

MASTER

Innovation management consultants and clients' absorptive capacity

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Award date:
2017

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DEPARTMENT OF INDUSTRIAL ENGINEERING & INNOVATION SCIENCES
INNOVATION TECHNOLOGY ENTREPRENEURSHIP & MARKETING GROUP

Innovation Management Consultants and Clients' Absorptive Capacity



MASTER OF SCIENCE THESIS

March 20, 2017

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Abstract

Acquiring new knowledge and the ability to exploit it has become more crucial to organisations as the pace of innovation has continued to increase. One manner by which organisations may gather support in becoming more innovative, is by using innovation management consulting services. Where extant literature has detailed how consultants may be successful in achieving client goals, as well as how absorptive capacity (the ability to acquire and exploit knowledge collected externally Cohen and Levinthal (1990)) may be defined, it does not consider to what extent it is possible to complete an absorptive capacity cycle during an innovation consulting project, and which challenges this entails. This report aims to address this deficiency by using extant literature and data from real-life case studies to consider relations between the absorptive capacity cycle of Zahra and George (2002) and innovation management consultant projects.

First, desk research with regards to available literature was conducted and drafted. Consequently, explorative research was completed based on three innovation management case studies from KPMG NL, one of the big four auditing firms that also provides advisory services. Using semi-structured interviews and journey mapping, both client and consultant data on the process that was completed and the critical incidents which stood out were detailed. Using case descriptions, the context of each case was sketched, and an overview of the absorptive capacity cycle progress and challenges faced by both consultants and clients in each phase are demonstrated, as supported by archival documents and literature where possible.

Based on the analysed cases, results indicate that although it is possible to complete an absorptive capacity cycle within an innovation consulting project, addressing the final phase of exploiting knowledge is difficult to achieve. Challenges experienced involve the defining of knowledge goals and corresponding focus throughout a project, client urgency for solutions, the commitment of client resources, the monitoring and adjusting of goals by consultants during the project, and retaining involvement when applying principles in day-to-day activities.

These findings provide insight in the progression of absorptive capacity steps and current management consulting practises, illustrating their relation. Based on the identified challenges, innovation management consultants and their clients may be able to anticipate challenges and improve the moving through the absorptive capacity cycle in a consulting project.

Keywords: “Consultancy, organisation consultancy firms, learning, innovation master theses, innovation management consultants, absorptive capacity, consultants and client learning”

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Chapter 1

Introduction

“Real knowledge is to know the extent of one’s ignorance” - Confucius.

Exploiting knowledge that was once acquired is a challenge that faces almost everyone, including organisations (Argote and Miron-Spektor, 2011). Nonetheless, acquiring, assimilating, transforming, and exploiting new knowledge forms a process that distinguishes whether an organisation is able to anticipate its environment and maintain a competitive edge for survival (Auh and Menguc, 2005; Cooper and Edgett, 2009; Raisch et al., 2009). This ability has grown even more important as the pace of innovation has increased over the years (Calantone et al., 2002; Davila et al., 2006), while not all organisations are equally capable in its ability (Argote and Miron-Spektor, 2011).

This cyclical process of acquiring, assimilating, transforming and exploiting new knowledge corresponds to the absorptive capacity model as introduced by Cohen and Levinthal (1990). It was first defined as “the ability of a firm to recognise the value of new information, assimilate it, and apply it to commercial ends based on prior related knowledge” (Cohen and Levinthal, 1990, p.128). Zahra and George (2002) modelled this ability into the four steps mentioned above (acquiring new knowledge, assimilating it, transforming it, and finally exploiting the new knowledge in daily operations). These steps must be completed before any new to the firm, externally gathered knowledge is fully integrated in the organisation (Zahra and George, 2002; Jansen et al., 2005; Sun and Anderson, 2010), and builds forth on an organisations’ current knowledge. By experiencing these absorptive capacity steps, organisations are thus able to develop innovation capabilities further (Gino et al., 2010; Argote and Miron-Spektor, 2011).

As mentioned above, not all organisations are able to exploit external knowledge to the same extent (Argote and Miron-Spektor, 2011). To ensure an organisation is able to gather external knowledge to become (or remain) innovative enough, innovation management consultants may be hired (Wood, 2002a; Tether and Tajar, 2008). Innovation management consultants may support their clients in these absorptive capacity steps by providing specific knowledge for acquisition (Kubr, 2002; Wood, 2002a), transforming the knowledge for clients (Wood, 2002a; Tether and Tajar, 2008), or by attempting to exploit new knowledge within existing organisational processes for lasting change (Schaffer, 1997).

Over the years, extant literature has often discussed what the possible impact of consulting projects could be, contrasting consultants’ project success with initial client goals (Phillips, 1999; Sturdy, 2011; Wright and Kitay, 2003), and remaining critical of discrepancies between client and consultant views of project success (Pouffelt and Paynee, 1994; Simon and Kumar, 2001; Sturdy et al., 2009). Authors have attempted to gain more insight on this by discussing how consulting projects may be structured in different phases (Cope, 2003; Kurpius et al., 1993), what a consultants’ roles and involvement (dependent on the project and client role) may be Calantone et al. (2002); Massey and Walker (1999), as well as the client-consultant relationship (must be high enough to trust each other yet distant enough to avoid group thinking) (Appelbaum and Steed, 2005; Fincham, 1999;

Pozzebbon and Pinsonneault, 2012). However, as we know that clients may experience difficulty in exploiting knowledge acquired using consultants, that no previous researchers have addressed what makes the acquisition and exploitation of knowledge so difficult.

From previous research, there are suggestions that innovation management consultants contribute to a clients' knowledge acquisition and the consequent assimilation, transformation, and exploitation steps (Sturdy et al., 2009; Massey and Walker, 1999). However, the research in a clients' progression through absorptive capacity steps and corresponding challenges within a consulting project seems underexposed, while very relevant for clients aiming to gain sustainable advantage in exploiting this knowledge. When it is unclear what contribution consultants may make to the sustainable development of knowledge and application of knowledge acquired during a consulting project the value of a consultants' impact and appropriateness may be questioned (Schaffer, 1997; Phillips, 1999; Sturdy et al., 2009). Additionally, consultants should be aware of possible client challenges to address during a consulting project, as this contributes greatly to project success (Turner, 1981) and consulting reputation (Howells, 2006; Wright and Kitay, 2003). In order to address these gaps, this thesis will consider the challenges encountered in the absorptive capacity cycle during an innovation management consulting project. This leads to the research question:

“Which challenges do clients encounter in the absorptive capacity cycle during an innovation management consulting project?”

This will contribute to extant theory as, to the authors' knowledge, it is the first research connecting absorptive capacity and the consulting process while considering both client and consultant views. By doing so, a first connection and contribution to consulting literature and absorptive capacity in inter-organisational settings are made. Using the identified challenges, both consultants and clients are able to anticipate these in practise to maximise the effectiveness of future innovation consulting projects. Moreover, the research conducted considers the importance of the client-consultant dyad. Previous research indicates that the involvement of both client and consultant within consulting projects is essential (Simon and Kumar, 2001; Bessant and Rush, 1995; Hislop, 2002), and by combining both actors, the generated insight contributes to the understanding of consultants' and clients' perspective. Based on this understanding, clients and consultants are able to adjust their actions to improve the absorptive capacity cycle completion.

1.1 Delimitation

When considering innovation management consulting, it must be noted that there is limited information available regarding innovation management consultants when contrasted with management consultants (Rincon-Argüelles, 2014). However, the distinction between management consultants and innovation management consultants appears to lie in their areas of expertise, and not necessarily in the process they execute (Rincon-Argüelles, 2014; Cope, 2003). Within this document it will be assumed that management consultant theory may be used to research innovation management consultants. This implies the term (management) consultant will be used to refer to practises that innovation management consultants may conduct. If however, it is reasonable to presume that there may be a deviance in innovation management consultants theory or practice as opposed to management consultant theory, this will be explicitly stated.

Additionally, this document aims to analyse the contribution of innovation management consultants to clients' exploitation of external knowledge, which requires a full cycle of absorptive capacity to be completed (Zahra and George, 2002). The source of this external knowledge is defined to be the consultant here, to avoid more complex third party dynamics. This implies that not only the first phase in the absorptive capacity cycle to acquire knowledge is relevant, where only explicit information may be exchanged between both parties, but that the application of this knowledge and tacit information (assimilation, transformation and exploitation) must also be considered. Consulting projects where the goal is for a client to only acquire new information rather than to

assimilate, transform and actively exploit it (exploit knowledge) for organisational development, will not be considered in this report.

1.2 Research Structure

This document is structured as follows. First, an overview will be given of the literature available on absorptive capacity, its definition, and the steps involved. Consequently, theory on (innovation) management consultants is detailed. The consulting process is modelled by phases described by Kubr (2002) to support the structuring of a consulting project and to relate it to the absorptive capacity steps. Consequently, the findings from theory will be expanded upon by examining the consulting process and clients' absorptive capacity in practise using three case studies. Chapter three details the manner in which the data from these cases has been collected and analysed, using both consultant and client data sources. The resulting findings from these case studies are given in chapter four using case descriptions to detail the context in which challenges occurred, as well as structuring the challenges identified by both consultants and clients throughout the project using interview quotes. A description of the validation of findings presented to a focus group of consultants is briefly detailed. The theoretical and managerial implications of these findings are then described in chapter five. Based on the case studies used for this research and the methods applied, the limitations and implications which must be considered when regarding the results of this research are also elaborated.

Chapter 2

Theoretical Framework

Before considering possible challenges of innovation management consultants and absorptive capacity in practise, we must first consider the extant theory in further detail. Using a desk research strategy in several online databases, management consulting and absorptive capacity literature was collected. This formed a semi-exhaustive list of articles, which was analysed to compose the theoretical overview given below (Randolph, 2009). Both research streams were used to define the theoretical concepts considered, what they entail, and how they may relate to one another.

2.1 Innovation Management Consultants

Management consultants aim to support their clients in a range of organisational activities. Kubr (2002) described their function as providing practical advice and helping in solving problems, improving organisational performance, allowing clients to learn from experienced professionals, and helping clients to seize new business opportunities. Within the context of innovation management, these services are directed at improving clients' innovation processes to understand and define their innovation needs (Bessant and Rush, 1995; Rincon-Argüelles, 2014). Depending on the context of the project being conducted, a range of innovation services may be executed within such a project, implying varying roles and types of information absorbed per assignment (Rincon-Argüelles, 2014; Wood, 2002a; Wright and Kitay, 2003). Additionally, extant literature notes that management consultants may execute innovation consulting services (Bessant and Rush, 1995; Rincon-Argüelles, 2014), and that the execution of these tasks is not limited to innovation management consultants (Howells, 2006; Hislop, 2002). The discrepancy between an innovation management consultant and a management consultant thus lies predominantly in the area of expertise, and not so much in a different working manner or process.

Over the years, several authors have argued what the added value of a consultant may be, and whether they truly aim to contribute to the organisational growth of an organisation, or whether the focus is the generating of more working hours (revenue) (Sturdy et al., 2009; Wright and Kitay, 2003; Delany, 1995). Turner (1981) attempted to address this by composing a pyramid of consulting purposes, where rising beyond the consulting tasks at hand (delivering the agreed upon solution) to facilitate long-term learning and change demands more consulting and relationship skills. This is where the possibility to contribute to the organisation may be formed, and although this may be difficult to achieve over a short period of time, it is deemed possible (Schaffer, 1997). Considering innovation consultants also form an important source of (innovation) knowledge, innovation consultants will thus be considered as able to influence the acquiring, assimilation, transformation and exploitation of knowledge for clients (Delany, 1995; Fincham, 1999).

Beyond this influence on the acquisition, assimilation, transformation and exploitation of knowledge, it is worthwhile to consider the reason why consultants are apparently not always able to

complete the absorptive capacity steps with a client. To detail this, the activities a management consultant may conduct are considered to compare with the absorptive capacity steps and identify possible challenges.

2.1.1 Consulting Phases and Activities

During a consulting project, several events take place. These knowledge transfers, activities and the consultant-client interactions that occur during a consulting project may be referred to using the generic term 'the consulting process' (Kubr, 2002, p.xvii). Identifying and structuring the activities that occur is essential in order to be able to draw parallels to the absorptive capacity steps, thus calling for a consulting process split into different phases. This section will consider the different activities that may be involved within a consulting project, as well as which general consulting phases may accordingly be identified within such a process.

Authors such as Appelbaum and Steed (2005), Gable (1996), and Jang and Lee (1998) have referred to consulting activities, such as the importance of strictly defined evaluations and proposals. They do not however, sketch the structure of a consulting process. Although consulting projects vary from case to case due to their uniqueness in terms of differences in goals, consultants, and clients, it is possible to find a standard procedure that may be followed (Kubr, 2002; Cope, 2003). Kubr (2002) and Cope (2003) have addressed the general phases they identify as being inherent to the consulting process, described in table 2.1. The descriptions given by both authors vary slightly from each other, for which the phases will be explained in further detail below. Both authors note that these are not linear phases, nor exclusive to each other, and that iterations, loops or even omissions of phases are likely to occur in practise. Especially an innovative consulting project is likely to involve iterations, as there is more uncertainty in expectations (Hislop, 2002; Rincon-Argüelles, 2014).

As the general structuring of a consulting process may be difficult to determine in practise, the activities associated with each phase are illustrated in table 2.1 as well. These are based in part on the examples listed by Kubr (2002) and Wood (2002a), as well as including innovation management specific examples considered by Rincon-Argüelles (2014).

