consultancy firm should decide on its area(s) of specialisation. A narrow mix of services involves specialisation in a particular line for example Financial consultancy services only. Connor and Davidson (1985) advocate specialisation and suggest that market entrants should position their services to appeal to a specific market segment rather than trying to be all things to all people. A firm that specialises gains the advantage of knowing a few clients very well and accumulating expertise on that particular area.

A wide service mix, on the other hand, gives a firm a better chance in that it offers a total package to the clients. However,
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Source: Adapted from Kotler and Bloom (1984, P. 131)

Figure 2.1: The length and width of a management consultancy firm's service mix.
Gummeson (1984), argues that a total package approach is not suitable to consultancy services. This is because clients typically assign specific jobs at a particular time. It is not common to find a client who requires all the firm's services or who offers several repeat assignments.

It is important for a firm to define its market and to show how its services meet the needs of a particular market. A firm should keep analysing the market to note the changing needs of clients. This analysis should be the basis of service mix extension or contraction. For example, if a firm faces a lot of competition and declining fees in the line of human resource consultancy, the firm may opt to drop that line and introduce another or retain the remaining ones. Odette (1982) noted that consultancy business was still in its infancy in Kenya. Average age of a firm was five years. Young consultancy firms in such a situation should consider specialisation to gain experience and expertise before extending their service lines.

Service Quality

Gummeson (1984) argues that for a professional service to flourish, its staff must look upon themselves as professionals and strive to improve their professional performance. Firms should strive to maintain high professional standards in all assignments. Assignments which demand a level of expertise and field of experience which a particular firm lacks should be politely turned down and referred elsewhere. The reputation of
a firm is more important for its success in future than quick 'killing'.

Service Development

Gummeson (1984: 130) suggests that professional firms should engage in service development to keep up to date with market changes. For example, a firm involved in computer consultancy has to keep abreast with the fast changes in that industry. Service development can take the following forms:

i. Introducing challenging assignments - enables a firm's professionals to discover their strengths and weaknesses.

ii. Encouraging staff to engage in continuing education, like participating in academic seminars and reading journals and,

iii. Marketing services where a professional may detect the changing client needs and thus adjust his services accordingly.

Personal Selling

Lazer and Culley (1985: 749) have defined personal selling as "the oral presentation in a conversation with one or more prospective clients for the purpose of getting clients." Personal selling is what is commonly known as salesmanship, a term that may sound unprofessional and distasteful to some professionals (Kotler and Bloom, 1984). However, in many cases consultants
actually use personal selling techniques. Gummesson (1981) has argued that, personal selling becomes especially important in situations where clients demand to meet the actual individual who will carry out the assignment. He concedes that most professionals are not born salesmen, but argues that they can learn salesmanship if they want to or if they drop their negative attitude towards it.

Githongo (1985) considers the ability to communicate convincingly, both orally and in writing, to be very important for performing consultancy services effectively. It is also considered to be one of the traits of a good salesman (Lazer and Cully, 1985). Weittreich (1966) also considers it important for a firm to be represented by the professional who is actually going to do the professional work. He further recommends a very subtle approach to selling. In this approach the consultant should understand the problem at hand thoroughly in order to generate both confidence and further discussion by the client. There should be no attempt to close the deal immediately, a consultant should take a tentative 'pass' at the problem, with further discussion and/or a memorandum. When the client's confidence is sufficiently built, through discussions, it should result in an assignment of the job to the consultant. Weittrich also advocates that professional firms should not be represented by a professional salesman but by their professionals, who should also know how to sell.

Consultants on personal selling assignments should make sure they negotiate with the right people. Odette (1982) found that in
about 70 per cent of the cases, the source of initiative for hiring consultants was the board of directors and Managing directors. However, other individuals such as users of the services could also influence the hiring decision. For example, in human resources consultancy, preference of the employees of the client organisation should be given more weight in determining which consulting firm should provide employee consulting services. The question of who does the selling depends on the way a firm's marketing function is organised (see organising the marketing effort).

**Relationship Management**

Relationship management refers to a firm's effort to have good relationships with clients. It is part of personal contact or selling, but a continuing process. It is to the advantage of a firm if its association with clients remains stable for as long as possible. It is easier to keep the clients a firm already has than to acquire new ones (Kotler and Bloom, 1984).

Connor and Davidson (1985: 20) have suggested the following activities for a consultancy firm that wants a positive relationship management:

i. Maintaining communications with client organisations during and between assignments.

ii. Inviting key personnel from client organisations to its activities such as seminars and social events.
iii. Making self-initiated calls on clients to discuss client needs and possible solutions to problems.

iv. Responding effectively to inquiries by the client organisation.

Personal relationships can become a key consideration for client organisations when contracting assignments. Any consultant assigned to a job should do his best to enhance social contact between him/her and the key members of the client organisation.

Publicity

Publicity is the promotion a firm receives in the media but which is not paid for. Kotler and Bloom (1984: 239) have distinguished it from advertising in that, "Advertisements are sent to the media and paid for while publicity is sent to the media and prayed for". Publicity can be a very effective tool for counteracting the inability of a management consulting firm to use advertising. A firm can take the opportunity to appear in the news as many times as possible. For example, senior staff appointments and completion of a training course for a client organisation personnel is news worth publishing by newspapers and or magazines. A firm can also organise seminars which can be publicized by the media. The firm's professional staff could take the opportunity to present papers at such seminars. This, if done well, can enhance not only their professional image but also the possibility of referrals.
Another effective means of getting publicity is to publish articles in journals, newspapers and trade magazines. Davidson (1982:57) has cited the following benefits of publishing:

i. It helps build the reputation (of individual/firm and aids the marketing effort. The task of influencing a client who has read about the firm is easier. The secret of building an effective service organisation is to have your reputation precede you.

ii. You can create a favourable impression when supplying associates with a reprint of the published article.

iii. The articles can be used to inform the general and specific readership of your firm's activities.

Advertising

As noted earlier, the use of mass media advertising by management consultants is limited by:

i. Industry or professional tradition.

ii. Association codes (for firms owned by accounting firms).

However, the accounting firms try to avoid this problem by advertising 'covertly'. Usually, this is done through their executive selection division. When a firm is contracted by a client to recruit personnel, the advertisements for these jobs are designed to give exposure to the consulting firm as well. When the firms are recruiting their own staff the advertisements are even more explicit. In such cases the advertisements inform
potential applicants what they will be expected to do. Indirectly, the potential clients of the firms are also informed what kind of services the consulting firm offers. The I.C.P.A.K. has been considering taking action to seal this loophole (The Accountant 1985: pp 14 - 15).

George and Berry (1981) hold that the perceived risk by buyers should be an important consideration in the advertising of services. They argue that the consumers are very receptive to word of mouth communication in such situations. Management consultants should, therefore, capitalise on the use of communication tools that leverage word of mouth. Satisfied clients should be persuaded to let others know of their experience.

Connor and Davidson (1985) have categorised two classes of referral sources:

i. Clients who refer a firm to others.

ii. Non clients, such as bankers, and association executives who refer a firm to their associates.

Referrals are an effective means of communication because they are often given on a personal basis and are likely to be followed up by the person being referred. A firm should, therefore, strive to cultivate many referral sources.

Fee decisions

Both Odette (1982) and Kasekende (1984) reported complaints
by users and potential users that consultancy services are too expensive. Krentzman and Samaras (1980) have also identified fear of high charges as a major limiting factor in the use of consultancy services by small businesses. Kotler and Bloom (1984) have discussed the necessity of a fee priority. This involves setting fee objectives, which may include:

1) Profit Maximisation  
2) Market Penetration  
3) Satisficing  

The market penetration objective should be used by the firms not satisfied with current levels of billing.

The above authors have also discussed three approaches to setting fees. The first is the cost oriented approach, which involves calculating the cost it took to provide the service and adding on margin for profit. The second approach is the demand oriented method where fees are based on what clients can afford and are willing to pay. This method is useful in differential pricing, since it enables a firm to take on low fees assignments during low business period. The third is a competitive oriented approach in which a firm takes into consideration the competitor prices when setting its own fees. The bidding method is an example of competitive pricing.

There are two issues which consulting firms need to consider when setting prices. First, prospective clients are very concerned about price. Secondly, the relative absence of material data with which to appraise services make price a potentially important index...
of quality. Since in services there is a reason to expect differences in service quality in the service provider, consultants can easily contradict the signals they wish to communicate about quality by setting prices low.

Orientations (Approaches) to Marketing

Since marketing is new to service firm and more so to management consultancy and other professions, many consultants often claim that they do not market their services. This is a paradox given that they serve some clients (if they do any business). The Economist Survey (1988) reported that all Management Consultants market their services but using different approaches.

The most common approaches (Orientations) to marketing are the traditional (technical) approach, the 'hard sell' approach and the client-centred approach to marketing. Different firms practice these approaches depending on their marketing philosophy (Connor and Davidson, 1985).

