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The Diagnostic Phase of the Consultancy Cycle

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Abstract

The diagnostic phase is the essential part of the consultancy cycle, providing the client with interpretable data and systematic approaches to improve the consultation effectiveness, however, there are still areas for improvement in diagnostic frameworks, data analysis, and client-consultant communication. This paper will demonstrate that although the diagnosis is an ongoing activity and a crucial node linking the whole consultancy cycle, it still requires using a mix of context-specific empirical tools and fostering a sustainable client-consultant relationship, dedicated to exploring the root causes of the organizational issue. In order to explain this, the paper will firstly focus on the importance of the diagnosis. Secondly, it will evaluate the diagnostic methods and data collection ways. Thirdly, it will discuss how to provide effective feedback to clients and build strong client-consultant relationship in the diagnostic phase. Finally, the paper will summarize the critical study of the diagnosis.

Introduction

The consultancy cycle for change consists of different interconnected phases: initial contact; contracting; diagnosis; intervention; implementation; evaluation; and transition. They are bolted together with dialogue, feedback, client-consultant relationships, and stakeholder management; each stage influences the other rather than being isolated (Hodges, 2017). For example, the diagnostic phase is a collaborative process among the client, key stakeholders, and the consultant, to collect, analyse, and interpret data to gain a deeper understanding of an organizational issue and its causality, thereby improve the consultation effectiveness.

The Importance of Diagnosis

The diagnosis is a vital ongoing phase throughout the consultancy for change cycle, which consists of various interrelated activities, selecting the appropriate analytical framework, gathering and interpreting the data, identifying the key issues of the business and its causes, and finally presenting the feedback to clients. In certain circumstances, clients may underestimate the importance of the diagnostic stage, and subsequently attempting to skip it in order to save time and money, assuming that they already fully understand the problems and have all the information that caused the issues. As O'Mahoney and Markham (2013) state, ensuring that the right issues are identified is a crucial but often challenging process. If the underlying reasons behind the problem are not clearly understood, then there is a risk that the proposal made at the contracting phase could be misdirected. More seriously, this error may be carried over to the next intervention stage, which will result in a well-designed intervention being applied to a biased problem (Cummings & Worley, 2001). It explains why some interventions do not ultimately achieve the stated targets.

In addition, not only is it necessary to prepare the basic information for the diagnosis at the initial contact and contracting stage, but also to return to the diagnostic phase when the relevant data is missing. Specifically, the further diagnosis may involve re-evaluating the problems being addressed, or collecting additional data needed for the intervention and other phases. Hence, if neither the client nor the consultant realizes the importance of the diagnostic process, mistakes might occur under the delusion that they presume to have a thorough comprehension of the issues and its casuality, which will, in part, lead to a consultancy that only addresses the surface symptoms and fails to reveal the underlying causes of the problems.

Moreover, there are a number of reasons why it is important to have a combined qualitative and quantitative diagnosis of the business rather than just a unilateral characterization by the client. Firstly, the client's elaboration of the issue can only be presented from their own perspective, ignoring more complex factors such as employees' perceptions of corporate culture and stakeholders' views on management decision making (Huang & Li, 2014). Secondly, data collection and analysis generates critical information about the functioning, effectiveness, and sustainability of the organization (Hodges, 2017). Finally, it establishes a platform to incorporate individual suggestions for organizational change across the enterprise, which could help consultants to build trust with key stakeholders (Nadler, 1977). Overall, the diagnostic phase is a significant part of the consulting cycle as it provides more holistic views of

the client's issues by capturing valuable information and insights scattered throughout the organization.

Critical Evaluation of the Diagnostic Framework and Data Collection

Diagnostic Framework

Effective diagnosis needs consultants and clients to select the appropriate diagnostic models, such as Seven-S and Eight Lenses to discover the fundamental problem of the company. The use of diagnostic frameworks helps, firstly, to identify which aspects of the organization are most in need of investigate and what questions should be asked; secondly, it can highlight the interconnectedness of different organizational elements, such as corporate systems and operational structures; finally, the diagnostic models can provide guidelines for the sequence of actions in the subsequent phases of the consulting cycle (Burke, 2013).

In terms of the Seven-S tool, it has been expanded from the early stage that only covered seven interrelated internal elements of strategy, structure, systems, staff, style, shared values, and skills within the organization to the 14S that emphasizes the comprehensive analysis of both internal and external environments, adding stories, signals, structures of power, symbols, stakeholder satisfaction, social responsibility and situation. Furthermore, according to Higgins (2005), he replaces skills with resources and adds strategic performance to form the Eight-S model. It is worth noting that executing strategy is as important as formulating it, and the Eight-S framework makes it easier for senior management to develop, monitor and assess the cross-functional execution of strategy by providing a real-time focus on the strategic effectiveness and the mobilisable resources of the organization. Therefore, consultants can combine the 14S and Eight-S diagnostic frameworks to collect data on different dimensions, rather than the traditional Seven-S model, which is prone to misalignment in strategy formulation and implementation.