Table 2.1: Phases of the consulting processes displayed linearly, based on Kubr (2002); Cope (2003)

Phase	Kubr (2002)	Cope (2003)	Tasks and Focus	Activities
1	Entry	Client	Initial contact with client, preliminary diagnosis and composing proposal	First meetings with the client, composing proposal and goals of project
2	Diagnosis	Clarify	Understanding the project context, analysing facts and setting project boundaries	Collecting and analysing data, producing initial reports and scoping the situation that is to be addressed
3	Action planning	Create	Searching for and designing solutions to be presented to the client	Drafting and discussing the different solutions that may be applied, selecting and presenting the solution to the client, planning the time span over which it is to be executed and which people and actions are to be involved
4	Implementation	Change	Executing the proposed changes	Executing the action plan composed in consulting phase 3, readjusting the action plan if needed, communicating with client regarding progress
5		Confirm	Measuring whether the proposed changes have been implemented successfully	Measuring efforts and corresponding results, contrasting these with the initial project goals
6		Continue	Transferring the materials and training for the clients' skill set required to maintain the solution	Composing transfer documents detailing the project, hosting workshops, training or coaching for clients to ensure the project may be continued
7	Termination	Close	Withdrawing from the project, evaluating the processes and outcomes and discussing possible follow-up business	Finalising documentation and formal contracts, evaluating with involved clients and consultants, discussing future projects

The consulting process is initiated by familiarising with the client, understanding their perspective and ideal solution in order to compose a proposal (stage 1: entry/client). The goals and expectations of the client are determined, as well as the deliverables and contributions of both parties (Appelbaum and Steed, 2005; Fincham, 1999; Hislop, 2002; Kakabadse et al., 2006). Once the proposal has been composed and agreed upon by the client, the consultant will start gathering more information regarding the culture, stakeholders and systems of the client organisation (Kubr, 2002; Cope, 2003). By doing so, the consultant will increase understanding of the project context and collect sufficient information to compose a suitable solution (stage 2: diagnosis/clarify). More detailed analyses will be made, as well as drafting possible solutions for the client. This information is then used in the third stage (action planning/create) to develop a plan for implementation that considers possible solution barriers, so as to ensure long-term success.

Where the first three phases of the consulting process are similar according to Kubr (2002) and Cope (2003), the fourth stage demonstrates discrepancies. The main part of the consulting process focuses on what Kubr (2002) refers to as implementation, and Cope (2003) distinguishes as three separate phases. According to Cope (2003), this implementation phase starts by actually implementing or executing the proposed solution (stage 4: implementation/change) by engaging stakeholders and overcoming resistance. It is in this phase that consultants must overcome resistance within the client organisation and consider any unforeseen obstacles with regards to solving the initial problem (Wood, 2002b; Sturdy, 2011; Phillips, 1999). The action plan and possible (re)adjustments will be completed. After execution, it must be verified the solution was implemented successfully using various measures and client feedback (stage 5: implementation/confirm). The sixth and final implementation step is to guarantee the solution will be maintained by ensuring it is integrated in the clients' processes, given sufficient weight, and that sufficient knowledge has been transferred to the client (stage 6: implementation/continue). This often occurs using documentation and supporting the client by training.

Kubr (2002) and Cope (2003) concur that consulting projects are concluded by evaluating the project, as well as analysing possible areas for further development or consulting projects (Blomqvist et al., 2004). Usually attention will also be given to how successful the project has

been and to what extent the client believes the issue has been resolved (Creplet et al., 2001; Gable, 1996).

Considering the processes described by Kubr (2002) and Cope (2003), a more general structure may be more appropriate for innovation consulting projects. Due to the variable nature and broad range of innovation consulting goals that may be conducted within a consulting project, the phases as described by Kubr (2002) will be maintained, as it allows for more variability in the implementation phase. The accompanying range of activities related to each phase will be used to identify the structure of a consulting project and the possible correspondence to absorptive capacity steps and challenges, which will be detailed further in the next section.

2.2 Absorptive Capacity

Absorptive capacity was first introduced by Cohen and Levinthal (1990), who described how essential it is for an organisation to absorb external knowledge to be innovative. They argue that absorptive capacity is the ability for an organisation to “recognise the value of new information, assimilate it, and apply it to commercial ends based on prior related knowledge” (Cohen and Levinthal, 1990, p.128). Since its introduction, several authors have considered its definition (Lane et al., 2006; Todorova and Durisin, 2007), the steps it may involve (Zahra and George, 2002), which organisational factors may influence the concept (Jansen et al., 2005; Lu et al., 2010; Volberda et al., 2010), and its relation to organisational performance or creativity (Lowik et al., 2016; Lane and Lubatkin, 1998).

Despite the extensive research conducted, authors argue different relations of absorptive capacity to the development of an organisation’s innovation capabilities. These range from considering absorptive capacity as a moderator required for absorbing external knowledge (Lane and Lubatkin, 1998; Van Wijk et al., 2008), to being the process via which external knowledge is absorbed (Sun and Anderson, 2010). Within this report, it will be assumed that the absorptive capacity process may be modelled as the steps that must be completed before being able to exploit newly acquired external knowledge. This is in accordance with the research conducted by Sun and Anderson (2010), which considers the fact that absorptive capacity was explicitly defined for the absorption of externally sourced information, and may be used to model the manner by which organisations aim to develop organisational capabilities when hiring innovation consultants. Further reasoning for this decision may be found in appendix A.

2.2.1 Absorptive Capacity Steps

In the introduction of its’ concept, Cohen and Levinthal (1990) defined three absorptive capacity phases, namely the recognising, assimilating, and applying of knowledge. It was stated that organisations first needed to *recognise* their knowledge needs, in order to value external knowledge accordingly. The knowledge must then be collected and *assimilated* to understand the knowledge sufficiently. Finally, the knowledge would then be *applied* to day-to-day processes (Cohen and Levinthal, 1990). However, Zahra and George (2002), argue that there should be a distinction in this model, as knowledge should be *acquired*, *assimilated*, *transformed*, and *exploited*. This additional transformation step relates to the adjusting of knowledge to the appropriate form for the organisation before it may be applied and exploited.

The absorptive capacity model will be maintained in this report as it coherently considers the steps organisations must go through before external, new to the organisation knowledge may be exploited (Zahra and George, 2002; Sun and Anderson, 2010). In this document, innovation consultants are used as a source of external knowledge for an organisation, as well as a facilitator of contributing to clients’ understanding of this knowledge (Kubr, 2002; Tether and Tajar, 2008). As the distinction in transformation in the model of Zahra and George (2002) relates to the facilitative role a consultant maintains (Hislop, 2002; Massey and Walker, 1999), as well as addressing the fact that knowledge

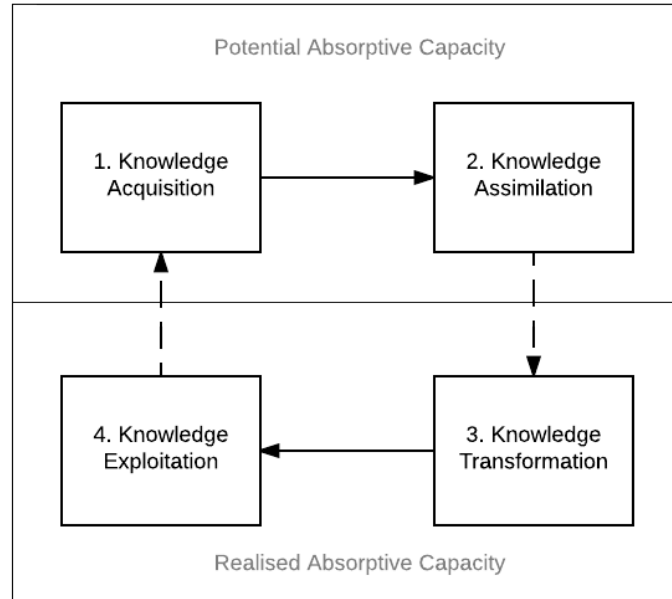


Figure 2.1: Model of absorptive capacity, based on Zahra and George (2002)

is externally sourced, the model detailed by Zahra and George (2002) may be deemed relevant. A diagram of this model is shown in figure 2.1.

Within this cycle, there is a distinction between potential realised capacity and realised absorptive capacity, where potential absorptive capacity refers to the knowledge that has been acquired and understood, while realised absorptive capacity consists of the knowledge put into practise by the organisation (Zahra and George, 2002; Todorova and Durisin, 2007). Within potential realised capacity, Zahra and George (2002) argue that knowledge must first be *acquired*, including the direction and search for the source of new knowledge. Todorova and Durisin (2007) contend this, stating the valuation of knowledge is not sufficiently recognised. However, it may be argued that the recognition of knowledge in the acquisition phase is included by Zahra and George (2002), by taking prior organisational experiences into account (Sun and Anderson, 2010). The second phase of potential absorptive capacity is the *assimilation* of absorptive capacity, similar to the description of Cohen and Levinthal (1990).

Realised absorptive capacity considers that the organisation has *transformed* the knowledge to its needs, and *exploited* it accordingly (Zahra and George, 2002). By transforming the newly assimilated knowledge to the situation the knowledge should be applied in, organisations are able to allow for better understanding of the knowledge in the organisation (Zahra and George, 2002). By exploiting the new knowledge, the knowledge base of an organisation will have grown (Cohen and Levinthal, 1990; Zahra and George, 2002; Lane et al., 2006). Consequently, an organisation is able to acquire more knowledge as its understanding and need for additional knowledge has grown, allowing for the cycle to restart (Cohen and Levinthal, 1990; Zahra and George, 2002). Note that figure 2.1 has coloured the knowledge acquisition phase of absorptive capacity, as it is assumed to be the “starting point” of the cycle, where clients initiate their search for information (Zahra and George, 2002) and consultants are likely to become involved. The dashed arrows in this figure indicate the transition to potential or realised capacity steps.

2.2.2 Completing the Absorptive Capacity Cycle

When considering the completion of an absorptive capacity cycle, there are both internal and external organisational antecedents that exert influence on its progression (Jansen et al., 2005;

Volberda et al., 2010). There is a dyad between the consultant (external source of knowledge) and the client absorbing knowledge, allowing for several challenges to occur during the absorptive capacity cycle (Anand et al., 2007).

In terms of internal factors, the client's internal communication structure, extant knowledge base, and learning structures all affect the completion of absorptive capacity steps (Lane and Lubatkin, 1998; Jansen et al., 2005; Volberda et al., 2010; Argote, 2005). The extant knowledge base impacts the ability to assimilate knowledge, while the internal communication and learning structure impact the transformation and exploitation of knowledge (Lu et al., 2010; Volberda et al., 2010). When a client has a knowledge base closely related to the topic at hand, and the communication and learning structures are designed and maintained to share knowledge swiftly and frequently, assimilating and exploiting knowledge becomes easier (Lu et al., 2010; Argote, 2005). When considering these factors in terms of a consulting project, it may be difficult for external sources, such as innovation consultants to influence the organisational structure of a client during a relatively short process (Cohen and Levinthal, 1990).

Besides the internal factors that affect the absorptive capacity phases, the assimilating of new knowledge seems to hinge on the consultants' influence (Kraaijenbrink and Wijnhoven, 2008). One of the largest boundaries that must be overcome, seems to be aligning new and extant knowledge of an organisation and its individuals (Zahra and George, 2002; Cohen and Levinthal, 1990). Kraaijenbrink and Wijnhoven (2008) state that when acquiring new external knowledge, information heterogeneity will occur. This involves a discrepancy between extant knowledge and new knowledge, thus requiring more context to be sketched for a client before knowledge becomes relatable and understandable. Innovation however, benefits from different knowledge bases (Eisenhardt and Martin, 2000), thus implying that both the consultant and client would benefit from a project team from different backgrounds, given that the consultant is able to facilitate sufficient understanding (Argote and Guo, 2016; Argote, 2005). More importantly though, the connectedness from knowledge source (consultant) to knowledge receiver (client) is often mentioned as an important factor in facilitating absorptive capacity progression (Filippini et al., 2012). This implies that beyond the internal client specific factors facilitating the predominant exploitation of knowledge, the process by which this knowledge is acquired, assimilated and transformed (with more influence of the consultant coming in to play), is worth considering in further detail.

2.3 Consultants and Absorptive Capacity

Based on the absorptive capacity steps and consultant activities, theorised relations may be formed regarding the progression of both during a consulting project, as well as the possible challenges that may be encountered. When contrasting the absorptive capacity cycle and the consulting process of Kubr (2002), there are some similarities that may be identified. As innovation consultants provide new knowledge, they are able to contribute at least in the acquiring of new knowledge for clients (Kraaijenbrink et al., 2007; Tether and Tajar, 2008). Different phases also display similarities to absorptive capacity phases, as sketched per consulting phase below.

During the initial consultant contact with the client, it is likely the knowledge acquisition phase is initiated, as the client recognises the need for new knowledge by contacting consultants (Wood, 2002b; Cope, 2003; Werr and Stjernberg, 2003). During the second and third phase (diagnosis and action planning), not only the acquisition, but the assimilation of knowledge may be assumed to start. More in depth interactions between consultant and client will have started (Kakabadse et al., 2006; Poulfelt and Paynee, 1994), allowing for the definition of expectations and the knowledge that will be considered in the project, for which clients must start assimilating the relevant knowledge (Zahra and George, 2002). These will form the baseline expectations for clients, and are consequently essential for the clients' vision of success (Werr et al., 1997). In this phase, consultants may also influence the resources they believe are available for the success of the project, which must be balanced between what the client is willing to invest and the expected results (Jang

and Lee, 1998). Cross-functional teams for example, contribute to the diversity of the knowledge base, making a team more receptive to absorbing and learning new knowledge when provided with sufficient time to invest in the project (Lowik et al., 2016; Sturdy et al., 2009). This leads to three suggested challenges within the first two absorptive capacity steps: misalignment of client expectations and consultant goals, incorrect assumptions for resources and commitment required, and not considering the knowledge base involved.

The fourth, and often largest in terms of time, consulting phase considers implementation (Kubr, 2002). Here, innovation management consultants are likely to transform knowledge to a comprehensible context for the client (Massey and Walker, 1999; Kakabadse et al., 2006; Pouffelt and Payne, 1994). The heterogeneity of knowledge, the difference between a clients' current knowledge base and the new information, must be reduced by providing a familiar context (Lane and Lubatkin, 1998; Jansen et al., 2005; Zahra and George, 2002; Anand et al., 2007). This will thus be essential during the implementation consulting phase, relating to the knowledge assimilation (understanding) and transformation (adjustment to client context) in the absorptive capacity cycle. However, in order to learn new skills and grow absorptive capacity, knowledge will also need to be applied (exploited), which must thus also occur during the implementation phase of a consulting process (Knoppen, 2012; Lane and Lubatkin, 1998; Argote, 2005). The clients' main challenges and predispositions against the solution may arise during this phase, which must be addressed before not only successful solution implementation may take place (Jang and Lee, 1998), but may also impact the level of learning if clients are not convinced of the consultant's solution (Massey and Walker, 1999; Lane et al., 2006). The involvement of stakeholders and integration of knowledge to an understandable format is thus required here to facilitate client learning, as drafted by Turner (1981) and Sturdy (2011).