The traditional approach assumes that growth solely depends on providing services that will 'speak' for themselves in the market. A management consulting firm using this approach waits for clients to contact them. The firm typically thinks of its services as consisting of a particular mix of expertise, knowledge, background and experience. The consultants consider themselves producers or creators rather than marketers of a service.
Congram and Dumesic (1985: 8) call this approach, "the technical orientation to marketing". According to this approach, the firm typically involves itself in services it has defined as needed by clients. The firm's primary consideration in developing a service is based on professional interest rather than market needs. The focus of the technically-oriented firm is itself and not the needs of the market, since these are based on its own perception. This approach to marketing is unlikely to produce the desired results in a competitive environment where other competitors strive to be closer to client needs.

The 'hard sell' approach has been described in various ways by different authors. Kotler and Connor (1977: 72) called it "lunch, dinner and golf marketing". They described it's typical activities as:

Glad-handling, winning and dining, sharp pricing and discounting, slick brochures, partner bonuses for new clients, some discreet bad-mouthing of competitors, and even direct solicitations and possible referral commission.

The above activities can mainly be applied to potential business organisation clients. Since Governments and International agencies rely more on suitability of proposal and the proposed feed to select consultants, the above activities may be of limited assistance in securing assignments. The activities may, however, be useful for intelligence gathering purposes to enable a firm to present a more suitable proposal and quote the right fee.
Weitrich (1966) terms the 'hard sell' approach as an Extrnsic approach. The firm's primary emphasis is on extolling its own primary abilities via such devices as:

i) Describing a generalised approach to most problems (persuasion by method).

ii) Describing the abilities, experience and qualification of key personnel in the firm (persuasion by personnel).

iii) Describing specific problems solved for other clients (persuasion by success story).

The emphasis of this approach is getting known by clients instead of focussing on client's needs. The firm assumes that success is mainly as a result of being well known in the market. The emphasis is, therefore, on the firm, its services and its reputation.

Gummesson (1981) considers insistent marketing to be a 'hard-sell' approach. This happens when a client feels a firm never leaves them alone. For instance a succession of consultants from the same firm may invade a prospective client and constantly find new areas of investigation. Krentzman and Samaras (1980) found that small businesses in particular dislike high pressure tactics by consultants.

The 'hard sell' approach is the equivalent of the selling orientation in physical goods marketing. This approach does not
i) Services they use currently

ii) Their satisfaction with these services

iii) Assistance or services they need.

iv) The image of the firm vs competitors.

The second step involves the degree of incorporation of the findings of the above analysis. This includes:

i) Developing new services needed by clients

ii) Improving and redefining services currently offered

iii) Developing professionals who understand the marketing and,

iv) Revising or reinforcing the message the firm communicates to the market place.

The above measure of client-centered marketing compares closely with Druckers (1974: 64) interpretation of marketing. His view is that marketing starts with the customer, his needs and values. He states that:

Marketing does not ask "What do we want to sell?" It asks, "What does the customer want to buy?" It does not say, "This is what our product or service does;" it says "these are the satisfaction the customers look for, to suit their values and needs.

The client-centered firm is, therefore, market driven and an analysis of the client view is crucial.

Kotler and Conner (1977) consider the client centered approach to be a professional approach. This is because the
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ii) Their satisfaction with these services
iii) Assistance or services they need.
iv) The image of the firm vs competitors.

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Kotler and Conner (1977) consider the client centered approach to be a professional approach. This is because the
approach stays within the boundary of professional ethics, association codes and tradition. They advise that the quality of work should not suffer as marketing activities increase. This happens if consultants spend a lot of their time marketing and compromise efforts on their professional duties. To achieve a balance between marketing and professional activities, Conner and Davidson (1985) advice professionals to apply the notion of leveraging. This is the process of identifying and applying the smallest number of activities that can produce the greatest results. That is, a firm should ensure that every minute spent on marketing produces desired results.

Organising the Marketing Effort in a Management Consulting Firm

Kotler and Bloom (1984) have identified three ways in which marketing can be organized in a professional firm. These ways apply to management consulting firms because they are professional service firms. First, all the professional staff in a firm can be assigned the responsibility for the development of the practice. In the second method, only those who are talented in marketing are assigned marketing duties. The third alternative is to create a marketing department within the firm staffed with marketing specialists.

Davidson (1978) calls the first two methods of organisation a "service trinity". This is because the professionals in the firm run service operation, seek to market the service and are equated with the service. He advises against the trinity concept of organisation on the grounds that few people have the skills to
play all these roles successfully. He advocates the use of marketing specialists who can help the service professionals to understand the customers viewpoint better and develop an effective outreach strategy.

Gummesson (1984: 128) on the other hand, advocates that marketing tasks should be performed by all who have client contact, that is all the professionals in the firm. He suggests that in a competitive environment everybody should take responsibility for attracting clients. He gives the following reasons in support of his view:

i) The prospective clients prefer to negotiate the assignments with someone who is going to carry out the job.

ii) Every professional, in the operation of the assignment is in contact with clients, and can see new needs for assistance.

iii) Social contact between the individual professional and the client is important. Mutual understanding and trust, which are crucial for the firm are fostered by the interaction between the work and the social relationship.

iv) Every professional has contacts who gives him information on what is going on in the market. From his friends or from members of associations he may learn of potential clients. A corresponding number of contacts cannot be achieved by a marketing specialist.
MANAGEMENT CONSULTANCY

Management Consultancy as a Service

Management consultancy qualifies to be a service because it is a profession. There is no commonly accepted definition of a professional service. Gummesson (1981: 126) has however provided a criteria for identifying a professional service:

i) A professional service is qualified, it is advisory and problem-solving even though it may also encompass some routine work for clients.

ii) The professionals involved, such as management consultants, have a common identity and are regulated by tradition or a code of ethics.

iii) The service on offer if accepted involves the professionals in taking on assignments for clients and those assignments are themselves the limit of the professional involvement.

The Role and Practice of Management Consultancy

The institute of management consultants U. K. (1984) recognises the following broad fields as areas in which management consultants are employed:

i) Business administration and company organisation
ii) Capital projects, economic planning and finance
iii) Operational research, industrial engineering and production
iv) Marketing, distribution and transport
v) Personnel and management training
vi) Environmental planning
vii) Systems and data processing.

Why are Consultants used?

The institute of management consultants, U.K., has also specified four situations from which consulting assignments arise:

i) The need for independent and impartial advice on an issue or policy. A consultant being unaffected by organisational politics and personality clashes which affect organisations from time to time is more likely to be impartial. The recommendations he gives are done on the basis that it offers the best solution to the problem posed.

ii) The need for extra executive manpower in the analysis and solution of identified problems. Managers may face problems that require knowledge, experience and training which they may lack. Environmental changes may also outpace the ability of the managers to keep up to date. It is rarely possible for an organisation to have staff to meet all kinds of ad-hoc contingencies. Management consultants provide special skills, knowledge and assistance on a temporary basis.

iii) Extra manpower may also be needed in situations where operational managers cannot take time off their normal duties to carry out necessary studies. Further, the problem at hand may require a multidisciplinary team of
specialists to solve it. Assistance by consultants in the implementation of special projects such as the installation of computer facilities are common examples of this situation.

iv) The need for innovation and foresight; it is when an organisation is doing well that its leader can forecast and lay plans for the future. New objectives or strategies may require new products or service, additional capital equipment or personnel and finance. The plan may require imports from fields or markets unknown to the company's planners. The consultant may have that additional contribution to make. Krentzman and Samaras (1980) observe that it is mainly successful firms that use consultancy services.

The Economist Survey (1988) contends that in practice business organisations often call in consultants for less noble reasons such as:

i) Lack of knowledge on what to do next.

ii) Fashion and prestige

iii) To get a seal of approval for a predetermined course of action

iv) Reasons of internal organisational politics, such as, to strengthen one faction's case for a strategy or getting reason to get rid of certain managers.
How do Consultants work?

Fernandes (1986) has outlined the process of consulting: It begins with an inquiry from a potential client or an approach by a consultant. This initial contact may result in a proposal prepared by the consulting firm. This is a written statement of the problem, and includes methods to be used in investigating the problem, the duration and the cost of the study. If the client accepts the proposal, the two parties enter into a contract. One consultant or a team is then assigned the job depending on its size and nature. At the end of the assignment the consultants write a report for the clients.

Users of Management Consultancy Services

The term management is usually associated with business organisations. For this reason it would be easy for a person to think that management consultants work only for business organisations. However, services of consultants are used by non-business organisations as well. Odette (1982) established that the major users of consultancy services in Kenya are:

i) The public sector, which includes the central and local Governments, public corporations and country wide cooperatives.

ii) International funding agencies which include European Economic Community agencies, United Nations agencies and American aid agencies.

iii) Private organisations which include mainly large local and multinational companies.
Kasekende (1984) observed that in Kenya, it has the funding agencies that constituted the most lucrative market for consulting firms. This is because they usually assign larger jobs for longer durations.

The reasons that funding agencies employ consultants are the same as the reasons business organisations do it, that is for special knowledge, relevant experience, and pertinent advice.

Caiden (1976: 5) proposed a measure of the value of consultancy to be: "the extent to which because of the Consultants presence something was done that otherwise would not have been done". He pointed out that in development management consulting work, a successful management consultancy practice is a combination of technical knowledge, motivation, belief in mission, cultural empathy and an understanding of local politics.
CHAPTER 3

RESEARCH DESIGN

The Population

The population of interest in this study consisted of all management consulting firms in Nairobi. This is due to the fact that most of the management consultant firms in Kenya are found in Nairobi, which is the main industrial and commercial centre of Kenya.

There was no record of the number of consultancy firm in Kenya known to the researcher. The researcher, therefore, undertook to compile a list of consulting firms in Nairobi to be used for this study. The procedure that was used is outlined below:

i) From Odette’s (1982) study it was ascertained that major firms in the consulting business are owned by accounting firms. A directory of members was obtained from I.C.P.A.K and the accounting firms located in Nairobi were telephoned to find out if they had departments or subsidiaries offering consultancy services. This search identified 18 consulting firms.

ii) Second, the following professional and business organisation directories were consulted:

i) Yellow pages directory (1988)

ii) Professional business organisation directories (1988)
Again, firms listed in these directories were telephoned to confirm their existence. An additional six firms were identified through this method.

iii) The researcher later visited six of the firms identified above and sought their help in identifying consultancy firms they knew of in the industry. This method led to identification of another 19 firms.

A list of 41 firms was, therefore, prepared. Since this study was a survey the researcher decided to include all these firms in the study.

Data Collection Method

Data for the study was collected through the use of a questionnaire and interview guide (see appendix (A) and (B)). Before the questionnaire was prepared, the researcher held extensive discussions with selected lecturers, (Faculty of Commerce, University of Nairobi) and practicing consultants. Literature on service marketing, marketing of professional services and management consultancy was extensively read for familiarization with the subject of the study. The questionnaire was developed from the above discussion and literature review. One section of the questionnaire consisted of a series of four point Likert-type scales, consisting of responses that ranged between, "to a great extent" and "to no extent". The other section of the questionnaire consisted of open-ended and structured questions to facilitate
gathering of demographic data and other information to be used in explaining the findings. In each of the structures questions, spaces for any informative responses from the respondent were also provided. The questions were designed to cover the issues raised in the objectives of the study. The interview guide was prepared from the questionnaire and was intended to probe further to get in-depth information. The last method employed to collect data was unstructured discussion held after the interview.

The questionnaire discussed above and personal interviews were used to complement each other. While the interview method could produce in-depth information, not all firms could be interviewed due to time constraint. The questionnaire facilitated gathering of the data in a structured format to facilitate the analysis, while the interview information supplemented information gathered through the questionnaires.

Eight firms were selected to be interviewed on a convenience basis (those that agreed to be interviewed). The researcher, however, used some discretion in selecting the firms to be approached. All the major firms were approached for personal interviews, 3 of them consented. 2 small firms were approached and they also consented. Of the 8 firms that were approached 4 were internationally connected firms while 4 were locally owned. Of the 8 firms, 5 were categorised as being associated with audit firms and 3 as not being associated with audit firms. The
researcher attempted to get balanced representation of the firms to be interviewed bearing in mind the structure of the consultancy industry.

After inquiries, the researcher made appointments with relevant professionals in the firms and delivered questionnaires three days before the interview date. The interviews began with the discussion of the issues on the questionnaire. (Already filled by then). This was followed by a structured interview using the interview guide. Lastly, unstructured discussions were held. The interviews lasted from forty-five minutes to one and a half hours. The researcher took notes during the interview and wrote a summary of the information obtained immediately after the interview.

For the firms studied using only the questionnaire, a "drop and pick later" method was used. Data collection was carried out between April 25 and May 12, 1988. Out of the 41 questionnaires distributed, 23 were completed and collected, representing a 56 per cent response rate.

Data Summary and Presentation

Data was summarised using percentages and were presented in cross tabulation formats.
Introduction

The data obtained through the use of questionnaire is presented by use of tables and proportions, while the data obtained through personal interviews is presented in qualitative form. The findings are presented under the corresponding questions that were raised in the objectives of the study.

Marketing Organisation

The question on this section determined the kind of arrangement or organization under which the firms performed their marketing. The results are shown in table 1. As shown in the table, the most common method of organisation is to have all the professional consulting staff perform marketing functions. This is followed by the method whereby only professionals who can market are involved in marketing. Only one firm had a marketing section.

In the firm that had a marketing section, the section was headed by a manager. She coordinated marketing activities and reported to the partner in charge of marketing. That set-up, however, did not mean it was that section that was solely responsible for marketing; other partners and division managers were also actively involved. The section's major function was to gather information required for proposals and to assist in preparation of

Note that for some firms all staff means one or two full time professional staff.
Table 1: Persons responsible for marketing

<table>
<thead>
<tr>
<th>Person(s) responsible for marketing</th>
<th>Number of firms</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>All the professional consulting staff</td>
<td>14</td>
<td>61</td>
</tr>
<tr>
<td>Only those professionals who can market</td>
<td>8</td>
<td>35</td>
</tr>
<tr>
<td>Marketing section</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
the proposals tendered for jobs from international funding agencies. The section also, liaised with and coordinated marketing activities of the various divisions. The section, which was one year old at the time of the survey, was in the process of recruiting more staff to do client liaison as well as professional duties. The manager of the section envisaged that the section would become more 'in-charge' of marketing as the firm expanded. A second firm was also considering setting up a unit to coordinate marketing activities. The firm had organised its consulting practice into divisions. Each division had a manager who was responsible for marketing its services. The cor-ordination unit was being considered because they wished to avoid situations whereby, different managers visit the same organisation on liaison or marketing purposes on different occasions. A coordinated approach would reduce the number of visits or combine some visits if possible.

From the personal interviews, there was evidence of other arrangements or methods of organisation used by firms to market their services. Such arrangements were used side by side with those listed on table 1. These arrangements included:

i) Full-time professional owner-manager or directors involving themselves directly in getting clients with the help of associates;

ii) Recruitment of associates to help carry out marketing assignments;
iii) Using part-time associates for marketing purposes.

The marketing duties assigned to associates in the arrangements described above were:

i) Visiting potential clients to discuss possibilities of getting jobs;

ii) Using personal contacts to get work;

iii) Gathering marketing information On matters such as jobs that become available in the future, and

iv) Preparing proposals and conducting negotiations.

Associates were usually persons well known to firms that used them. Newcomers, one director explained, sometimes demanded payment for the services rendered in marketing, proposal preparation or negotiation even when contracts were not won. Another firm complained that associates often set off on their own as free-lance consultants after discovering their entrepreneurial talents.

Marketing planning

The question in this section measured the extent to which firms performed individual marketing planning components. The results are summarized in table 2. It is evident from the table that almost all (96 percent) of the firms carry out market analysis. About half the firms established their marketing priorities to a great extent, while about a third did so to a moderate extent. Of the small percentage of firms that did not establish any
Table 2: Extent of involvement in marketing planning

<table>
<thead>
<tr>
<th>Plan components</th>
<th>To a great Extent</th>
<th>To moderate Extent</th>
<th>To a small Extent</th>
<th>To no Extent</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market analysis</td>
<td>48</td>
<td>48</td>
<td>-</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Establishing priorities</td>
<td>44</td>
<td>30</td>
<td>8</td>
<td>17</td>
<td>100</td>
</tr>
<tr>
<td>Setting goals</td>
<td>35</td>
<td>17</td>
<td>26</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>Allocating and organizing the resources required to accomplish the period goals</td>
<td>26</td>
<td>39</td>
<td>22</td>
<td>13</td>
<td>100</td>
</tr>
<tr>
<td>Monitoring results</td>
<td>30</td>
<td>44</td>
<td>13</td>
<td>13</td>
<td>100</td>
</tr>
</tbody>
</table>

All figures are in percentages, N = 23.
priority, one firm gave an example of the dilemma they had in establishing priorities. It was planning to enter the funding agency segment of the market. The firm did not, however, have the experts who were needed to tender for such jobs. Getting such experts, would mean taking a financial risk of paying them before jobs were secured. On the other hand, without the experts, chances of the firm getting the jobs were small. Only about a third of the firms indicated they set goals to a great extent. One such firm said they set their goals in terms of:

i) Revenues to be earned;

ii) Number of hours to be charged out, and

iii) New business expectations. An approach followed by each division of the firm.

The fourth column of table 3 shows the proportions of firms that do not undertake any of the marketing planning activities.

The firm that did not have marketing planning gave the following reasons, in the personal interviews for not doing so:

i) It is time wasting;

ii) It is not necessary as marketing can be done without a plan;

iii) Marketing activities are not regular enough to warrant planning. The rule then is to market when there is low demand, and;

iv) Small and young firms operate under great uncertainty, so marketing planning cannot stabilize the work load.
Table 2 also indicates that there is varying emphasis on the various components of marketing planning. (Consider for example, the aggregate for each component on columns 1 and 2). Column one alone suggests that the greatest emphasis was on the market analysis and the least emphasis on implementing the plans.