During the conclusion of a consulting project, theory suggests the involvement of the consultant in the transformation of knowledge is concluded at this point, and that an evaluation of the clients' acquired knowledge will take place (Cope, 2003; Kubr, 2002; Gable, 1996). Additionally, consideration may be given to how the knowledge gathered in this project may be exploited further, converted to longer term capabilities, and possibly lead to another consulting project (Howells, 2006; Fincham, 1999).

To summarise, the suggested relations between consulting phases (and included activities), absorptive capacity steps and possible challenges are displayed in figure 2.2. It must be noted that the possible challenges arising between the fourth and first absorptive capacity steps (knowledge exploitation and knowledge acquisition), have not been considered in further detail. This is due to the fact that one completion of the absorptive capacity cycle implies an expansion in knowledge base (Cohen and Levinthal, 1990; Zahra and George, 2002), which means it is likely a new consulting project would be initiated when transitioning to the new absorptive capacity cycle.

It must be noted that the role that a consultant assumes may be of significant influence on the progression of a client through the absorptive capacity steps in a consulting project (Canato and Giangreco, 2011; Wood, 2002a). However, it is not considered here in order to focus on the relation of absorptive capacity and the consulting process. Background information on the roles a consultant may assume is listed in appendix B.

From the extant theory we have thus been able to construct a general consulting project process, as well as the manner by which clients' may move through absorptive capacity phases and encounter challenges. The exact nature of the progression and challenges within the absorptive capacity steps during an innovation consulting project however, is still ambiguous. To gain more insight in this relationship, the next section details the research method used to consider the absorptive capacity progression and challenges within an innovation consulting project.

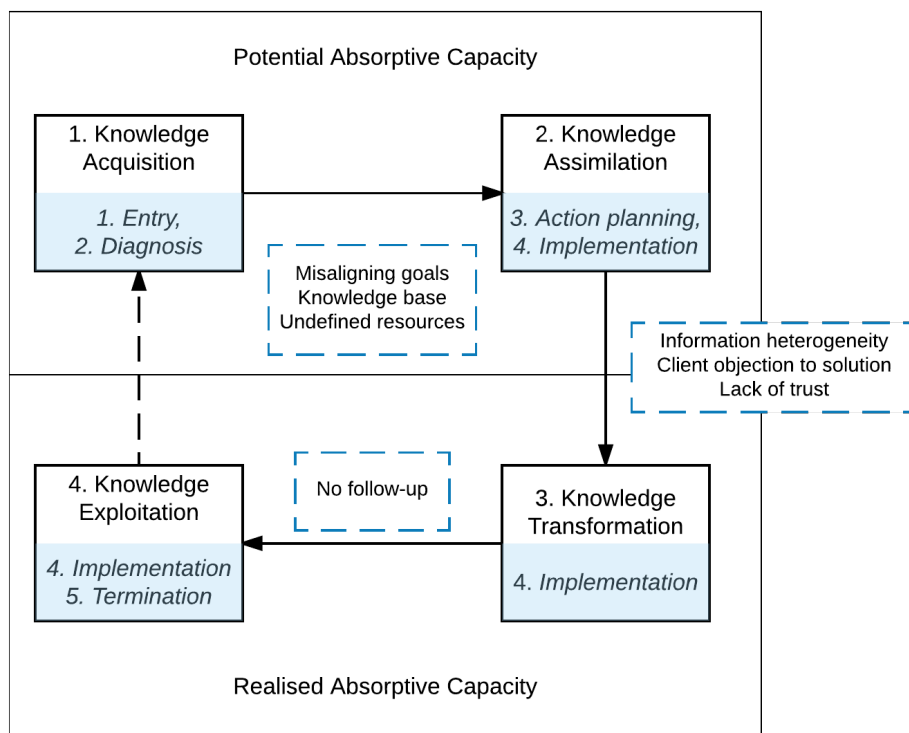


Figure 2.2: Possible relations between absorptive capacity steps and consulting phases, italics

Chapter 3

Research Method

The research conducted in this report is based on exploratory qualitative research methods by considering three case studies. Extant theory has not yet explicitly considered the progression of absorptive capacity in consulting cases and the concurrent challenges and innovation management consulting project practises simultaneously, indicating that only testing extant hypotheses is not yet possible due to a lack of theory from which hypotheses may be drawn (Eisenhardt and Graebner, 2007; Eisenhardt, 1989). For this reason, explorative research based on practise may be used to contribute to current (more theoretically based) consulting theory (Hicks et al., 2009).

3.1 Case Selection

Three heterogeneous innovation management consulting case studies were selected for analysis in this research. An overview of the cases analysed is given in table 3.1. The analysed cases have been selected from a portfolio of recently completed KPMG NL innovation advisory projects. As KPMG NL conducts a range of innovation consulting activities (Innovation Services, 2015), and is a well-recognised big-four consultant, the cases used in the analysis may be deemed representative for innovation consulting practises.

The first case, case A, concerns an innovation advisory case, where an innovation process is introduced to one department in a public organisation. The clients in case A aimed to learn both how to conduct an innovation process (involving idea generation, development and selection), as well as applying this process to their own department to develop new business propositions. Case B and C concern so called “Idea Challenge” projects conducted in private organisations. These are a specific kind of project developed by KPMG Innovation Consulting that focus on idea generation via crowdsourcing by establishing (online) knowledge networks on a specific topic (a ‘Focus’ Idea Challenge, see appendix C). Beyond applying this methodology to various topics to collect ideas, both the clients from case B and C aimed to learn how to apply and execute the Idea Challenge process independently during the projects that were initiated. As may be identified from table 3.1, there are various dissimilarities between cases, e.g. case B using an internal consultant (previously educated by KPMG innovation consultants) compared to the KPMG NL consultants in cases A and C. The differences across these cases allow for insight in the relation between the consulting process and absorptive capacity in different contexts, thus generating a stronger base for theory building (Yin, 2003; Eisenhardt and Graebner, 2007).

The cases sketched are analysed from the first contact between consultant and client, until the final evaluation of the consulting project, so as to ensure the full consulting process is analysed (Van Aken et al., 2007). It must be noted that all three cases analysed were successful, meaning clients were sufficiently satisfied with the project outcomes that follow-up business was generated.

Table 3.1: Overview of Case Studies Analysed

	Case A	Case B	Case C
Type Organisation	Public Organisation	Telecommunications Organisation	Multinational Industry Organisation
Size Organisation	5.000-10.000	10.000-15.000	10.000-15.000
Project Focus	Innovation Processes	Focused Idea Challenge	Focused Idea Challenge
Consultant Team	KPMG Innovation Factory Consultant	Internal Consultant	KPMG Innovation Factory Consultant
Duration	9 months	6 months	6 months
Contractors	3	1	2
Size Client Team	28	10	30
Size Consultant Team	3	2	3
Consultants Interviewed	1 Senior Manager 1 Partner	1 Internal Consultant	1 Partner
Clients Interviewed	2 Policy Managers	2 New Business Development Employees	1 Communication & Innovation Manager

This may imply a success bias, which must be considered when considering the implications for future research and generalisability of results (Yin, 2003).

3.2 Data Collection

In order to collect sufficient data to generate meaningful case insight, the research design as illustrated in figure 3.1 will be adhered to, where the blue boxes indicate the data sources used. Using the literature review as sketched in chapter 2, an overview of possible coding categories of analysis were formed, as well as possible factors affecting the consulting process/client knowledge relationship.

Data from cases was subsequently collected based on face-to-face semi-structured interviews with both clients and consultants, archival documents, and journey maps drawn by the interviewees. By using multiple sources of evidence, triangulation of evidence is possible to collect as much information as possible from the cases (Yin, 2003), allowing for research synthesis in proposition forming (Denyer et al., 2008). The resulting findings were analysed, and validated with a focus group of KPMG consultants. By involving both clients and consultants when collecting data, it is possible to corroborate the consulting activities phases (likely to be scoped by consultants more clearly), as well as the absorptive capacity steps in sufficient detail (likely to be described by clients in more detail due to their experiences in accessing the new knowledge) with both parties (Yin, 2003). This is especially important to do considering the interviews and journey maps consider the “interpretation” of the interviewees’ version of events, highlighting the need to involve several (differing) data sources (Department of Sociology, 2013).

Initially, journey maps were used by designers to identify the contact points and experiences of clients when interacting with newly designed products (Callanan, 2013). Here, it is deemed a useful tool as it causes the interviewee to consciously recall and visually reproduce the activities, contact points and events that stood out during the consulting project and were perceived as relevant. Journey maps were thus added to the data collection process in order to visually represent the process that occurred throughout the project, as well as determining which memorable activities occurred for the client or consultant interviewed (Saffer, 2009; Callanan, 2013). The implied focus on activities within the project consequently corresponds to enabling the identification of consulting activities (phases) and progression of the absorptive capacity steps. An additional benefit of this method, is that the visual feedback of drawing out memories is likely to trigger more memory recollection than only talking about memories, indicating more data may be collected (Howeson, 2017).

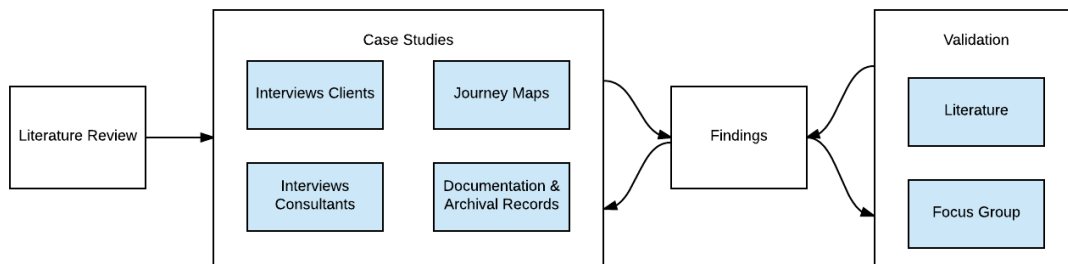


Figure 3.1: Research Design

Semi-structured interviews ranging between 55-80 minutes in length were conducted with both the clients who initiated the consulting project or were closely involved in its execution, and members of the consulting team involved using qualitative interview techniques (Department of Sociology, 2013). Interviewees were asked for any events they found exceptional during the process to identify what they learnt from or identified as important, according to the Critical Incident Technique (CIT) (Hughes, 2007). The semi-structured interviews were based on the protocol listed in appendix D, which were used as a guideline to ensure the journey map and the process experienced is discussed in sufficient detail, as well as the critical incidents experienced by clients and consultants.

The data collected during the interviews was recorded and consequently transcribed to be coded in the online ATLAS.ti programme (version 1.0.51). After having coded the topics that were addressed by both consultants and clients in the interviews that were taken, archival data was used to validate and compare the statements made by the interviewees. Additionally, the visual representation of the composed journey maps was contrasted with the coding conclusions made to ensure the details mentioned by the interviewees and corresponding importance was sufficiently included in the analysis. This cross relation between data sources allows for decrease of bias, as well as aligning the collected data to extant theory (Denyer et al., 2008; Simon, 1996; Van Aken et al., 2007). The possible relations based on this first analysis were also presented to a focus group of seven KPMG Innovation consultants for further validation, of which the findings will be discussed in the chapter findings.

It must be noted that beyond the research structure for this analysis, the author collected additional insight in the consulting process and clients' absorptive capacity development by collaborating on three innovation consulting projects from KPMG Innovation Consulting that were not analysed (to avoid personal bias in analysing these cases). By working on these three innovation consulting projects and executing various activities (among client contact), more insight was gained in the manner via which a consulting process is structured and which challenges relating to the absorptive capacity steps clients and consultants experience. This was additionally valuable as two of the experienced innovation projects were Idea Challenges, allowing the author to comprehend the nature and execution of such an Idea Challenge in different contexts.

3.2.1 Categories of Analysis

As mentioned above, the guiding principle of the data collected was based on the semi-structured interviews conducted with clients and consultants. These were coded, after which supporting evidence was cross-referenced with the journey maps and archival data. In order to ensure coding was conducted appropriately, the coding principles of Poole and Van de Ven (2004) were maintained. Two categories of analysis were maintained, namely the consulting process phases of Kubr (2002) and the absorptive capacity phases detailed by Zahra and George (2002), as these may be used to identify the relation between the absorptive capacity concept and the consulting process.

First, data was coded according to the consulting project phases and activities as defined in chapter 2, the theoretical framework. As the activities described in table 2.1 form a baseline in consulting projects, they were used to identify whether and how the project phases of Kubr (2002) were executed in each case. Based on the activities drawn and detailed by clients and consultants, the identification of consulting phases could take place, as defined by the phases entry, diagnosis, action planning, implementation and translation. To illustrate this, example activities and corresponding quotes of these phases are listed in table 3.2.

Table 3.2: Example Quotes for Coding Process Phases and Activities, based on the definitions of Kubr (2002)

Consulting Project Phase	Illustrative Activities	Example Quote
1. Entry	First meeting with the client	“We got to know these people, and they didn’t know yet what they were asking, as well as not really knowing us. So we had to [meet and] familiarise ourselves a few times to scope the question” – Consultant A1
2. Diagnosis	Scoping the targeted client group	“This was their first idea generation challenge and they wanted to start with the entire organisation, so approximately 15.000 people. Then I told them I wouldn’t start with such a large group for the first time, and they proposed keeping it within the [name] department, which consists of 150 people.” - Consultant B1
3. Action planning	Planning the project workshops	“Based on the project proposal, we had planned to conduct three workshops in approximately a month time. The innovation model was not yet included in the proposal, that was something we added later.” – Consultant A2
4. Implementation	Following the project structure laid out by consultants in workshops	“Well, the execution of the [proposed] phases, that was really good. It was really clear, so when you’re doing something like that you can just follow the steps that have been laid out.” – Client C1
5. Termination	Evaluation meeting with client	“We also held an evaluation, Both with [client A2] and I, we had a leading role towards KPMG. ... We were really positive about the approach and the people involved.” – Client A1

In a similar manner, the absorptive capacity cycle according to Zahra and George (2002) was coded in the recorded interviews and journey maps in order to determine to what extent the cycle was completed per case. Example quotes such as identified for the coding of absorptive capacity steps are listed in 3.3, where the knowledge acquisition quote of client C1 (client 1 from case C) for example, refers to the recognition the organisation had that an external specialist in innovation software was required, which led to the initial contact between KPMG NL and the organisation in case C.