The personal interviews revealed further information on marketing planning. Out of the seven firms that were interviewed, four had formal marketing plans. The common thing about the four firms was that they were all large in terms of size of staff. One of the firms had prepared a plan of how to enter the market (the firm was set up early this year). A second firm said that the process began with 'partner strategy' meetings. Such meetings set up various company goals as well as general strategy for the firm. The division managers then worked out plans on how to achieve the set goals.

Market Research

This section was addressed by two questions. One question determined whether research was carried out formally or informally. The other question measured the extent to which firms carried out research on various areas. The results are presented in Tables 3 and 4 respectively.

It is evident in Table 3 that most (88 percent) of the firms carried out research, whether formal or informal. There does not appear to be any significant difference between the proportions of firms carrying out informal and both formal and informal types
Table 3: Type of research

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of firms</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal research</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Informal research</td>
<td>9</td>
<td>39</td>
</tr>
<tr>
<td>Both formal and informal</td>
<td>8</td>
<td>35</td>
</tr>
<tr>
<td>No research</td>
<td>5</td>
<td>22</td>
</tr>
<tr>
<td>Totals</td>
<td>23</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4: Area of market research

<table>
<thead>
<tr>
<th>Research Area</th>
<th>To a great Extent</th>
<th>To a moderate Extent</th>
<th>To a small Extent</th>
<th>To no Extent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client needs</td>
<td>57</td>
<td>22</td>
<td>17</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Market potential</td>
<td>30</td>
<td>40</td>
<td>8</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>Competitors services</td>
<td>4</td>
<td>17</td>
<td>35</td>
<td>44</td>
<td>100</td>
</tr>
</tbody>
</table>

All figures in percentages, N = 23.
of research. The firms that were personally interviewed were also divided equally among those which carried out research informally and those which did both formal and informal research. One firm said it had not done any market research, different firm gave an example of a formal research it had conducted while another advanced an argument in favour of informal research. The first firm said that it had measured the market potential of executive selection services before it had introduced the service. The second firm thought that the formal market research was not necessary. Their argument was that Nairobi was a 'small place' and every firm knew what the others were doing. The firm, therefore was able to keep up to date with developments in the consultancy industry. It did this by watching the activities of the industry leaders. The setting up of that firm was partly prompted by the perceived lucrative market in the industry.

The results on the extent to which firms carried out market research are shown on table 4. It is evident from the table that few firms carry out research on competitors services (21 percent to a great or moderate extent). It also appears from the table that research activity on clients needs and market potential were more common. Four respondents specified in the 'Others' section of the question that they conducted research on suitability of their own service to client needs.
Table 5 shows the extent to which firms have developed a marketing intelligence system. It also indicates that about a third (30 percent) of the firms had done so to a great extent and moderate extent. In a personal interview, a manager with one of the firms that had a well developed marketing intelligence system explained what it consisted of. The firm's consulting staff monitored important developments such as upcoming consulting jobs. This was done by reading publications and having discussions with well placed and well informed executives.

Market Segmentation

The questions on this section measured the extent to which firms used market segmentation as a market technique. The results are presented in table 6. As shown in the table, almost half (47 percent) of the firms had identified bases for segmenting the market to a great extent or moderate extent. The personal interviews revealed that the various ways of segmenting the market were:

i) By industry;

ii) by source of project funding (for example, funding agencies, Government or business firms);

iii) by geographical territories (for example, Uganda and Tanzania).

1. Some Kenya based multinationals firms carried out business in other East and Central African countries.
Table 5: Development of a marketing intelligence system by firms

<table>
<thead>
<tr>
<th>Extent</th>
<th>Number of firms</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a great extent</td>
<td>5</td>
<td>22</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>To a small extent</td>
<td>9</td>
<td>40</td>
</tr>
<tr>
<td>To no extent</td>
<td>7</td>
<td>30</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>23</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Table 6: The extent to which firms carry out market segmentation activities

<table>
<thead>
<tr>
<th>Segmentation Activities</th>
<th>To a great extent</th>
<th>To a moderate extent</th>
<th>To a small extent</th>
<th>To no extent</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identified bases for segmenting the market</td>
<td>30</td>
<td>17</td>
<td>22</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Developed profits of resulting segments</td>
<td>22</td>
<td>22</td>
<td>26</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Developed measures of segment attractiveness</td>
<td>4</td>
<td>30</td>
<td>26</td>
<td>35</td>
<td>100</td>
</tr>
<tr>
<td>Selected target markets</td>
<td>39</td>
<td>26</td>
<td>22</td>
<td>13</td>
<td>100</td>
</tr>
<tr>
<td>Developed marketing mix for each target market</td>
<td>17</td>
<td>26</td>
<td>35</td>
<td>35</td>
<td>100</td>
</tr>
</tbody>
</table>

All figures in percentage, N=23.
Only 4 percent of the firms had developed measures on segment attractiveness to a great extent while another 30 percent had done so to a moderate extent. In one of these firms, the manager interviewed explained his firm's measures of segment attractiveness. The measures differed from one segment to another. For example, in the funding agencies segment, attractiveness was related to the budget of an agency and the size and duration of the project. The bigger the budget of an agency and the longer it's projects took, the more attractive it was. In business organisations segments, attractiveness was measured in terms of how an industry or sector performed. A generally poorly managed one was considered attractive. The manager argued that such an industry or sector was more in need of consultancy services. He identified two examples. First, he had identified the building societies as generally poorly managed. Secondly, he saw a great potential for consultancy in Parastatal companies. The manager considered the parastatals case more attractive. He anticipated that agency funded amined at making the parastatals more efficient, would be forthcoming.

The researcher inquired what strategy the firm would use to get some of the business identified. The manager believed it was not very important to market directly to the parastatals. The firm's strategy was to develop expertise in the area of organisation development. They would then demonstrate that distinctive competence through the proposals they submitted for the available jobs.
A separate firm was also trying to develop distinctive competence in the area of hotel management. The firm had identified it as an attractive market segment. They were also keen on it because it was a 'strength' area in their international group.

The first example above shows that developing measures of segment attractiveness and selecting target markets are closely related. However, it appears in table 6 that more firms had selected target markets than had developed measures of segment attractiveness (39 percent to a great extent for the former and 4 percent to a great extent for the latter). In fact, selection of target markets had been carried out more than any other segmentation activity. Only 13 percent of the firms had not selected target markets, whereas, for all the other activities, at least 30 percent in each case had not done the activities (see column 4).

Clients of Consultancy firms

The questions on this section measured the extent to which firms got clients from various market segments. Table 7 shows the results. As shown in the table, majority of the firms relied greatly on clients from public sector segment and funding agency segment (61 percent and 56 percent to a great or moderate extent, and 56 percent respectively). The table also indicates that few
Table 7: Use of consultancy service by type of clients

<table>
<thead>
<tr>
<th>Type of Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Extent to which they use consultant services</td>
</tr>
<tr>
<td>Public sector organisations (central and local Government Parastatals and countrywide co-operatives)</td>
</tr>
<tr>
<td>Funding agencies</td>
</tr>
<tr>
<td>Local companies/organisations</td>
</tr>
<tr>
<td>Multinational companies</td>
</tr>
</tbody>
</table>

All figures are in percentages, N = 23.
firms (12 percent relied on local companies or organisations to a great extent or moderate extent. A quarter of the firms relied on the multinational companies as clients to a great or moderate extent.

Fee setting objectives

The question on this section measured the extent to which firms used three different fee setting objectives. The results are shown in table 8. The proportion distribution of "profit maximisation" objective is almost similar to that of the market penetration objective. Less than half of the firms (43 percent), use market penetration as a fee setting objective to a great and to a moderate extent. The personal interviews revealed that market penetration was a major objective of all the firms interviewed. However, some firms pointed out that they had not considered using price towards the objective. For example, a manager of one firm said as an element of this they intended to penetrate the market without sacrificing price. Their target was the higher end of the market. Such clients, he explained, expected quality service for which they were prepared to pay high fees.

A separate firm was also not in favour of market penetration pricing. One of the firm's managers argued that clients were often suspicious of bargain offers if the firm was not well known, as was in their case. However, all the firms that did jobs that required tendering said they tendered competitively with regard to price.
Table 8: Use of Fee Setting Objectives

<table>
<thead>
<tr>
<th>Extent of use</th>
<th>To a great extent</th>
<th>To a moderate extent</th>
<th>To a small extent</th>
<th>To no extent</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market penetration</td>
<td>17</td>
<td>26</td>
<td>35</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>Profit maximisation</td>
<td>17</td>
<td>22</td>
<td>35</td>
<td>26</td>
<td>100</td>
</tr>
<tr>
<td>Maintaining existing level of work</td>
<td>57</td>
<td>30</td>
<td>13</td>
<td>-</td>
<td>100</td>
</tr>
</tbody>
</table>

All figures are in percentages, N = 23.
Promotion

Table 9 indicates the methods of promotion and the extent of their use by consultancy firms in promoting their services. As shown in the table, a majority (61 percent) of the firms had brochures. These brochures, it was learnt from the interviews, are kept in the reception areas of the firms' offices for visitors to carry away. They were also given to clients, and potential clients during visits to them.

Personal selling was the most common method of promotion among the firms. 66 percent of the firms used it to a great extent and 22 percent to a moderate extent. Personal selling was also emphasized as a very important promotion method in all the personal interviews. However, restrictions on ICPAK members on using this method was pointed out. They could not call on competitors clients on self initiated calls as that violated ICPAK regulations. A director of a local firm, said they carried out extensive personal selling, but through personal contacts. They found this approach more useful than usual 'official' ways. When they wanted to contact a potential client they got an introduction through a third party who knew an influential official of the organisation.

Table 9 indicates that 66 percent of the firms do not advertise. 8 percent advertise to a moderate extent and 22 percent to a small extent. A separate question asked firms to give explanation for not advertising. The most commonly cited reasons, were that firms did
Table 9: Methods of promotion

<table>
<thead>
<tr>
<th>Methods</th>
<th>To a great extent</th>
<th>To a moderate extent</th>
<th>To a small extent</th>
<th>To no extent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brochures</td>
<td>48</td>
<td>13</td>
<td>-</td>
<td>39</td>
<td>100</td>
</tr>
<tr>
<td>Personal Selling</td>
<td>66</td>
<td>22</td>
<td>4</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Advertising</td>
<td>-</td>
<td>8</td>
<td>22</td>
<td>66</td>
<td>100</td>
</tr>
<tr>
<td>Publicity</td>
<td>13</td>
<td>26</td>
<td>13</td>
<td>48</td>
<td>100</td>
</tr>
<tr>
<td>Professional directory listing</td>
<td>26</td>
<td>-</td>
<td>-</td>
<td>74</td>
<td>100</td>
</tr>
<tr>
<td>Promotional sundries, calendars, folders, etc.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Staff publishing articles related to their profession</td>
<td>17</td>
<td>22</td>
<td>8</td>
<td>52</td>
<td>100</td>
</tr>
<tr>
<td>Giving speeches to professional/business firms</td>
<td>13</td>
<td>17</td>
<td>30</td>
<td>39</td>
<td>100</td>
</tr>
</tbody>
</table>

All figures are in percentages, N = 23.
not find it useful and that association codes forbade it. However, the information obtained from the personal interviews gave a different picture. Although advertisements to recruit staff, or those placed by executive selection divisions do not qualify as advertisement of one's services, it was suggested that they advertise the firm and, therefore, its services apart from serving their intended purposes. A manager with one of the firms said that they received a reasonable number of inquiries for other services (other than executive selection services). He attributed this to such advertisements. The same firm began executive services partly to gain exposure for its whole consulting group through job advertisements.

One firm's need to advertise its training services led it to adopt a strategy that would legitimise its use of advertising. The firm acquired a reputable training company and incorporated it in its human resources division. The acquired company, however, retained its identity and was able to advertise using that identity without violating I.C.P.A.K. regulations.

Advertising effect can also be attained by the name strategy a firm adopts. This argument was advanced by a manager of one of the firms interviewed. He considered it important for a consultancy firm to adopt a similar name as that of the associated audit company. He pointed out the following advantages of this strategy:

i. Enhances name recognition;
ii). Ready acceptance: clients who used the audit services were likely to accept a consulting firm with similar name without hesitation.

iii). The amount of personal persuasion needed to sell the company was reduced if it was already known;

iv). Advertising objectives would have more currency. For example, use of firm's a logo in any situation would provide exposure to the whole group (Audit and Consultancy).

The practice of name-sharing between associated audit and consultancy firms was prevalent among companies surveyed, (where the concept applied). The researcher, however, observed that three out of fourteen firms did not share a name with associated audit company.

Table 9 also shows that about half (52 percent) of the firms used publicity as a promotional tool, the other half did not use it at all.

The table further indicates that about a quarter (26 percent) of the firms were listed on professional directories. There were two such directories, both of which were published in 1988. It is possible many of the firms might not have been aware of their existence or usefulness, hence the low proportion of listing.

As shown in table 9, in 17 percent of the firms, staff published articles to a great extent. One of the firms interviewed
was among them. The head of this firm had published a number of articles in his areas of interest in consultancy. The firm had realised the potential of this technique in promoting itself and the credibility its staff. It, therefore, encouraged its staff to publish articles. The firm had introduced a policy of rewarding staff who published by the same amount the publisher paid for the article. Another firm's manager pointed out that for articles to be useful as promotional tools, the writer should be identified as an employee of the firm in the accompanying photograph caption.

The personal interviews also revealed that Public Relations activities were used for promotion purposes. The activities were usually conducted under group identity (Audit and Consultancy; another advantage of name sharing). Public Relation activities that were identified include:

i. Sponsoring student activities (for example, Lecture tours, Student Magazine, Dinners).

ii. Donating prices for the leading candidates in examinations. For example, ICPAK and University examination).

iii. Encouraging staff to support charity and community programmes in their individual capacities.

One firm specified two promotional methods in the others section of the questionnaire: client seminars and client news-letters. In the follow up personal interview, a manager with this firm explained that both the services were offered free of charge to
clients. The services were also shared by the whole group (Audit and Consultancy), especially the news-letter. Both the seminars and news-letters were used to inform clients of new developments in various areas and the implication they might have for their business. Clients interested in further details were asked to contact the relevant division of the company.

**Relationship Management**

Table 10 indicates the extent of use of activities intended for relationship management. As shown in the table, 39 percent and 17 percent of the firms used activities such as social events to a great and moderate extent, respectively, while 22 per cent and 17 per cent of the firms used clubs and societies membership to a great and moderate extent, respectively. In the personal interviews, it was learnt that all the large firms (by size of staff) had provisions for senior staff to join social clubs at the firms cost. Other relatively smaller firms, it was learnt, did not consider club or society membership to be a useful for marketing or getting acquainted with contacts. A Director of one firm lamented that joining the ideal social club was difficult, and even when one managed to join, it was difficult to get acquainted with the 'right' persons in such clubs. It was learnt that, joining a society could be a direct way of getting business. One manager's involvement with a professional society led to business through that society. In addition, the firm also got exposure to the society professionals who were well placed executives in commercial and manufacturing organisations.
Table 10: Use of relationship management

<table>
<thead>
<tr>
<th>Activity</th>
<th>To a great extent</th>
<th>To a moderate extent</th>
<th>To a small extent</th>
<th>To no extent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inviting key personnel from clients organisations and potential clients</td>
<td>39</td>
<td>17</td>
<td>22</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>to activities such as social events</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clubs/society membership</td>
<td>22</td>
<td>17</td>
<td>26</td>
<td>35</td>
<td>100</td>
</tr>
</tbody>
</table>

All figures are in percentages, N = 23.
Referral Sources

The questions on this section measured the extent to which firms used three referral sources. The results are presented in table 11. It indicates that 35 percent of the firms used international links to a great extent while 4 per cent used it to a moderate extent. In the personal interviews, two forms of international links were identified:

1) Foreign based associates and;
2) Multinational form of Organisation.

Three of seven firms personally interviewed were Multinational firms and the fourth had majority local ownership, but was internationally associated with a London based Multinational. One local firm was also internationally linked with a London based Consultancy firm with which it worked with as partners on specific projects. It also had associates based in London.

All these firms stressed that international links were essential for success in consulting business. One of the managers interviewed observed that there were few firms in Nairobi that employed more than two consultants on a full time basis that are not internationally connected. Another manager said that an internationally linked name was prestigious and was a contributing factor to getting clients.
Table 11: Referral sources

<table>
<thead>
<tr>
<th>Referral sources</th>
<th>To a great extent</th>
<th>To a moderate extent</th>
<th>To a small extent</th>
<th>To no extent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>International links</td>
<td>35</td>
<td>4</td>
<td>39</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>Existing and past clients</td>
<td>52</td>
<td>39</td>
<td>9</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Audit work</td>
<td>44</td>
<td>13</td>
<td>-</td>
<td>43</td>
<td>100</td>
</tr>
</tbody>
</table>

All figures are in percentages, $N = 23$. 
The firms that were internationally-linked had various ways of getting business through that linkage. Managers of two different firms said their firms benefited from liaison and marketing services at their foreign-based offices. Those foreign-based offices had marketing departments. The liaison they carried out for the Kenyan-based consultancies were mainly with international headquarters of funding agencies, in Brussels, London and Washington. Some jobs were secured directly through the foreign based offices. The locally based firms were also able to prepare better for jobs that were in the 'pipeline' as a result of the intelligence services provided.

One Multinational firm had a reverse arrangement. Whereby the Nairobi office marketed for the London office. The objective was to get work for the multinational firm irrespective of whether the work was done by Kenyan-based consultants or London-based ones. The firm considered the market potential for consultancy services in the region to be large and increasing. Funding agency projects were their target, especially in Uganda where they predicted many studies would be required in a bid to restructure and revitalise the economy.