Table 3.3: Example Quotes for Absorptive Capacity Steps, based on the definitions of Zahra and George (2002)

Absorptive Capacity Step	Illustrative Quote
Knowledge Acquisition	"We aren't builders of digital platforms, that's not us. So you should consider what's available on the shelf. That's when we encountered this [KPMG Innovation Factory software], that's when we started talking to [consultant C1]. - Client C1
Knowledge Assimilation	"I think if you show this to a lot of people from our group, with the summary next to it including the trends... That's something we'll all remember." - Client A1
Knowledge Transformation	"[I] changed [Consultant A1's] method. It was assumed everyone would read the ideas, but that wasn't the case. So what we did is summarise all ideas and include the best enrichments." - Client B1
Knowledge Exploitation	"At a certain point you should just start doing. ... We started our own Idea Challenge during a management conference, where we set it up a week beforehand." - Client C1

Once the absorptive capacity steps and consulting phases have been determined, the relation between both of these was determined by the reflection of clients and consultants on the absorptive capacity steps during a consulting process activity. As the journey maps indicated the activities conducted, interviewees were able to reference their critical moments where, for example, the decision was made to involve consultants (consultant phase client entry and absorptive capacity knowledge acquisition). By moving through the process in this manner, relations between the activities conducted and corresponding progression in clients' absorptive capacity steps was drafted.

After coding the absorptive capacity steps and consulting process phases, the difficulties experienced by interviewees were recorded. By drafting these alongside the indicated consulting process progress and absorptive capacity steps, insight was gained as to what made the absorptive capacity steps difficult to achieve (at that point). In doing so, the analysis indicated challenges experienced within these projects, suggesting challenges in completing the absorptive capacity cycle. As the stressed barriers per absorptive capacity phase varied slightly per case and these were not (extensively) considered in the literature review, common challenges were identified based on the overarching challenges in interview quotes. These were redefined to the challenge categories listed in figure 4.4, and are illustrated in chapter 4, findings.

Chapter 4

Findings

Before detailing the findings of the cases in depth, a short description of each case project will be given to sketch the context. These case descriptions will be used to detail the context of each case and the consulting process that occurred. Diagrams illustrating the progression of the absorptive capacity and consulting process phases are shown per case, including the challenges that were encountered. The predominant features in the absorptive capacity cycle progression and challenges across cases are then detailed using quotes.

Reference will be given to the clients and consultants of each case, where client A1 refers to client 1 from case A, and in a similar manner, consultant B1 refers to consultant 1 from case B. When discussing the findings, the cases and clients or consultant involved will be listed and illustrated using quotes when necessary.

4.1 Case Descriptions

4.1.1 Case A

This case concerned a department within a public organisation that was introduced to an innovation management process structure. The goals for the project were twofold: for the client to learn how an innovation process may be executed within one of the organisational units, as well as applying this process in a project to a strategic topic. It was agreed that the content for this vision would be supplied by the client, while KPMG Innovation Consulting would facilitate the process to generate the content.

The project was initiated via an affiliated department manager suggesting the client organisation's department contact KPMG Innovation Consulting, based on a previous positive experience. The client organisation's department was searching for a myriad of manners in which to collect and develop different innovation topics to compose a strategic business plan, for which several experts had already been contacted, but a structured process was required. After client and consultant met, a first proposal was drafted. This proposal was iterated several times while more meetings were held, during which the last consulting team members joined the team. Consultants A1 and A2 mentioned this was largely due to defining the semantics and scope of the project, as there was some discussion as to which input would be provided by the client or KPMG NL. The agreed upon proposal was then translated to a plan of three workshop sessions over the span of two months. A client team from various departments was composed, where one of the client team members was appointed as responsible for monitoring and learning from the innovation process applied (client A1). A second client team member (client A2) would focus on the development and quality of the innovation vision for the department. Using the composed team, the clients started the workshops

enthusiastically, and were inspired by the (new for the client) tools and (external) locations KPMG Innovation Advisory used to convey the innovation theory and exercises.

After the second workshop session, client A1 and A2 indicated they required a broader range of topics and a refocus for the innovation vision, causing consultants A1 and A2 to conduct an extra iteration and repetition of the covered theory and process to occur in the third workshop session. Both consultants indicated they experienced this as a positive indication that the client had interpreted the knowledge they needed and evaluated its progression, allowing them to identify the knowledge they needed to assimilate and acquire once more before being able to continue transforming and exploiting it. After all three workshop sessions were completed, the client requested a summary booklet listing the steps taken in the project including explanation to retain and exploit the collected knowledge. KPMG's innovation consultants produced a booklet that was iterated several times due to the distinction in balance between the innovation process and innovation content. This booklet was evaluated during the formal project closing meeting, which occurred later after the workshops due to the booklet iterations and holidays. During this meeting, the client indicated that although they had not learnt as much about the process as was aimed for, due to active participation in the development of the innovation vision, they considered the project successful. The clients had been so enthusiastic in participating in the project, they had been "caught up" in attempting to generate as many innovative topics as possible, rather than how they could replicate the process followed in future. With regards to follow-up, a similar project would likely be initiated to ensure more innovation process learning.

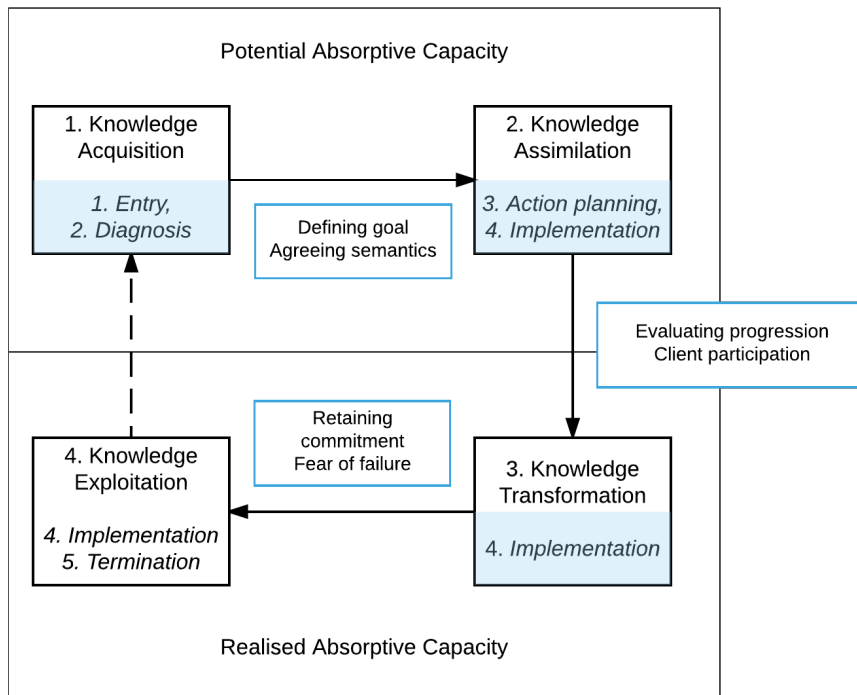
A summary of the progression throughout the absorptive capacity steps and consulting is displayed in figure 4.1. The challenges encountered are listed between the relevant phases as well. From the activities and confidence displayed by the client once the project was finished, it became clear that the client did not manage to independently exploit all of the knowledge that was gained during the project. The predominant challenges consisted of defining the goals that were to be attained (between both learning an innovation process and applying it to gather sufficient innovation input), and interpreting the semantics maintained by KPMG Innovation Advisory to such an extent that both client and consultant were confident about it. During the project, clients listed their difficulty in freeing enough time to commit to the workshops and corresponding homework, as well as addressing both goals simultaneously. This led to a somewhat decreased confidence and commitment to independently executing the innovation process that was learnt. This was illustrated by client A2:

"I think the greatest risk is thinking we can do it now, and then failing when we're halfway through or get stuck. That's when we can just forget about the method and no one will ever want to use it again"

4.1.2 Case B

Case B concerned the same topic as case C: idea generation via an online crowdsourcing tool (Idea Challenges, see appendix C). These cases differ however, due to the fact that an internal consultant (consultant B1) was used to advise the execution in case B, which was led and executed by an employee within another department (client B1). This case was initialised after client B1 received the assignment to gather new business ideas. Client B1 conducted desk research independently and interviewed other organisations regarding the tools they used to obtain new business opportunities. During the desk research, client B1 encountered an internal online innovation tool. Organisation B is constantly monitoring new business opportunities, and hoped to generate a selection of input using a structured impulse from an innovation tool. This internal tool had been introduced to the organisation by consultant B1 during the previous job at what is now KPMG Innovation Consulting, and consultant B1 was listed as a contact.

Client B1 contacted consultant B1 first, and had a one-on-one meeting to determine what the goals of the project should be and how it may be structured to fit these goals. Although this was not the first time organisation B had conducted such an Idea Challenge, the involved client B1



(H)

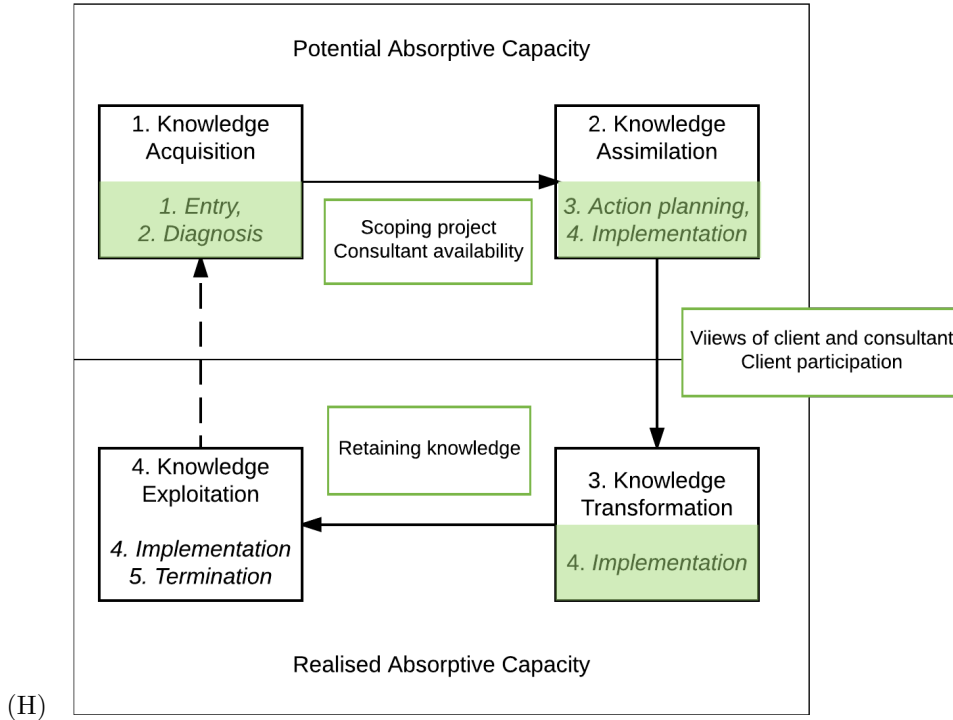
Figure 4.1: The Absorptive Capacity Steps and Consulting Phases Progression of Case A

and corresponding client team did not have any Idea Challenge experience. Consultant B1 scoped the project with client B1 to transfer the skills for guiding such a project (in future as well). Using the experience consultant B1 had, a project process was designed based on two workshops to explain and illustrate to the client team how the project should be tackled. Subsequently, the new knowledge would be applied in practise, allowing for clients to understand and apply the knowledge independently when collecting and growing new business ideas. Weekly meetings were held to monitor progress, allowing for clients to ask questions, and for consultant B1 to intervene and steer the project if necessary. As consultant B1 no longer had access to the usual formats and documents that were used for Idea Challenge projects from KPMG NL, the structuring and documents were tailored by consultant B1 independently and discussed with client B1 when adjustment was required. The project was concluded by a workshop selecting the most promising results. During the project, consultant B1 predominantly structured the project and provided expertise knowledge and guidance to client B1. The project generated sufficient success that a second, organisation wide idea generation project was launched. Client B1 also composed a report describing the steps taken to be able to transfer knowledge internally. Consultant B1 indicated fearing however, that simply a report would not be sufficient to pass on knowledge, as previous experiences seemed to imply.

When considering the transitions through absorptive capacity steps that client B1 achieved, it is notable that a discrepancy arose between consultant B1’s opinion of exploitation ability and client B1’s opinion of exploitation ability. When asked whether the client could conduct a project similarly, consultant B1 stated:

“If I see that the communication of (client) is different as well, I think the workshop may not quite convey the right message if presented by (client) – or at least, it would have been remembered and understood differently from what I presented the first time. So for that, you need multiple iterations of the project”

Additionally, client B1 indicated that the knowledge was understood very well and could be applied, but that there were significant differences in the manner that the project was conducted the first



(H) Figure 4.2: The Absorptive Capacity Steps and Consulting Phases Progression of Case B

time and how client B1 would conduct it in future. Therefore, although the knowledge was fully interpreted and applied, the extent to which exploitation was fully achieved in case B remains questionable.

In terms of the challenges experienced, the scoping of the project remained a discussion point. Where client B1 initially aimed for rolling out the project organisation wide, consultant B1 recommended phasing this by first selecting a department within organisation B, which required some discussion. Consultant B1 also indicated that there was significant difficulty in operating as an internal consultant: rather than being able to rely on the already documented experiences and reports from previous Idea Challenges at KPMG NL, it was now necessary to invest more time in adjustments and composing workshops/documentation, while also having to balance the normal function consultant B1 executed (limiting the time available for supporting client B1).

“I had my own work here as well, and I think you may want to be more independent in this context. I was from a different office, so they did see me more as a consultant than as a co-worker. But if they would ask me to do this full-time, I’m not sure what I would do.” - Consultant B1

Client participation also remained a difficult issue, especially as halfway through the project the initial momentum was lost. The discrepancy in views of consultant B1 (accustomed to KPMG NL Idea Challenges) and client B1’s opinion on the Idea Challenge correlated throughout the transformation and presentation of knowledge as well as when exploiting it as the retention and type of knowledge to be retained were discussed. Figure 4.2 demonstrates the challenges and steps encountered in case B.