The local firm, mentioned earlier, began its international association by working as a Sub-Contractor with other international consulting firms. After gaining some experience, the firm only accepted part-contracting on an equal basis (on both fees and the work done). The firm was considering going into partnership with a foreign firm. This was a strategy aimed at improving its competitive position, especially in the funding agency segment of
the market. They could draw on the wide expertise of their partners and their knowledge and experience of local conditions (including high level connections). The same firm had adopted international lobbying as a marketing strategy. The researcher was informed that at the time of this research, the Managing Director of the firm was in Nice, France. He was attending a conference of A.C.P. - E.E.C. officials to lobby for his firm among the A.C.P. delegates.

Table 11 also shows that about half (52 per cent) of the firms relied on the existing and past clients as a referral source to a great extent. This high reliance was reflected in the views of one consultant who said: "the best advertising or marketing a firm can do is an excellent job for its clients, other firms get to learn of it".

As shown in table 11, 44 per cent of the firms relied on audit work referrals to a great extent and 13 per cent to a moderate extent. The two proportions together represent the proportion of Consultancy-cum-audit firms that were part of the study. All the firms interviewed which were associated with audit firms stressed the importance of having that sort of arrangement. The importance of this association, it was pointed out, was proven by the fact that all the three largest Consultancy firms were associated with audit firms. The importance of the association, was also shown in the objective for which one firm was set: which

1. African Carribean Pacific - European Economic Community grouping of countries.
was partly to prevent other Consultancy firms from getting too involved with their audit clients, and possibly luring them away. This same firm also educated its audit staff on how to look for consultancy work.

A manager with a different firm, saw Consultancy as a necessary extension of the audit firm. Their firm had started out as a 'specials' department of the audit firm. As the potential for 'specials' assignments increased, a permanent set-up to carry them out became necessary. This led to the creation of the consultancy firm.

Other referral sources that were mentioned in the personal interviews included:

i) Bankers

ii) Lawyers

iii) Large firms (Sub-contracting to smaller firms).

The third source was identified by one small firm which had built a base for itself by working on projects as sub-contractor. After getting some experience, the firm managed to secure some small jobs from funding agencies directly.

One international firm was in the process of forming an alumni association for its former staff, arguably, with a view to widening its referral sources. The association was to be
composed of any staff who had worked in any of the divisions within the group or in any of its international branches.

Proposals

Table 12 shows the extent of usage of proposals as marketing tools. It also shows the extent to which firms charge different clients differently for similar jobs (price discrimination). As shown in the table, 44 per cent of the respondents indicated that they compete for assignments through proposals to a great extent, while 13 per cent did so to a moderate extent. Those two proportions together are a close approximation of the firms that competed for jobs offered by funding agencies and the public sector organisations which normally invite proposals for available jobs.

For such jobs, the proposal is the basis of selection and is, therefore, a marketing tool.

A manager with one of the firms explained what is usually included in proposals, most of which have standard formats. These were:

1) Specifying the methodology to be used to carry out a job.
2) Providing detailed curriculum vitae of personnel who will do the job, emphasising previous relevant experience.
3) Specifying the fees: either a fixed amount or on the basis of 'charge-out' rate per consultant per hour.
Table 12: Use of proposals

<table>
<thead>
<tr>
<th>Method</th>
<th>To a great extent</th>
<th>To a moderate extent</th>
<th>To a small extent</th>
<th>To no extent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competing for assignments on a proposal/bidding basis</td>
<td>44</td>
<td>17</td>
<td>17</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>Charging different clients differently for similar jobs</td>
<td>17</td>
<td>8</td>
<td>53</td>
<td>22</td>
<td>100</td>
</tr>
</tbody>
</table>

All figures are in percentages, \( N = 23 \).
Most of the Consultants interviewed from the firms that tender for jobs were in agreement about the criteria used to select between proposals. Clients put emphasis mainly on the expertise of those going to carry out an assignment and the methodology proposed. One manager, however, observed that even funding agencies were becoming price sensitive. He also advised that it was a useful marketing strategy for a firm to register itself with as many funding agencies as possible. In some instances, jobs were not advertised, instead a funding agency opted to invite a few selected firms to tender for such jobs.

Demand Management Techniques

The questions on this section measured the extent to which firms used various demand management techniques. The results are shown in table 13. As shown in the table, the use of part time associates to match demand and supply was the most common method. (48 per cent and 17 per cent used it to great extent and moderate extent respectively). The survey found that most of these firms drew their part time associates from the Universities, other institutions of higher learning and 'free-lance' consultants. It was found that multinational firms preferred to hire new staff or bring in staff from their other foreign offices temporarily when work loads increased. One firm had more than doubled its staff size in the past five years. Such growth reflected the phenomenal growth the consultancy industry had experienced.
Table 13: Use of demand management methods

<table>
<thead>
<tr>
<th>Extent of use</th>
<th>To a great extent</th>
<th>To a moderate extent</th>
<th>To a small extent</th>
<th>To no extent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Excess Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use part time associates</td>
<td>48</td>
<td>17</td>
<td>26</td>
<td>13</td>
<td>100</td>
</tr>
<tr>
<td>Hire new staff</td>
<td>22</td>
<td>13</td>
<td>22</td>
<td>44</td>
<td>100</td>
</tr>
<tr>
<td>Turn away clients</td>
<td>4</td>
<td>-</td>
<td>17</td>
<td>79</td>
<td>100</td>
</tr>
<tr>
<td>Increase fees to level off demand</td>
<td>-</td>
<td>13</td>
<td>30</td>
<td>57</td>
<td>100</td>
</tr>
<tr>
<td>Increase clients participation</td>
<td>17</td>
<td>26</td>
<td>13</td>
<td>44</td>
<td>100</td>
</tr>
<tr>
<td>b) Low demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce fee to increase demand</td>
<td>-</td>
<td>8</td>
<td>30</td>
<td>62</td>
<td>100</td>
</tr>
</tbody>
</table>

All figures are in percentages, N = 23.
Judging from the low proportion of firms that indicated that they altered their fees for demand management purposes, the alteration of fees did not seem to be a popular method for coping with demand. It is noted that none of the firms used it to a great extent, while only 8 per cent and 13 per cent used it to a moderate extent to reduce and increase fees, respectively, in order to level off demand. Increasing client participation was used by considerably more firms than fee alteration. (17 per cent and 26 per cent used it to a great extent and moderate extent respectively). However, it was pointed out by one manager that increasing client participation is not only demand management technique, but also a desirable consultancy procedure. Client personnel benefit more from consultancy if they are actively involved in the assignments that affect them.

Methods of demand management specified under the 'other' section of the question included:

i) Increasing marketing efforts in order to get clients;

ii) Sub-contracting to other firms in cases of excess demand;

iii) Delaying submission of reports in the case of excess demand.

Problems Faced by Consultancy Firms in their Marketing Efforts

Most of the firms that were interviewed had problems relating to fees. These problems arose mainly from price resistance by clients. Clients often complained that fees were prohibitive.
One local consultant complained that 'Wananchi' clients expected a lower fee from a 'Mwananchi' consultancy firm. He argued that, that kind of expectation was not conducive to conducting a business.

A related problem that a manager with a different company complained about was that often clients did not appreciate the value of services provided. He also said that a large section of the business community in Kenya was not aware of how or when to use consultancy services. A different consultant specifically said that African and Asian-owned businesses did not see the need for consultancy services.

All the consultants from small and medium sized firms mentioned competition in general and dominance by larger firm in particular as a problem they had to contend with. A manager with a consultancy firm which started operations recently found the competition in the attractive funding agency segment of the market very stiff. This was despite the fact that the firm was associated with a reputable audit firm. The leading consultancy firms had already established themselves and built a reputation in that segment of the market. The same manager complained that dominance by the big firms constrained their efforts to get good staff. The few suitably qualified persons were attracted by the bigger firms which offered better terms.

All the consultants with local firms interviewed complained that there was a bias against them. They claimed that funding
agencies favoured consultants from their own countries, and that multinational firms favoured foreign consultants. Also one local consultant complained that managers of some client organisations expected 'kick-backs' as a condition for offering a job to a consulting firm.

A manager with a different firm said they had experienced a lot of resistance from Government officials. He thought the cause of this resistance was envy for the contract packages, which involved large sums of money. The same manager complained that there was a lot of political interference at Ministry levels with job awarding procedures. Firms with 'political connections' sometimes got jobs that more suitable firms had tendered for.

A director of a local firm identified undercapitalisation as a problem for smaller firms. Such firms did not have the capital base and resources to convince funding agencies to award them major jobs. Such jobs required vast sums of money in expenditures.

Three firms which were all members of ICPAK, found the association regulations that forbade some aspects of marketing to be a hindrance to effective marketing. The codes forbid direct personal selling to non clients, advertising and sets guidelines on pricing structure.
CHAPTER FIVE

CONCLUSION

This final chapter summarizes and discusses the findings in relation to the questions raised in the objectives of the study and the literature reviewed. It also includes limitations of the study and suggestions for further research.

Summary and Discussion

Regarding marketing organisation, it was found that the most common arrangement was to have the professional staff conduct marketing. The literature reviewed suggested that this was the most cost-effective method of organising marketing in situations where the number of professionals did not exceed ten. One firm had set up a marketing section for co-ordination of marketing activities while another firm was considering the same. The researcher learnt from the personal interviews that the two firms were the largest in the country in terms of number of staff. It is possible that their sizes may have necessitated some level of specialization in marketing. The marketing section can, therefore, be considered as a move towards creation of marketing departments. Such departments if created would have more responsibility for the marketing function and the professionals would concentrate on their professional work. It is also possible that marketing sections may
become a common feature among the large firms, as was evident from the responses in the personal interviews. The marketing organisation where all professional staff perform marketing functions implies that special consideration should be placed on marketing abilities when such firms hire consultants.

Concerning market planning, it was found that almost all firms carried out market analysis to a great or moderate extent. The results on "areas of market research" revealed that client needs was the most commonly researched area. The literature reviewed indicated that market analysis and identification of client needs were the major indicators of client-centered marketing. Since the majority of the firms carried out market research on client needs, we can say that majority of the firms carried out client-centered marketing.

On the question of "method of market research", the survey revealed that most firms carried out research informally. Morara (1988) argued that the formal research was mainly necessary in situations where the investment requirement was large and risky. Consultancy firms' general preference for informal research can be explained in terms of the low risk involved and hence a low need for accuracy of information. Morara, however, argued that there was some danger in over reliance on informal research; it could lead to missing, or learning too late, of some important developments, such as a new business opportunity or a pending shift in competitive strategy by a rival firm.
Literature reviewed maintained that professional service firms should adopt a strategy of "specialisation target marketing". The idea is that in a competitive situation, it is better to develop a distinctive advantage.

However, the defensive marketing strategies adopted by many consultancy-cum-audit firms militate against specialization. The aim of a defensive strategy is for an individual firm to prevent other firms from involving themselves with its audit clients. To achieve this, a firm has to be able to provide the full range of consultancy services that its clients may require. It is unlikely that firms with few full-time professionals can specialise in so many areas. However, some firms had a dual strategy. First, they intended to serve their audit clients with a full range of business advisory services as a defensive strategy. Secondly, they intended to develop distinctive competence in some areas, for example, hotel management in the case of one particular firm.

Two measures of segment attractiveness were identified by the firms interviewed. The first one, defined a poorly managed sector or industry to be attractive because such an industry or sector, it was argued, had relatively greater need for consultancy services. On the contrary, Krentzman and Samaras (1980) and Lyall (1972) found that it was the well managed firms that were high users of consultancy services. This is to be expected as the most progressive minded managements are constantly seeking more effective ways of managing
their businesses. Conversely, poorly managed sectors would be
low users and, therefore, unattractive market segments. The other
measure of segment attractiveness defined 'rich' organisations
such as Funding Agencies or successful companies as attractive.
This measure is compatible with the observation of the authors
discussed above. In view of the above observation on segment
attractiveness the present researcher feels that Consultancy firms
should leverage their marketing efforts towards successful
organisations.

Regarding fee setting objectives, the results indicated that
generally, few consultancy firms used fee setting objectives for
marketing purposes. It was mainly for tendered work that firms
used competitive pricing strategy. For the audit-cum-consultancy
firm, their fee setting for consultancy services may have been
structured in the fashion audit fees are determined in the case
of business clients. These are usually predetermined charge-out
rates per hour spent by the professional staff in carrying out a
client's job. This method of setting fees is rigid. That may be
the reason why few firms engaged in price discrimination. It is
not surprising that one of the problems the firms complained about
was price resistance by clients, as a result of which many firms
had to accept lower fees.

The study found that personal selling was the most common
method of promotion. The present researcher observed in the
personal interviews that the terms "marketing" and "personal selling"
were often used synonymously. This is probably because personal selling is easily associated with getting clients. Apart from personal selling and brochures, the other methods of promotion were generally used to a low extent. However, the results on the use of advertisement were conflicting. Whereas many firms indicated they did not advertise because they did not find it useful, the present author observed that the consultants who were personally interviewed were enthusiastic about the exposure their firms received from tacit advertising via executive selection divisions. Another finding on advertising was that advertising effect could be achieved through name sharing between associated audit and consultancy firms. This concept is comparable to the practice of family branding in product marketing. It involves a firm giving all its products a similar name to maximise advertising effect.

Odette (1982) reported that many potential users of consultancy services were not aware of any consultancy firms and that they had misconceived ideas about them. For example, they believed that consultants were only used by big firms. In view of this it is possible that the non-use of methods of promotion capable of a wide audience, may be leaving some potential users out of the target the firms wish to communicate with. Odette (1982) advocated that consultancy firms should promote their services to the cooperative sector whom he found had a low awareness of consultancy services.

Although the literature reviewed closely associated relationship
management with personal selling, the results of the survey indicated that the use of relationship management was generally limited while that of personal selling was more pronounced. In fact, the information obtained from personal interviews was that the larger firms mainly used club and society membership. Greenfield (1987) suggested that club and society membership should not be taken to be ends in themselves. Joining societies and merely attending meetings and circulating business cards is not very effective for purposes of marketing. Getting involved in society affairs as an official or guest speaker is a more suitable strategy for marketing purposes. The former would give a member more influence in the activities of a society and the latter ensures more exposure.

Regarding the referral sources, it was found that most firms relied on existing and past clients greatly as referral sources. This finding contradicts an observation in The Economist Survey (1988) that, generally, consultancy clients were reluctant referral sources. The unwillingness to act as referral-sources for consultancy services was explained (during the personal interviews) as a 'hangover' from the period when employing consultants implied management trouble in a firm. Workers then were particularly resistant to consultants whom they associated with cost-cutting recommendations and, subsequently, lay-offs. With regard to the finding in the present study, it is possible personnel from client organisation gave referrals informally. Literature reviewed recommends that promotion should be encouraged as it is very effective. This is because it is personal, hence it is accorded more credibility.
It was found that international links were very important referral sources. Although the study did not collect data indicative of performance (for example, number of jobs per annum, financial information) it can be argued from expert opinion (consultants interviewed) and observation during the personal interviews that international connections are important for success in consultancy business. It was observed that all the major firms, five foreign and one local, were internationally connected. It was also learned that internationally connected firms were usually in a better position to win contracts from Funding Agencies. They have access to personnel with wide range of experience in diverse fields from many parts of the world. They also have access to methodologies that have been used for other similar studies they have been tendering for. However, the researcher could not establish the proportion of business due to referrals from international connections.

It was found that for tendered work, as is usual in jobs for funding agencies and other public bodies, the proposal was the major marketing tool. About half the firms surveyed/interviewed regularly competed in tendered work. It appears that competition for jobs from funding agencies was stiff judging from complaints about a few major firms dominating the funding agency segment of the market. The Economist Survey (1988) reported that some firms opted not to compete for tendered work because an unsuccessful bid was very expensive in terms of man-hours spent on a proposal. Given that a few firms dominate the above segment yet many more compete in
it, it is possible that some firms could be experiencing several unsuccessful bids. It is, therefore, important that a firm considers its position vis-a-vis tendered work or it may lose money on wasted efforts preparing proposals.

Audit work referrals were found to be a major source of work for audit-cum-consultancy firms. There are 152 audit firms in Kenya (ICPAK, 1987). However, only 20 are considered major firms and these are estimated to control about 80 per cent of the audit business (Kamere, 1987). The present survey identified 18 audit-cum consultancy firms. Some of these were relatively small firms. Therefore, it would appear that not all the 20 major audit firms have started consultancy divisions. It was found that one of the reasons audit firms start consultancy practices is for defensive marketing strategies purposes. Odette (1982) had predicted that many audit firms would enter the consultancy business, though in the current study there was no attempt to find out if this trend was evident. In view of the above observation, a trend may emerge in future where all large and medium sized audit firms are also in consultancy business. That would make it difficult for non-audit associated firms to get business organisations as clients. This is because the audit-cum-consultancy firms would be providing the clients with a full range of consultancy services, if necessary, in addition to audit services.

It can be argued, therefore, that it is going to be difficult for non-audit associated consultancy firms to survive in future.
The author suggests that specialised non-audit associated firms allign themselves with audit firms to form a consulting group. This would be one way of benefitting from audit work referrals. The audit firms would also benefit from this alliance because some of them do not have expertise in areas such human resources, marketing or information technology.

Regarding the problems that faced firms in their marketing efforts, it was found that many firms encountered price resistance. Also, the local firms complained of bias against them by some client organisations. They further complained of corruption in the industry. ICPAK regulations were also cited as a hindrance to marketing.

Limitations of the Research

This study was constrained by the following limitations:

Some of the firms included in the survey refused to cooperate for one reason or another. Out of the 41 questionnaires distributed 23 were completed. The picture we get from the study is therefore constrained to the extent of the lacking data. It is possible that the results might have been different if more firms had cooperated.

Another limitation was that, due to time constraint only eight personal interviews were conducted. In some cases, situations described were unique and could not be generalised. A more general
picture may have been possible if more personal interviews were carried out.

A number of firms which were listed in the sources the researcher consulted when preparing the list of firms could not be located physically despite diligent efforts by the researcher. Such firms were removed from the researcher's list of firms to be surveyed.