“I was really enthusiastic to approach the whole organisation. But then you need to consider where you should start? You can’t ask that many people to join at once – it’s way too large. So instead we started within one business unit as a test.” – Client 1

4.1.3 Case C

Within this project, a transition took place within KPMG NL. Before becoming KPMG Innovation Advisory, the department was a start-up named Innovation Factory. Innovation Factory was integrated into KPMG NL during this case study, which caused the consultants from KPMG Innovation Advisory (during one workshop) to be momentarily removed from the project. The consultants from KPMG Innovation Advisory did however steer the work conducted and retained control of the process.

Case C also concerned an Idea Challenge to generate ideas, executed by KPMG's Innovation Consultants. The organisation had recently completed a trajectory aimed at becoming a more sustainable organisation, and was searching for a complementary online innovation tool that could be implemented fast to maintain momentum. Client C1 conducted a quick online research into the available innovation tools, and encountered KPMG's innovation tool by chance. Due to the apparent match with the requirements set and a personal connection during the first meeting with consultant C1, client C1 selected KPMG NL as a partner for this project.

A proposal was composed, and KPMG's innovation consulting preparatory work for the project was initiated. There was significant discussion with regards to the IP rights of the software and extent of integration within client C's organisation due to a previous negative software experience, and additionally there was uncertainty to the extent of consulting support required for the roll-out of the project (client C1 aimed for a solution involving only the online tool, while KPMG NL stated consultancy support was required):

"We weren't really looking for a consultant, we have more than enough of those already. The platform we needed was the start of the project, but a lot of consultancy attention was included."
– Client C1

The proposal that was agreed on involved a compromise in the software rights sharing and full consulting support based on the experiences KPMG Innovation Consultants had seen previously.

Part of the preparation however, was executed by a third party, although still following the process defined by KPMG innovation consulting. The third party hosted the first workshop which was held to provide explanation and structure of the project to client employees who had been flown in to the Netherlands from the international business units. These people would form the client teams involved. After this workshop, the project was handed back to KPMG Innovation Consulting. Another workshop was held to inform the client team members of their roles and responsibilities. The second workshop marked the part of the idea collection and generation process, which was continued with weekly meetings that monitored the progress of the project, and where the consultants could provide feedback and answer questions. The project was concluded with a selection workshop, where the generated ideas with most potential were chosen using a predisposed method.

Client C1 was sufficiently satisfied with the end result that a dedicated employee to supporting the roll out and continuation of the innovation tool was appointed, and an international roll-out of the platform was conducted. Each business unit of the client now independently conducts idea generation projects on the platform without further consulting support of KPMG NL.

In terms of the progression throughout the absorptive capacity steps, it is apparent all steps were addressed comprehensively. The international roll out, daily usage and ability for organisation C to exploit the knowledge gathered independently demonstrates the steps from knowledge transformation to knowledge exploitation very well. The challenges encountered dominated in the first phases: defining the scope of the project in terms of consulting support as well as the urgency with which organisation C desired an innovation tool formed a difficult trade off to determine what knowledge should be transferred and how. Additionally, when assimilating the knowledge it was difficult for the consultants from KPMG Innovation Consulting to explain all concepts as intended while not directly involved during the first workshop. Within this knowledge assimilation and transformation, the involvement of all clients demanded significant resources from the client organisation, which were logistically difficult to manage so that everyone was addressed. The com-

mitment of the client organisation was available however, allowing for the involvement of all clients required. During the final absorptive capacity steps, the client organisation encountered that there was a lack of possibilities to adjust the tool to integrate it seamlessly: for them, the focus was to integrate the tool with their current online features.

“A big consideration for us is to prevent having thousands of platforms. Ideally, you would have a construction similar to Yammer with several integrations.” – Client C1

Consultant C1 also indicated that there should have been more opportunity for input from the client, both in the evaluation and the final phases where the client was exploiting the gathered knowledge:

“I want to do things differently at the end of a project. I would like the software to take information from clients about what they thought about it, what went well, what could be better. The challenge team should be asked about possible improvements too. And maybe also ask participants, to gain insight there as well. It’s not only important because we want to do well, but also because we are becoming increasingly involved in projects.” – Consultant C1

Figure 4.3 demonstrates the progression of absorptive capacity steps and challenges that occurred throughout the project. When asked about the ease with which client organisation C moved through the absorptive capacity steps, client C1 responded:

“You know, it depends on what your mindset is. We are really pragmatic and action-based, so at the end of the day you just need to do it. And you can talk about it forever but you just have to do it. ... See, you need to watch out you don’t describe the tool as too complex. It’s pretty easy to use, and if you position it as easy, there’s a lower barrier to use it. It’s possible that KPMG may want to make it more complex to generate more consulting hours, that’s fine. And perhaps simple people can’t see the complexity, that’s possible, but I thought that once you’ve done those steps a few times it’s really straightforward.” - client C1

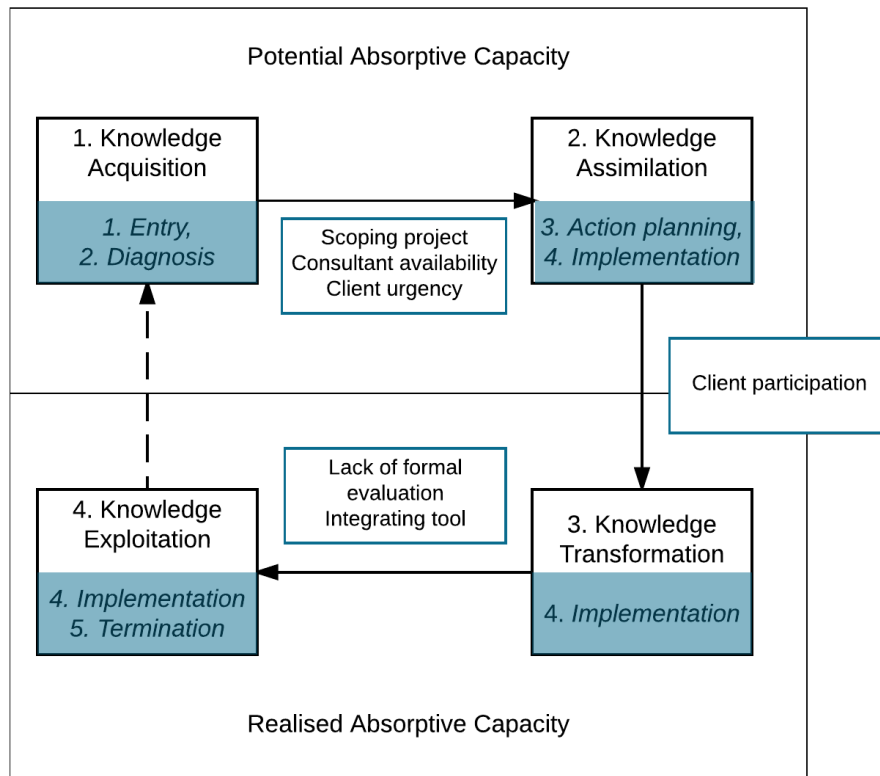
4.2 Completing the Absorptive Capacity Cycle in an Innovation Consulting Project

Based on the findings given above, we may draw several conclusions. Overall, it seems all absorptive capacity cycle phases (to some extent) are brushed upon in all cases analysed. What is notable, is that throughout the consulting project various absorptive capacity steps overlap the conducted consulting activities (illustrated such as when clients A1 and A2 indicated an iteration was required):

“The client wanted to go back a step in the model and touch on some topics they were missing. And really that’s great, the client who can state I need to go back to the model to make another iteration themselves - that’s fantastic. It isn’t a linear process of course, so they need to stop, think a bit harder, go back, and continue. That’s what happened in the second session, we need to go back because we’re missing 1 or 2 innovation topics, we don’t like these for the end result, and we need more depth for these topics. So that’s what we did, we adjusted and added that depth.” - consultant A2

Before elaborating on the challenges clients and consultants experienced, it is worthwhile to consider whether the connections drawn between absorptive capacity steps and consulting phases (activities) were conducted such as suggested in the theoretical framework. Based on this, it is possible to place challenges in more perspective and identify which challenges are case specific or more generalisable.

As was demonstrated in the theoretical overview, the absorptive capacity cycle as illustrated by Zahra and George (2002) follows the four phases knowledge acquisition, assimilation, transformation and exploitation. From the cases analysed, it seems that overlap occurs within the absorptive



(H)

Figure 4.3: The Absorptive Capacity Steps and Consulting Phases Progression of Case C

capacity phases considered in each consulting project process, especially during the implementation phase, as indicated in figure 4.4. The explanation of the connections drawn between these concepts is elaborated below.

The data suggests that knowledge acquisition and assimilation seem to occur predominantly during the entry, diagnosis and action planning of consultants (light blue in figure 4.4). The knowledge acquisition involves the defining of the knowledge that should be acquired for the organisation, which closely involves knowledge assimilation to understand which knowledge is needed most for the client. This makes it apparent that before the way the knowledge could be transformed, an understanding of which knowledge exactly is most needed should take place for both consultant and client, as becomes apparent from the frequent scoping of goals in consultant projects A, B, and C.

The majority of the tasks consultant and client thus complete appear to be aimed at the assimilation, transformation and exploitation of knowledge, as this is where using the documentation, trainings, and workshops, the interaction with the clients take place. As consultant B1 notes *“You really need to pass on knowledge while executing the project”*. This indicates the simultaneous growth in understanding of the knowledge for the client and its transformation when put to use in the project the consultant facilitates.

The extent to which the exploitation of knowledge occurs varies between cases, as is illustrated by client A1, indicating KPMG innovation consultants are still required before being able to independently exploit the acquired knowledge (see figure 4.1). In case C however, the exploitation of the newly acquired innovation knowledge is occurring, yet the integration of the knowledge with the other methods maintained internally still requires improvement (see figure 4.3).

It may thus be concluded that despite being less linear than the theory analysed in chapter 2 suggested, a relation does exist between the consulting phases and the absorptive capacity cycle.

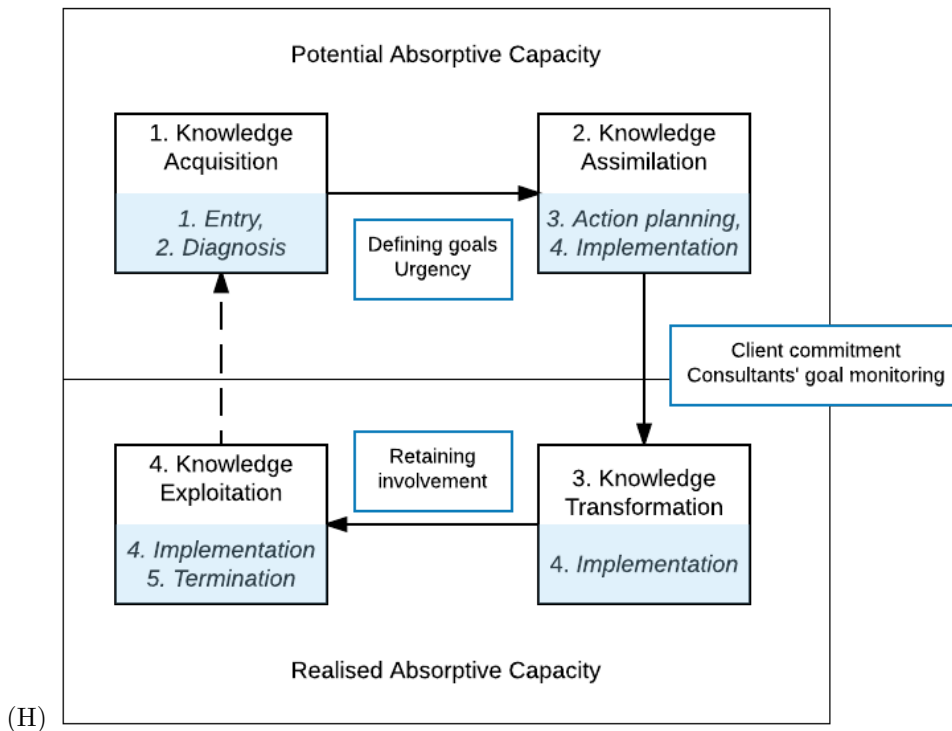


Figure 4.4: The Suggested Absorptive Capacity and Consulting Process Phases Relationship

Based on this relation, the challenges in completing each absorptive capacity phase may be considered in further detail for both clients and consultants, as well as considering why case C was able to progress so much further throughout the absorptive capacity steps.

4.3 Challenges in Completing the Absorptive Capacity Cycle

Having identified the progression of clients from cases A, B, and C through the absorptive capacity steps, the cross-case challenges may be considered. To do this, the related challenges perceived by clients and consultants alike are discussed. Before detailing these, a short motivation will be given as to which challenges are considered relevant to discuss. An overview of the challenges and how commonly these occurred is given in table 4.1. Within this table, the challenges that are considered in further detail are shaded in blue, while the cases in which the challenge occurred are shaded grey. Based on these results, it may be questioned why the challenge of consultant availability is not elaborated on as an absorptive capacity challenge in consulting projects (as it occurs in two cases), even though client urgency and evaluating progression are included (both occurring in only one case). The reasoning for this decision is shortly sketched per challenge.

Consulting availability occurs in two separate cases (case B and C). When we consider the reason for consultant availability occurring in both these cases, we must be reminded of the fact that in case B, consultant B1 had to operate as an internal consultant and was stretched for time:

“When you’re dedicated you can invest more time in it. So if I was external I could have guided (client) more. That may have contributed just that bit extra to the project.” – Consultant B1

As this was the situation with an internal consultant, and consideration is given to the challenges experienced with an external consultant supplying the knowledge, it is possible to omit this ob-

(H)

Table 4.1: Challenges and frequency across considered cases

Challenge	Case A	Case B	Case C
Scoping project (defining goals)			
Agreeing on semantics			
Evaluating progression			
Client participation			
Retaining knowledge/commitment			
Fear of failure			
Consultant availability			
Views clients and consultant			
Client urgency			
Lack of evaluation			

servation in this report. It is however interesting to consider in further research. In case C, consultant availability was an exception due to the transition from the start-up Innovation factory into a department of KPMG:

“So during this trajectory, we had to pass on everything to a separate consulting entity, and afterwards we could return again.” - consultant C1

As both of these situations are unlikely to happen frequently in practise, the consultants availability will not be considered a predominant challenge.