Recommendation for further research

The author recommends that a study be carried out to investigate how clients of consultancy services choose which firms to use. The study should also investigate how the clients react to marketing practices of consultancy firms. Such a study would complement this one and allow comparison between the marketing practices of consultancy firms and what ought be the practice.
APPENDIX A1

SAMPLE LETTER TO RESPONDENTS

Dear Respondent,

I am a graduate student at the University of Nairobi. I am conducting a survey on how Management Consultancy firms in Kenya market their services. The study is for the purposes of a research project, a requirement of the Master of Business and Administration degree programme.

Your firm has been selected to be included in the study. I kindly request you to assist me by filling the attachment questionnaire.

The information that you provide will make useful contribution to the study. I assure you that the information will be treated in strict confidence and at no instance in the report will your firm be referred to by name.

To enable me to complete my project in time, I will pick up the questionnaire three days after leaving it. I hope in that period, you shall have found the time to complete the questionnaire. Your cooperation will be greatly appreciated.

Thanking you in advance,

Yours sincerely,

GEORGE OPONDO OOKO
M.B.A. II Student

DR. P. O. K'OBONYO
Project Supervisor
APPENDIX A2

QUESTIONNAIRE

Please answer the following questions by placing a tick in the spaces provided and/or giving details as may be requested. All questions about staff in section A concern professional consulting staff and other staff who may be responsible for marketing in your firm. If in any question, the alternatives provided are not exhaustive, provide your responses under 'others'.

SECTION A

To a great extent To moderate extent To a small extent To no extent

1. To what extent does your firm get clients from the following categories of organisation:
   b. International aid bodies
   c. Local Companies/organisations
   d. Multinational companies
   e. Others (Please specify)

2. To what extent does your marketing plan consist of the following components?
   a. Auditing your practice and markets to identify opportunities and problems.
b. Establishing priority. ( ) ( ) ( ) ( )
c. Setting goals to be accomplished during the marketing planning period. ( ) ( ) ( ) ( )
d. Allocating and Organizing the resources required to accomplish the periods goals. ( ) ( ) ( ) ( )
e. Monitoring results ( ) ( ) ( ) ( )

3. To what extent do you carry out research on ....?...

a. Client needs ( ) ( ) ( ) ( )
b. Market potential ( ) ( ) ( ) ( )
c. Competitors Services ( ) ( ) ( ) ( )
d. Others (Please specify)

4. To what extent has your firm carried out the following market segmentation and Target marketing activities?

a. Identified bases for segmenting the market. ( ) ( ) ( ) ( )
b. Developed profiles of resulting segments ( ) ( ) ( ) ( )
c. Developed measures of segment attractiveness ( ) ( ) ( ) ( )
d. Selected Target markets ( ) ( ) ( ) ( )
e. Developed marketing mix for each target market (separate services, pricing and promotion). ( ) ( ) ( ) ( )
5. To what extent have you developed a marketing intelligence. ( ) ( ) ( ) ( ) ( )

6. To what extent does your firm do the following when it has (i) more assignments (excess demand) than it can handle?

a. Use part time associates ( ) ( ) ( ) ( ) ( )
b. Hire new staff ( ) ( ) ( ) ( ) ( )
c. Turn away some clients ( ) ( ) ( ) ( ) ( )
d. Increase fees to level off demand ( ) ( ) ( ) ( ) ( )
e. Increase client participation (e.g. To assist in data collection) ( ) ( ) ( ) ( ) ( )
f. Others (please specify) _______________________________________

(ii) Low demand for its services?

a. Reduce fees to increase demand ( ) ( ) ( ) ( ) ( )
b. Others (please specify) ( ) ( ) ( ) ( ) ( )

7. To what extent do you use the following fee setting objectives?

a. Market penetration ( ) ( ) ( ) ( ) ( )
b. Profit maximization ( ) ( ) ( ) ( ) ( )
c. Maintaining existing level of work.

8. To what extent does your firm ....?
   a. compete for assignments on proposal/bidding similar jobs. ( ) ( ) ( ) ( ) ( )
   b. charge different clients differently for similar jobs. ( ) ( ) ( ) ( ) ( )

9. To what extent does your firm use the following communication (Promotion) methods?
   a. Brochures ( ) ( ) ( ) ( ) ( )
   b. Personal selling ( ) ( ) ( ) ( ) ( )
   c. Advertising ( ) ( ) ( ) ( ) ( )
   d. Publicity ( ) ( ) ( ) ( ) ( )
   e. Professional directories listing ( ) ( ) ( ) ( ) ( )
   f. Promotional sundries (Calendars, Plastic folders, notepads etc) ( ) ( ) ( ) ( ) ( )
   g. Staff publicity articles related to their profession ( ) ( ) ( ) ( ) ( )
   h. Giving speeches to professional/Business forums ( ) ( ) ( ) ( ) ( )
   i. Others (please specify) ( ) ( ) ( ) ( ) ( )

10. To what extent does your firm make use of the following methods of establishing contacts?
a. Inviting Key personnel from client orga- 
nisations and potential clients to activities such as seminars and social events. ( ) ( ) ( ) ( ) ( )

b. Clubs/societies ( ) ( ) ( ) ( ) ( )

11. To what extent .....? (If not applicable tick "To no extent")

a. are your clients repeat clients (on an average 12 months period). ( ) ( ) ( ) ( ) ( )
b. do your international links contribute to contribute to getting clients ( ) ( ) ( ) ( ) ( )
c. does your firm get clients recommended to you by:
   i. existing and past clients ( ) ( ) ( ) ( ) ( )
   ii. Other referral sources (please specify) ( ) ( ) ( ) ( ) ( )

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d. does your audit work lead to consulting assignments ( ) ( ) ( ) ( ) ( )

SECTION B

Answer only those questions that are applicable to your firm.

l. Who among the following are responsible for your firms marketing activities?

(1) All the professional consulting staff ( )
(2) Only those professional who can market ( )
(3) Marketing department/section ( )
(4) Others (Please specify) ______________________________________
2. If your firm does not advertise, which of the reasons below explain why? (Tick all those that are applicable).

(i) We consider it unprofessional ( )
(ii) We consider it unethical ( )
(iii) We do not find it useful ( )
(iv) Association codes forbid it ( )
(v) Other(s) (please specify) ( )

3a. If your firm has segmented the market, what basis of segmentation was used?

b. Does your firm specialize in serving any of the segments you have identified?

Yes ( ) No ( )

if response is Yes, which ones?

4. If your firm carries our market research, is it .......... ?

Formal ( ) Informal ( ) Both formal and informal ( )

5. Do you have a news clippings file? (for information relevant to your business)

Yes ( ) No ( )

6. What problems does your firm encounter trying to get clients?

7. How old is your firm? (In Kenya) _______________________

8. Is the ownership of your firm?

   Local ( )
   Foreign ( )
   Local and Foreign( )

9. How many full time professional consulting staff does your firm employ?

Thank you for your cooperation.
APPENDIX B

INTERVIEW GUIDE

A. Background information on marketing organisation.

B. General

Go through each question in the questionnaire and probe further on issues raised

C. Specific questions based on the questionnaire

Are your marketing plan documented?

What bases of segmentation do you use?

What measures of segment attractiveness do you use?

What constitutes your marketing intelligence system?

How useful are the Advertisement of the Executive selection division in terms of exposure of the firm and of the services it provides?

Where do you get your part time associates from?

What is usually included in proposals?

What criteria do client organisation use in selecting between proposals.

What is the relationship between the audit and consultancy divisions of your firm?
What is the nature of your international links?

How does that international link contribute to getting clients?

How useful are relationship management techniques such as clubs/society membership for purposes of marketing?
APPENDIC C

LIST OF FIRMS SURVEYED

1. Actip Management Consultants Limited
2. Administration and Management Advisor Limited
3. Ashley Management Consultants Limited
4. Breldon Management Consultants Limited
5. Business and Economic Research Limited
6. Continental Management Consultants
7. Cook Sutton Gathinji Associates
8. Coopers and Lybrad Management Consultants
9. Delloittes Haskins & Sells Management Consultants Limited
10. Dmer Associates Limited
11. Dominion Consultants Limited
12. East Africa Management Consultants
13. East Africa Finance Consultant Limited
14. First Management Limited
15. General Managers Limited
17. Intergrated Management Consultants Limited
18. International Management Consultants Limited
19. Kaka Management Consultants Limited
20. Kangethe and Associates Limited
22. Keah Management Consultancy Services Limited
23. Know How International Limited (Hawkins and Associates)
24. Management Assignment Limited
25. Management Consortium Limited
26. Management Services Limited
27. Manplan Services Limited
28. Muchekehu and Associates Management Consultants Limited
29. Mungai and Associates Limited
30. Mutiso Consultants Limited
31. Mwangi and Associates Limited
32. Nairobi Management Consultants
33. Novatek Management Consultants
34. Opembe and Associates Limited
35. PTC Management Consultants Limited
36. Pannel Bellhouse Mwangi Management Consultants Limited
37. Peat Marwick Mitchell Management Consultants
38. Positive Results Limited
40. Samdi Management Consultants
41. Sterling Management Consultant
BIBLIOGRAPHY