Client urgency is included as a challenge regardless of the fact that it is only explicitly mentioned in one case. This is due to the fact that although only case C mentions it explicitly, it was also mentioned as one of the predominant reasons within case B to contact KPMG NL and initialise an innovation project over a short period of time:

“That origin is a larger movement, which makes you do something. The cause here was that a manager says I want something now, and that’s when I need it.” - Client A1

Additionally, the urgency a client has for a solution impacts the time available for the project significantly and impacts the time frame set, which is one of the possible challenges identified in the theoretical framework. Therefore, it is worth considering in further detail as a challenge clients and consultants may experience.

Finally, a choice was made to include the evaluation of progression throughout consulting projects. This was only explicitly addressed within case A, it is a topic that extends to case B and case C as well. The monitoring of the progress towards the initial goals is highly relevant, especially as the scoping of goals is such a challenge across all three cases. In order to consider how the reflection of clients and consultants on progression towards these goals impacts the absorptive capacity cycle in further detail, it is thus included as a challenge factor.

4.3.1 Setting Goals

The first common denominator across all three cases that is identified as a challenge to define the knowledge that should be acquired and assimilated, is the scoping of the project and setting of goals. It appears that although the organisations often have a general idea of the knowledge they want, they often depend on the consultant to define exactly what type of knowledge is required and would ‘fit’ the organisation. All three cases aimed to both gather knowledge in being able to independently execute the innovation process that was applied, as well as using it in practise on a topic they desired:

“Where it (the consulting project) was less (strong), and we were also involved in that of course, was the fact that we had two goals.” - Client A2

This uncertainty in balancing two goals in a knowledge domain where little experience was applied (such as in case A), demanded significant consultant-client interactions before clarifying which knowledge should be acquired. To do this however, clients needed an understanding of what this knowledge entails (as without understanding it, no decisions regarding its influence could be made). Consultant A1 noted this especially:

“In this case the client stated they did not know the innovation domain at all, and that they didn’t know us. You could tell that we had to ‘walk through’ and adjust the proposal several times with the client. Those were conversations to understand even better what was going to happen in each phase – so what will you do, what will we do. They had difficulty with that, also because the terminology was so different. ... Eventually we had quite a few conversations, which was really strange, I haven’t experienced this many conversations that often. Usually you realise that the client and you can get to the point faster about what they’re looking for exactly.” - Consultant A1

This understanding of the knowledge that should be acquired didn’t only extend to the models that were to be maintained, but also the logistical aspects of involving clients and participants, as illustrated by client B1:

“I was really enthusiastic to approach the whole organisation. But then you need to consider where you should start? You can’t ask that many people to join at once – it’s way too large. So instead we started within one business unit as a test”. - Client B1

This is highly important, as the evaluation of results (exploitation of knowledge) and progress becomes more difficult to judge once the project has commenced:

“You can tell we set out a broad task, which generates broad answers too. Personally, I think that made the challenge and its evaluation more difficult. It feels like you’re comparing apples to pears, because really specific ideas are added, but so are broad topics such as ‘industry 4.0’.” – Client B2

As both consultants and clients recognised the challenge in scoping projects and defining knowledge in a project that is unfamiliar to the client, consultant C1 elaborated on the manner by which consultants attempt to tackle this:

“We call it demand shaping. You have to ensure they ask the right things, or understand what they’re asking. Clients have a vague idea – like I want more ideas on innovation or engagement in innovation. You need to help them clarify what that is exactly. That’s when you consider if that matches what we offer. That helps. And if they really want something different, you need to be honest and say you’re not the right one for the job. But a client buys something based on information he sees. He hasn’t seen it, hasn’t used it, and doesn’t know how it works, so it’s my word against competitors’ – he (the client) doesn’t know.” – Consultant C1

4.3.2 Urgency

The urgency experienced by clients in projects had a significant impact on the scoping of the project and the resources available and committed to the project. Within case C, this had a highly positive effect as the urgency forced client C to free more people for the project and attach a high priority. It resulted in the project being scoped as small as possible and a quick selection for KPMG NL which provided a ready to use solution (little adjustment was desired):

“We conducted a quick and dirty research (into the options available), we just needed something fast. And I said that we spent so much money on our previous platform, as well as the fact that we aren’t specialised in building digital platforms, that we should consider what’s available on the shelf right now. Once we had that, we could start talking to (Consultant C1).” – Client C1

As mentioned above, both case A and B experienced this urgency in a similar manner. In both cases, the initialisation of the project and interaction with the involved consultants was based on

the desire of managers aiming for expansion of solutions within a short period of time, which leads to a higher time pressure in conducting the project. In the case of project A, the consultants felt this pressure especially when balancing the urgency of the client for different knowledge goals:

‘“You only have one hour, you can’t spend an hour on the process and another hour on the case. So you constantly need to balance. Depending on the need, you need to shift your attention.”
–Consultant A2

This impeded the ability to assimilate all knowledge desired to the same extent, as less time was available to balance the different areas clients desired to address.

4.3.3 Client Commitment

Client commitment appeared a topic that was difficult across all three cases. Especially the freeing of sufficient time to fully commit was deemed difficult once the initial momentum and enthusiasm the client team has when the project is initiated has dissipated. This hinders the rate at which knowledge may be assimilated and transformed, as well as slowing down the exploitation of knowledge. Less clients are able to free time to acquire and exploit knowledge during the project, which slows the absorptive capacity progression. Client A2 encountered this particularly:

“All of us were missing a bit of the knowledge. It is quite demanding to free an entire day in your agenda to go to something like that, so the barrier is quite high.” – Client A2

Consultant B1 and client B1 also observed this difficulty in expected workload and commitment displayed by client members:

“I’m sure they all experienced it was more work than they anticipated. That may also have to do that (client) contacted the challenge (client) team. Because he also didn’t know how much work to anticipate, it can’t be explained, so I think that may have been understated. The client team did experience it as a lot of work though” – Consultant B1

“I learned that everyone was enthusiastic the first week. In the second week they were still that, but they started to forget or other projects took priority. Constant reminders were required that we were working on this challenge, and that this was the moment to contribute. This was also the case for the challengers (client team).” – Client B1

4.3.4 Evaluating Progression

Once the clients and consultants have overcome the initial difficulty in defining project goals (which knowledge is to be acquired), the evaluation of the knowledge that has been properly assimilated and transformed, ready to be exploited must be addressed throughout the project. This is something both clients and consultants thought was difficult, especially as both the content related and process related goals for knowledge exploitation were involved. Case A illustrated this nicely when clients A1 and A2 indicated an extra iteration was needed to understand all topics involved. However, case B progressed differently, as consultant B1 noted that the focus should have been considered more carefully throughout the project:

“Looking back, I might have focused more on the process than the project content. I would have said, okay, you’re going to do this part of the process. And I would ask (client), how would you do this? Really make (client) responsible.” – Consultant B1

Case A also experienced difficulties in evaluating the balance and progression in the extent of process and content understanding, which also caused client A2 to shift the focus during the project without intending to:

“That’s also what I notice know, that I wasn’t clear on whether I should follow the process, or participate. I (implicitly) chose for the latter, where I was guided by the consultant who tells you what to do.” – Client A2

This hinders both the exploitation of knowledge, as less attention is given to the progression through the absorptive capacity steps and adjusting the project to facilitate this becomes more difficult.

4.3.5 Retaining Involvement

Another challenge which was mentioned in all cases and by all clients, was the fact that not all clients felt equally comfortable in exploiting the knowledge acquired independently and applying it in day-to-day processes if consultants were no longer involved. Clients A1 and A2 even indicated a fear of demotivating employees if problems were encountered while independently exploiting knowledge:

“I think the greatest risk is that we think we’re able to do it, and when we get stuck halfway through, we can forget about the method because no one will want to use it anymore.” – Client A2

“So before we can operate independently without KPMG, we’ll be farther down the road. We can’t just do that. Besides the fact we don’t have people with the time for that, as well as preparing and hosting a training, understanding the process and methods will take a while. ... Obviously applying knowledge is a great way to learn, but if we don’t initiate a new project with this knowledge soon, all these people will lose it again.” – Client A1

It may be argued that this is dissimilar to the other cases who had more confidence in their understanding and exploitation of the acquired knowledge. However, even client C1 indicated that despite already having rolled out the knowledge within the organisational units, more alignment with extant organisational methods is possible for better exploitation. Consultant B1 also expressed fear that due to few plans for actively exploiting the knowledge once the project was finished would diminish the work and effort invested:

“So previously, only documentation of the challenge was made, and consequently no-one could find that again. Because the need for it arose somewhere else in the organisation, and they didn’t know about that document. And I’m afraid that will happen again – a nice document is formed which will disappear into a draw somewhere, after which another consultant will look at it and say, but I never experienced this! So you can read it, but you should really experience it.” – Consultant B1

Consultants also stated that they felt the evaluation of the consulting project is perceived as less urgent than the first phases of the project. Client A1 states this as well:

“The evaluation, well. When preparing and executing the project there was tempo, that’s how I experienced it. And this (the evaluation) was too slow in my opinion”. – Client A1

Consultant C1 supports this, by stating there is room for improvement in using the information available at the end of the project to evaluate the success of the project. By doing so, more urgency and potential absorptive capacity is created as it becomes clear how the project relates to larger organisational goals (Massey and Walker, 1999; Phillips, 1999). Client A1 illustrates this by reflecting:

“We should have considered the follow-up of this project more in phase B (execution) and C (evaluation)”. – Client A1

4.4 Focus Group Validation

Based on the data that was collected and analysed, findings were presented to a group of 7 consultants from KPMG Innovation Consulting. Overall, they seemed to corroborate the findings that were presented.

They confirmed that they believed all phases of absorptive capacity are usually encountered within an innovation consulting project, and indicated that to them, all phases are equally important. When asked whether the implementation consulting phase, where the majority of the absorptive capacity phases occur, is most important or most challenging, consultant 4 answered firmly:

“No, it’s not the most important - if you do the other phases well, it it will be less or equally important as the other consulting phases”.

Based on this equality in importance, the consultants were asked whether the assimilation and transformation of knowledge did differentiate themselves in terms of importance. Consultant 7 recognised that the aligning of clients’ understanding does play a more significant role and difficulty when dealing with temporal team members:

“It will align, but also vary sometimes. In the first phases it isn’t very distinct, but when you’re implementing and someone joins the team, it makes a difference.”

This was also supported by consultant 5:

“I’m not sure if it’s the greatest challenge, but it certainly is a challenge. Beforehand, you need to understand their context well, and subsequently you can translate it (knowledge). You also won’t get feedback directly, which makes it difficult.”

The challenges that were experienced by clients in exploiting knowledge independently and the limited evaluation was also supported by the consultants’ insight, where they noted that this is also inherent to their own experiences and the need for repetition when learning. Consultant 1 detailed this by stating:

“I think this counts for us too, we learn as well. Not everyone is at 100% (understanding) immediately. When you start projects like this you would like to repeat them 10 times, where you can truly consider what you’ve learnt after the tenth time. But you don’t get that chance, because it’s not what you’re paid for. At least, not with our current business model. So do you address all phases? Yes. But do you complete all of them at 100%? No.”

In addition to the recognition of the findings generated, two additional remarks were made that should be considered. Firstly, it was noted that the absorptive capacity of a client depends not only on the consultant and the client team, but also of the constituent individuals involved. Consultant 4 mentioned:

“If we look at projects of the last few months, there are people who completed the circle almost completely, but there are also people where this cycle stops quite soon.”

Consultant 7 and 6 supported this, stating:

“we can convey a lot of knowledge to one person but if they don’t act on this, that’s a challenge - because you can’t control that” - Consultant 7

“it could be our expertise, but we’re also dependent on the preferred learning of the client - where one person prefers text the other may learn more from doing.” - Consultant 6

Chapter 5

Discussion

Within this empirical research, the relation between absorptive capacity steps and consulting project phases within innovation consulting projects was considered using the challenges encountered. During a consulting project, the acquisition, assimilation and transformation of knowledge is often completed while exploitation of this knowledge remains difficult. Combining the concepts of innovation management projects and absorptive capacity contributes to insight in the scarce literature on innovation consultants, as well as establishing the groundwork for absorptive capacity steps, their completion, and the challenges in such projects. The following paragraphs detail the theoretical and managerial implications of this research.

5.1 Theoretical Impact

To summarise, this research answered which challenges clients encounter in the absorptive capacity cycle during an innovation management consulting project. This resulted in five challenges, namely the scoping of a project, evaluating progression, client participation, urgency for the solution and retaining involvement and commitment. By identifying these challenges, this research sets the groundwork for a framework in which the development and exploitation of knowledge within innovation consulting projects is set.

5.1.1 Contribution

Previous studies considered absorptive capacity within organisation and related to learning processes in great detail (Zahra and George, 2002; Cohen and Levinthal, 1990; Sun and Anderson, 2010; Lu et al., 2010). However, considering the fact that the concept was designed to model the absorption of external knowledge in an organisation, very little research was conducted in the relation of consultants and the absorptive capacity cycle. By connecting innovation consultants and absorptive capacity steps in this research, the first progress in insight to consultant and client difficulties is made.

Additionally, the majority of present consulting literature focuses on general management consultants (Kubr, 2002; Cope, 2003; Massey and Walker, 1999), or considers consulting experts on topics such as ICT and ERP (Rincon-Argüelles, 2014). However, considering a lack of literature regarding innovation management consultants, this research contributes to the understanding of innovation management consulting processes in practise, as per the recommendations of Hicks et al. (2009) and expanding on theory of Kubr (2002). By doing so, it was illustrated the process defined by Kubr (2002) appears to iterate and move more simultaneously in the initial consulting phases, supporting the iterative nature of innovation consulting projects.

Not only insight in the innovation consulting process was created, but also in the role of innovation consultants within this context. One of the consultants mentioned another interesting addition:

“What I see in these findings quite explicitly is that we are no longer traditional advisers who will do a project from A to Z and then conclude: “we’ve solved it”. Instead we have a different function to support our clients.”

This remark provides an interesting basis for further innovation consulting research with regards to the role of consultants when clients aim to exploit knowledge from them.

By reflecting on the entire process with both clients and consultants views, this research bridges the gap where many articles focus on one view (Creplet et al., 2001; Fincham, 1999; Gable, 1996). By doing so, the differences in priority for both consultants and clients within both absorptive capacity phases and innovation consulting projects are identified, providing a base for further theoretical development.

Beyond this base, a contribution is made to the absorptive capacity literature as such that there is little detailing as to where clients may face difficulty in transitioning through absorptive capacity steps (rather than considering the ability as a 'level' at which clients can absorb new external knowledge, see for example, Lu et al. (2010); Lane and Lubatkin (1998)). As such, this research is unique in connecting three areas of theory that are of great importance yet have been underexposed, especially with regards to their interrelatedness: absorptive capacity, management consulting and challenges in the absorptive capacity cycle.

5.1.2 Relation to Extant Theory

Based on the findings, a short reflection of extant literature and the generated results may be considered. One significant difference that arises when contrasted with current consulting literature, is that this research implies consultants and clients are able to reflect on and develop the exploitation of innovation knowledge within a client organisation. This contrasts the statements of critical authors such as Fincham (1999), who argues consultants are inclined only to sales and clients aim to 'save face' rather than admit flaws in such a project. Additionally, Sturdy (2011) mentioned it is difficult to identify the impact a consultant makes rather than a client organisation itself, which contradicts the impact and influence of the involved consultants on knowledge exploitation stated in the cases above.

However, in line with extant theory, this research emphasises the importance of the clients' involvement in a project, as also identified by Hislop (2002); Jansen et al. (2005); Argote and Miron-Spektor (2011); Argote and Guo (2016), for the ability to complete all absorptive capacity phases. The cyclical and overlapping tendencies of the absorptive capacity phases, although deviating from the initial structure suggested by Zahra and George (2002), supports the statements of Kubr (2002) and Cope (2003) that consulting projects tend to iterate.

5.2 Managerial Implications

Based on the findings presented in this report, it is possible to distill recommendations for clients and consultants aiming to complete a full absorptive capacity cycle.

For clients, this involves more repetition and experience building than a single consulting project can offer. By doing so, applying the resources and time available to commit to a consulting project as much as possible, as well as considering the longer-term views of the initiated project contribute to better progress through the absorptive capacity cycle. It then becomes more likely that awareness for the project is created with consistent commitment, and consequently better chances of knowledge exploitation. Argote and Miron-Spektor (2011) supports this as well with

regards to the learning from experiences and repetitions (such as in a consulting project). It may best be summarised by a quote of Joost Grootens:

“Nowadays, assignments are often one-night stands. ... It’s best if clients and [solution] designers take the time to get to know each other, to really form a collaboration” - , 2016 (BNO)

In order to form this collaboration, clients may request to be more involved in not only the composing of a solution, but also when guiding the execution of this solution with the consultant, rather than only participating. This ensures faster skill building of the client, and more insight in how to independently face similar challenges once the consultant is no longer involved (Argote and Miron-Spektor, 2011). Consultants will have to take care the client team member who will work on this guidance with them has sufficient knowledge though, to prevent further confusion. This also addresses the evaluation of progress with regards to the initial project goals, avoiding yet another challenge clients and consultants may face.

For innovation consultants, challenges relate to the structuring of the project. The most predominant feature is that they will need to carefully consider the balance that must be maintained between assimilating and exploiting knowledge with clients while balancing the knowledge goals that have been defined (Argote and Guo, 2016; Lowik et al., 2016). The results indicate that the first phases are of high importance in defining the clients’ exact needs in knowledge and to allow them to understand the suggested course of action. By doing so and reflecting on this progress during the consulting process, as much knowledge as the client requires will be assimilated. Additionally, this opens more possibilities for trust and relationship building with the client, contributing to project success (Fincham, 1999; Gable, 1996; Howells, 2006).

5.3 Limitations & Further Research

Before assuming this research may be directly applied in practise, there are some considerations to be made. As the nature of this project is exploratory, further validation using larger samples and more statistical data is required to validate the propositions given in this report (Eisenhardt, 1989). Extra caution must be used in analysing the results, as the data collection has taken place after the completion of each consulting project that was executed by KPMG innovation consultants, implying there may be a bias in interviewees responses due to memory and reality discrepancies (Eisenhardt and Graebner, 2007). Ideally, further research will address this memory discrepancy by collecting information regarding knowledge exchange before and during innovation consulting projects as well, by using projects from various consulting firms.

One noticeable difference between the analysed cases is that the organisation in case A mentioned they felt very new to ‘formalised’ innovation processes, and were unfamiliar with structuring this within the organisation. In a sense, their ‘readiness’ for innovation was lower than was the case for case B or C, which consists of a boundary condition that may impact the context and learning ability of the organisation (Argote and Miron-Spektor, 2011), yet is difficult for a consultant to influence directly. This enhances the evidence supporting that the context of an organisation must be considered when conducting a consulting innovation project, yet must be considered in further research for validation.

Another limitation regards the fact that this research has distinguished very little between individual and team learning. Although the process of learning itself may be similar for both knowledge transfer levels, it may be assumed the overall effect will differ. Multiple authors have mentioned that effect of team dynamics and composure will cause a difference in learning to arise when contrasted with individual learning, such as Lowik et al. (2016), Parboteeah et al. (2015) and Camisón and Forés (2010) have indicated. Additionally, interpersonal relations and trust between consultants and clients may become even more relevant in the learning cycle at that point, as the interpersonal connection and communication will vary on both levels during interactions between parties (Lu et al., 2010; Appelbaum and Steed, 2005).

Finally, it must be noted that this research has considered three 'successful' projects, in the sense that all projects received follow-up procedures based on the results generated. This may suggest a success bias, which may skew the propositions generated (Eisenhardt, 1989; Yin, 2003). Considering how knowledge is transferred and how clients/consultants respond when knowledge is not transferred (sufficiently) in the manner that was hoped for, may thus generate more insight in the relation between the consulting process and clients' knowledge acquisition.

In further research it would be interesting to consider the interrelatedness between client urgency for solutions, composing project goals, and evaluating knowledge progression throughout the project. These all relate to the structuring of the project and the resources that are committed, and considering the exact relations may result in unexpected findings explaining why in some cases urgency for a solution has a positive impact, raising commitment of the client, and yet may also cause for ambiguous goals to be set which are difficult to monitor and evaluate at a later point.

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Appendices

Appendix A

Absorptive Capacity and Organisational Learning

The relation between organisational learning and absorptive capacity varies greatly among authors, and has generated significant discussion over the years.

Organisational learning is at the heart of innovation and growing organisational capabilities (Kostopoulos et al., 2011). There are various views by which organisational learning may be considered, namely by regarding the learning processes, individuals learning, a learning culture, knowledge management or continuous improvement (Wang and Ahmed, 2003). When considering consultants transferring knowledge to clients in a consulting project, we are regarding the transfer of knowledge to a select group of individuals, based on the view that knowledge can be managed based on common understanding (Wang and Ahmed, 2003; Lane and Lubatkin, 1998; Berry and Oakley, 1993).

Within this common understanding, organisational learning may be developed by the experiences an organisation goes through, for which several processes may occur (Argote and Miron-Spektor, 2011). In order to model a clients' organisation learning, we may consider learning at individual, team or organisational level, where organisational capabilities are considered the sum of individuals' competences (Lane and Lubatkin, 1998; Todorova and Durisin, 2007; Sun and Anderson, 2010; Argote and Miron-Spektor, 2011). As a consulting project will involve interactions at both an individual and team level, and to some extent diffusion within the organisation, we may assume these are the levels at which knowledge transfers will take place (Lu et al., 2010). Ko et al. (2005) has considered this relationship by modelling it as a knowledge transfer where several (motivational) factors are relevant. However, it is argued that organisational learning in a consulting project is a continuous process rather than a one time event (Pozzebon and Pinsonneault, 2012), and thus the model as introduced by Ko et al. (2005) is considered insufficient to explain how a consultant may contribute to organisational learning during a consulting project.

One of the models of client learning from external sources with regards to innovation, refers to absorptive capacity. This was first introduced by Cohen and Levinthal (1990), describing the "ability of a firm to recognise the value of new, external information, assimilate it, and apply it to commercial ends is critical to its innovative capacity" (Cohen and Levinthal, 1990, p.128). Although several authors identify this as a crucial element for a successful knowledge transfer (Ko et al., 2005; Argote and Guo, 2016), it is not directly related to or explained in terms of organisational learning (Sun and Anderson, 2010). Sun and Anderson (2010) attempt to bridge this gap by detailing how absorptive capacity may be viewed as a learning process when taking a dynamic capability view, supported by the 4I model (see figure A.1) for organisational learning to occur. This supports the view that it is possible for organisations to develop their innovation competences through organisational learning by completing the absorptive capacity phases.

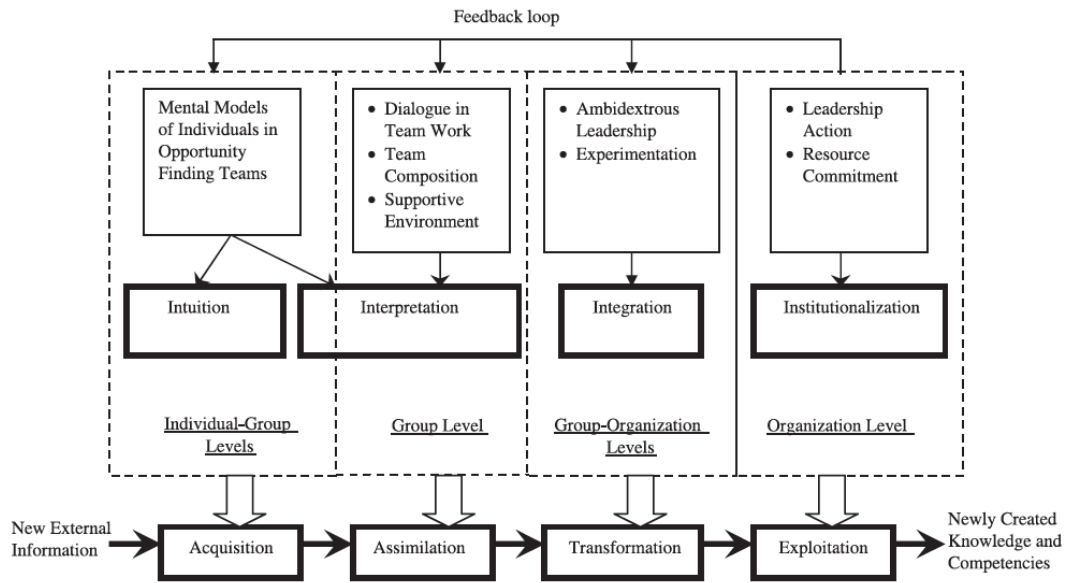


Figure 1. Nature of relationship between dynamic capability view of ACAP and OL

Figure A.1: The relation between absorptive capacity and organisational learning according to Sun and Anderson (2010)

Additionally, Cohen and Levinthal (1990) state that an organisations' absorptive capacity constitutes of the absorptive capacity of its individuals, so that knowledge absorbed by individuals adds to the organisations' collective absorptive capacity. This also correlates to the interactions that occur in a consulting project at the individual and team level, and to some extent the diffusion of team level processes to the rest of the organisation. Moreover, the goal of innovation management consultants is to facilitate client learning based on the clients' context, which relates to the acquiring of knowledge translated to the common knowledge base clients possess (Cohen and Levinthal, 1990; Zahra and George, 2002; Lane et al., 2006). For these reasons, we will assume the theory regarding absorptive capacity is suitable to consider the learning processes related to consultants' knowledge transfers.

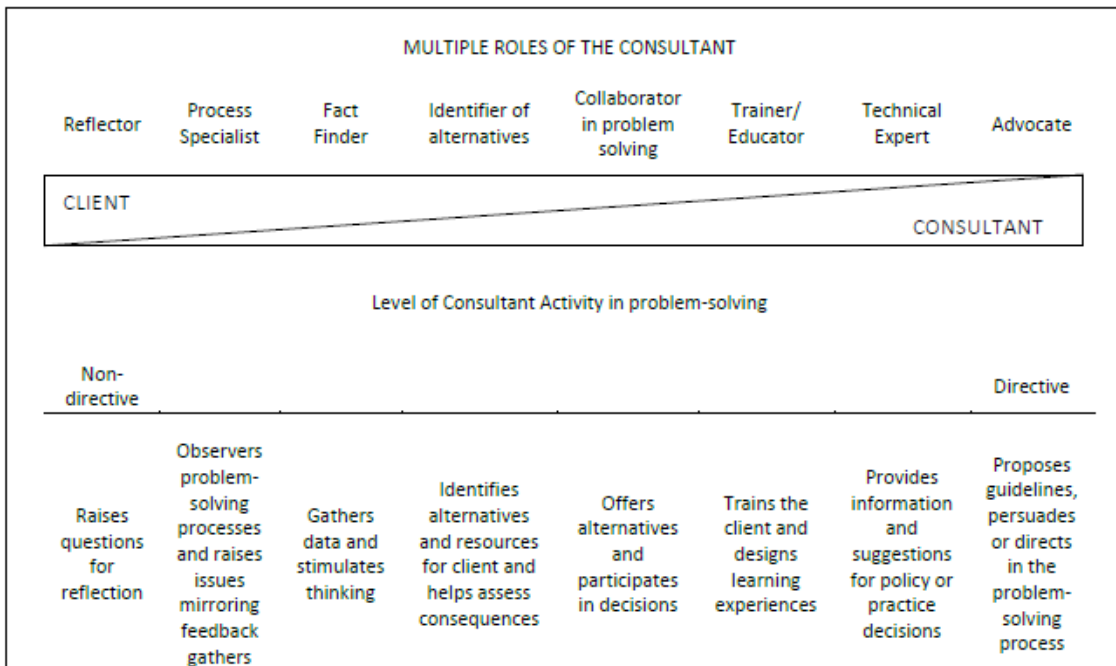
Appendix B

Consultant Roles

With regards to the roles an innovation management consultant may take, three authors, Kubr (2002), Wood (2002a), and Canato and Giangreco (2011), have composed typologies of the roles management consultants may take in the context of the level of consultant involvement in a consulting project, their role in terms of innovation, and their role with regards to innovation (see figure B.1 and table B.1). When considering the figure of Kubr (2002), the roles a consultant may play are drawn out over the level of activity, thus implying the information transferred across these roles increases as roles are more directive. For example, in figure B.1, proposing guidelines and actively directing in the problem-solving process corresponds to knowledge transfer at a far higher level than when questions for reflection are raised (Volberda et al., 2010; Simon, 1996).

Besides the roles that Kubr (2002) identified in figure B.1, Wood (2002a) and Canato and Giangreco (2011) identified possible consulting roles as described in table B.1. Canato and Giangreco (2011) identify different roles with regards to the goal of knowledge to be transferred, where the distinction between the roles lies predominantly in the adjustment and composing of knowledge for a client (such as in the knowledge broker/integrator role) or the collection and provision of available information with limited adjustment for the client (such as information sources or standard setters). Similarly, Wood (2002a) structures consulting roles with regards to information according to outsourcing innovation (facilitators of change), summarising available information without adjustment (conveyors of change), and applying or engaging new ideas and experience in innovation to the client (adaptors/initiators of change). Using these role typologies, we may thus assume that higher consultant involvement roles play a larger role in knowledge transfer and innovation growth, while a non-directive role as described by Kubr (2002) does not contribute as much new knowledge or innovation capabilities to a client.

Figure B.1: Roles of consultants (Kubr, 2002, p.74)








The choice of which role a consultant adopts, is usually based on a consultants' personal preference and insight to what the client requires most in a consulting project (Massey and Walker, 1999; Kakabadse et al., 2006; Bessant and Rush, 1995). A 'fit' must be felt for both the consultant and the client at that point in the process, as a consultant role requires a reciprocal client role before knowledge may be transferred effectively (Jang and Lee, 1998; Massey and Walker, 1999). As this fit and appropriateness of a role is likely to vary throughout a consulting project as the client demands and focal points change, we may view consulting roles as a continuum of behaviour, rather than separate identities (Kubr, 2002).

Table B.1: Roles of consultants (Canato and Giangreco, 2011; Wood, 2002a)

Authors	Consultants' Role	
Canato and Giangreco (2011)	Information sources	Provide customers with specific information about market or technological trends, thus enhancing decision making.
	Standard setters	Propose and diffuse the same solution for different customers.
	Knowledge brokers	Help customers develop original solutions by detecting and transferring useful experience from one industry to another.
	Knowledge integrators	Help customers integrate solutions and lower knowledge requirements for customers.
Wood (2002)	Facilitators of change	Offer complementary specialist support (routine outsourcing).
	Conveyors of change	Convey market and industry ideas which have not (yet) been adapted to the client.
	Adapters of change	Previous experiences and ideas are adapted to the client by consultant analysis.
	Initiators of change	Consultants are directly engaged in new product or process development with clients.

Appendix C

KPMG Innovation Factory Software

IDEA CHALLENGE TYPES					
	Organization-wide 	Focus 	External 	Open Idea Box 	Mini Challenge 
What is it?	Organization-wide Challenge: very wide and general character. Initiated by senior management.	Narrowly themed Challenge targeted at a (small) specific internal target group.	Challenge targeted at a specific external target group(s).	Place where employees can share ideas on an on-going basis outside of periodical Challenges and their themes.	Small Challenge that can be initiated by employees themselves to challenge others.
Target group	Entire organization. Due to the general character there is a low barrier to participation.	Small specific internal target group, e.g. a business unit, department, experts.	Specific external target group(s) (e.g. partners, clients) & employees	All employees who would like to take initiative themselves by sharing an idea, regardless of its theme	For all employees who would like to take initiative themselves by Challenging others.
How often	1-2 per year	Multiple per year	2 per year	On-going	Depending on question or on-going
Main purpose(s)	<ul style="list-style-type: none"> • Addressing innovation domains and/or organization objectives • Knowledge sharing • Connecting employees 	<ul style="list-style-type: none"> • Connecting different disciplines and sharing knowledge • Quickly gather specific knowledge and information 	<ul style="list-style-type: none"> • Solving a specific question or problem while achieving synergy with external group. • Broadening own horizon • Strengthening relationship and collaboration with external group 	<ul style="list-style-type: none"> • Provide a place where employees can always post an idea on any subject outside of periodical Challenges • Stimulating an innovative 'sharing' mind-set 	<ul style="list-style-type: none"> • Allowing employees to quickly gather information and insights on a theme/issue in the organization
Other benefits and effects	<ul style="list-style-type: none"> • Increase employee involvement • Awareness importance of innovation • Initiating culture change 	<ul style="list-style-type: none"> • Increase employee involvements • Gathering information and insights • Sharing knowledge 	<ul style="list-style-type: none"> • Increase involvement partners • Positioning as an 'innovative organization' • Gathering joint insights 	<ul style="list-style-type: none"> • Increase employee involvement • Stimulating innovative thinking employees • Empowering employees 	<ul style="list-style-type: none"> • Empowering employees • Stimulating collaboration • Knowledge-sharing

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Appendix D

Interview Protocol

The following pages list the drafted interview protocol as composed for both clients and consultants interviewed. As these were maintained as a guideline, not all questions were asked directly if addressed by own accord of the interviewee. The topics discussed are listed in table D.1, after which the questions composed are listed over the following pages.

Table D.1: Topics addressed during interviews

Client Interview	Consultants Interview
1 Introduction	1 Introduction
2 Interviewee Background	2 Interviewee Background
3 Journey Map	3 Journey Map
4 Composing Project Team (Background)	4 Composing Project Team
5 Determining need for knowledge/project	5 Determining Nature Tools
6 Choice for KPMG	6 Design of proposal
7 Contact moments during project	7 Contact moments during project
8 Materials/tools exchanged	8 Alignment of tools with company
9 Deviations from original plan?	9 Materials/tools exchanged
10 Alignment of tools with company	10 Deviations from original plan?
11 Transfer of knowledge from consultant to team	11 Transfer of knowledge from consultant to team
12 Additional questions, closing comments	12 Follow-up project support/client contact
	13 Additional questions, closing comments

Interview Clients

1. Introduction

To facilitate our note taking, we would like to audio tape our conversations today. For your information, only researchers on the project will be privy to the tapes that will be eventually destroyed after they are transcribed. All information will be held confidential, your participation is voluntary and you may stop at any time if you feel uncomfortable, and you may receive a copy of the final report if you so wish, which will contain the anonymous data that you will provide today. Thank you for your agreeing to participate.

We have planned this interview to last no longer than two hours. During this time, we have several questions that we would like to cover. If time begins to run short, it may be necessary to interrupt you in order to push ahead and complete this line of questioning.

You have been selected to speak with us today because you have been active in the consultant project of <...>. Our research project as a whole focuses on process that a consulting project from KPMG goes through, and how this affects knowledge collection and retention within client firms. Our study does not aim to evaluate your techniques or experiences. Rather, we are trying to learn more about consulting and learning, and hopefully learn about practices that help improve learning.

2. Interviewee Background

1. How long have you been at this company?
2. How long have you been in this position?
3. What is your highest degree?
4. What is your field of study?

3. Journey Map

5. Could you draw out the process the project went through, starting at the kick-off meeting (receiving the proposal) until the evaluation?
6. Which phases would you split the project into? Probe: How did you determine what these phases are?
7. Which actions took place in each phase?
8. How much contact between the consultants and (a member of) your team took place in each phase?
9. How was the distribution of your need for (extra) knowledge throughout the project?
10. How was the intensity of contact within your team distributed during the project?
11. How was the intensity of contact between your team and the rest of the organization distributed throughout the project?
12. How did you feel during each phase of the project? Probes: confidence in project, knowledge expansion, dedication, perceived progress

After having considered the journey map, we will continue to questions regarding to several phases of the project.

4. Composing Project Team (Background)

13. What was your function at the time of the project?
14. How did you get involved in this project?

15. Briefly describe your role in the project. Probes: leadership, intensity of contact and dedication
16. How well did you know your team members at the time?
17. How comfortable were you with the project topic at the time?

5. Determining need for knowledge/project

18. What, in your opinion, was the reason this project was initiated?
19. How was the need for this project identified?
20. How high was the need/urgency for this project?
21. In what way did the organization attempt to solve this internally?
22. How was the choice for the involvement of external actors made?

6. Choice for KPMG

23. Based on what principles did you determine which external actors could compose a proposal?
24. Which factors were important for you when the choice for a consultant was made?
25. Which factors were important for the organization when the choice for a consultant was made?
26. How did you feel that KPMG surpassed the other possible collaborators?
27. Which elements regarding the process spoke to you?
28. Which factors convinced you that this project was more likely to succeed and result in lasting success than others?

7. Contact moments during project

29. How was the contact structured during the project regarding the contents?
30. What is the organizations preferred manner of communication?
31. How did your team communicate about the project? Probe: (formal, informal, within registered hours, outside, within team or from team to organization)
32. Which topics were discussed during communication about the project? And why?
33. How did you feel about the amount of contact moments between consultants and you?

8. Materials/tools exchanged

34. Which tools were applied during the project?
35. How was the project structured in terms of the materials and tools exchanged?
36. How new were the tools given for you?
37. How new were the tools for your team/organization?
38. How did you experience the applications of these tools during the project?
39. How much guidance did you receive in the application of these tools?

9. Deviations from original plan

40. Which process phases were far more difficult than you expected?
41. Why do you feel these phases or parts were more difficult than others?
42. Did any process parts conduct easier than expected?
43. Why do you think that these elements were conducted easily?

10. Alignment of tools with company

44. Which tools did you recognize?
45. What tools matched well with the team's background?
46. Have any tools been integrated in the company standards?

11. Transfer of knowledge from consultant to organisation

47. How successful did you feel the project was in terms of knowledge gained?
48. Do you feel most knowledge was tacit or explicit?
49. What did you feel was learned during this project?
50. Do you think the organisation now has the knowledge needed to fulfil the original need?
51. What do you think the balance was in knowledge transferred in formal tools/meetings or during informal, unplanned sessions?
52. How was knowledge passed on from the project team to the rest of the organisation?
53. How many people in the organisation know about this project and their outcomes?
54. What would you have liked to be conducted differently by KPMG?
55. What did you feel worked well in terms of knowledge transferred?

12. Additional questions, closing comments

Thank you for your time during this interview. Is there anything else you would like to tell me or add to contribute more information regarding the process of knowledge exchange from KPMG to your organisation?

Interview Consultants

1. Introduction

To facilitate our note taking, we would like to audio tape our conversations today. For your information, only researchers on the project will be privy to the tapes that will be eventually destroyed after they are transcribed. All information will be held confidential, your participation is voluntary and you may stop at any time if you feel uncomfortable, and you may receive a copy of the final report if you so wish, which will contain the anonymous data that you will provide today. Thank you for your agreeing to participate.

We have planned this interview to last no longer than two hours. During this time, we have several questions that we would like to cover. If time begins to run short, it may be necessary to interrupt you in order to push ahead and complete this line of questioning.

You have been selected to speak with us today because you have been active in the consultant project of <...>. Our research project as a whole focuses on process that a consulting project from KPMG goes through, and how this affects knowledge collection and retention within client firms. Our study does not aim to evaluate your techniques or experiences. Rather, we are trying to learn more about consulting and learning, and hopefully learn about practices that help improve learning.

2. Interviewee Background

1. How long have you been at KPMG?
2. How long have you been in this position?
3. What is your highest degree?
4. What is your field of study?

3. Journey Map

5. Could you draw out the process the project went through, starting at the kick-off meeting (writing the proposal) until the evaluation? You may include the axis time and progress of the project at that point.
6. Which phases would you split the project into? Probe: How did you determine what these phases are?
7. Which events determined how this event was progressing at that point?
8. Which process phases were far more difficult than you expected?
9. Why do you feel these phases or parts were more difficult than others?
10. Did any process parts conduct easier than expected?
11. Why do you think that these elements were conducted easily?
12. How much contact between KPMG and (a member of) the client team took place in each phase?
13. How was the distribution of your provision of (extra) knowledge throughout the project?
14. How was the intensity of contact with the client team distributed during the project?
15. How was the intensity of contact between your consultants team distributed throughout the project?
16. How did you feel during each phase of the project? Probes: confidence in project, knowledge expansion, dedication, perceived progress

After having considered the journey map, we will continue to questions regarding to several phases of the project.

4. Composing Project Team (Background)

13. How did you get involved in this project?
14. Briefly describe your role in the project. Probes: leadership, intensity of contact and dedication
15. How well did you know your fellow consultant team members at the time?
16. How comfortable were you with the project topic at the time?

5. Determining consulting tools

18. What, in your opinion, was the reason this project was initiated?
19. How did you determine which consulting tool was most appropriate?
20. Which elements demonstrated the fit between the tools and the clients' case?
21. How were your experiences with these tools in similar scenarios?

6. Design of Proposal

22. Which factors were important for the organization when the choice for a consultant was made?
23. How did you feel that KPMG surpassed the other possible collaborators?
24. Which elements were factored in to provide (new) knowledge to the client?
25. Which aspects were you most worried about in terms of resistance to new knowledge?
26. Which tools or tool elements were familiar to the client organization?

7. Contact moments during project

27. How was the contact structured during the project regarding the contents?
28. What is the organizations preferred manner of communication?
29. How did your consultant team communicate about the project? Probe: (formal, informal, within registered hours, outside, within team or from team to organization)
30. Which topics were discussed during communication about the project? And why?
31. How did you feel about the amount of contact moments between the client and you?

8. Alignment of tools with company

32. Which tools were tailored to the clients' needs?
33. What tools matched well with the team's background?

9. Materials/tools exchanged

34. Which tools were applied during the project?
35. How was the project structured in terms of the materials and tools exchanged?
36. How new were the tools for you?
37. How did you experience the applications of these tools during the project?
38. How much guidance did you give in the application of these tools?

11. Transfer of knowledge from consultant to organization

44. Do you feel most knowledge was tacit or explicit?
45. What did you feel was learned by the client during this project?
46. To what extent do you think the organization now has the knowledge needed to fulfill the original need?
47. To what extent do you think the balance was in knowledge transferred in formal tools/meetings or during informal, unplanned sessions?

48. How was knowledge passed on from the project team to the rest of the organization?
49. What would you have liked to be conducted differently?
50. What did you feel worked well in terms of knowledge transferred?

12. Follow-up project support/client contact

52. Was there any follow-up after the evaluation of the project?
53. Was the client happy about the knowledge transferred?
54. Did any follow-up business arise from the knowledge exchanged in this project?
55. Could you draw the map again according to what you think the client team experienced in this project?

13. Additional questions, closing comments

Thank you for your time during this interview. Is there anything else you would like to tell me or add to contribute more information regarding the process of knowledge exchange from KPMG to the client organization?