As for the Eight Lenses, it describes how the external environment acts on multiple factors within the business, that is, mission, customers, processes, management systems, organizations, capabilities, attitudes, and behaviours. The effective diagnosis needs to address all these areas in order to create the in-depth assessment of the elements that should be changed. The framework connects externalities with the internal effects, presenting a complex network that influences organizational change in a part-to-whole manner (Hodges, 2017). In addition to this, when analysing the external environment, PESTLE+, SWOT and Five Forces Model tailored to the organization's context can be used in conjunction to examine the underlying causes of the issues and the critical areas where change is urgently needed.

Thus, the success of the diagnosis tends to be greater when analytical frameworks is used in an integrated manner. Moreover, the diagnostic phase requires a consensus between the client and the consultant to commit to the analytical tools portfolio to discern the causal logic of the corporate problems. In other words, active stakeholder involvement is necessary to ensure that organizational change is sustained and transitioned once the consultant has left the consultancy for change cycle.

Nevertheless, the diagnostic model only represents a simplification of the real business environment and pays attention to specific aspects of the organization while ignoring other special situations, which might lead to biased diagnoses. To avoid this, it is crucial to use a mix of diagnostic tools that are closely related to the context of the corporation.

Data Collection

In the process of data gathering, the consultant selects the suitable collection methods through four stages: conceptualisation, development, implementation, and analysis (Hodges, 2017). The main approaches of data collection in the diagnostic phase are surveys and interviews.

Surveys are one of the most efficient forms of data collection, allowing questions to be quantified and analyzed quickly and clearly (Bryman & Bell, 2015). As it often contains fixed response questions about various characteristics of an organization, questionnaires can also be administered to an adequate sample simultaneously. The software company SAS, for instance, considers trust to be a significant organizational attribute and regularly surveys employees on the factors affecting trust such as communication, respect, and transparency (Lewis et al., 2007). However, this method has obvious shortcomings in some cases. For example, the questionnaire is difficult to obtain structured and behavioral data and is prone to invalid answers due to respondents' self-reporting bias (Harrison, 2005).

One of the core skills required during the diagnostic phase is the ability to interview people, who may be clients, external stakeholders, and people at different levels within the organization (Gray, 2013). Firstly, interviews allow the consultant to gain an initial understanding of the people involved in causing the problems and to explore their attitudes and beliefs directly. Secondly, it can convey empathy and build trust between the interviewers and interviewees. Finally, semi-structured probing interviews offer more flexibility in the wording and sequence of questions, as such a setup allows for more personal interactions and the opportunity to gain insight into equivocal answers (Bryman & Bell, 2015). Nevertheless, the pursuit of socially desirable replies and the behavioural and verbal implications between researchers and participants may result in encouraging or discouraging certain responses. For example, if respondents are drawn into a sensitive issue, they may feel defensive and exaggerate or conceal a fact in order to present themselves in a positive light (Anderson, 2012). Consequently, the consultant should empathize rather than sympathize and adapt to silence to avoid excessive hints when conducting the interviews.

Above all, there is no single method of collecting data that can be adapted to every issue, just as there is no universal framework or ideal procedure for managing the diagnostic phase (Swanson, 2007). It is important for consultants to use a combination of approaches to gather more in-depth and valid data, depending on the context of the specific issue.

Client-Consultant Feedback and Relationship

Once the diagnostic framework and data collection methods have been defined and the analysis of the data completed, providing feedback to the client becomes a critical task. In order for the client to be motivated to take action, the consultant needs to make the data relevant, understandable, descriptive, verifiable, timely, limited, significant, comparative and unfinalized in the feedback process (Golembiewski, 2000). Furthermore, consultants should also conduct meetings to feed the findings back to clients. The sessions will allow key stakeholders such as clients and employees of the organization to jointly identify the fundamental causes of the issues and reach consensus on a preparatory plan.

While some people will be motivated by the findings and make changes accordingly, others may feel anxious about the feedback process as the results might contain sensitive material and assessments of employee manners, which can lead to defensive behaviour and denial of the accuracy of the findings (Hodges, 2017). Hence, consultants need to accept the fact that any objections to the findings are natural responses, try to understand the personal feelings and kindly ask for their constructive comments on the findings. Beyond this, a significant objective of the feedback process is to ensure that the client takes ownership of the data, which means that the client is willing to take responsibility for the risks posed by using the results to design organizational change initiatives. However, if the final feedback meeting is a rejection of the findings from the diagnostic process, the impetus for change might be lost and meaningless. Thus, consultants need to reconfirm the effectiveness of the data and the feasibility of the plan before the feedback begins, with the aim of providing clients with clear diagnostic results and laying the foundations for the intervention phase.

The client-consultant relationship continues throughout the entire consultancy cycle, most prominently during the diagnostic phase. Mohe and Seidl (2011) argue that the client and the consultant can be defined as two autopoietic communication systems that operate according to a special logic and are structurally coupled through a third system, the so-called “contact system”. This perspective emphasises that the consultant does not just provide a standard answer to the client but creates “links” in the communication with clients, thereby prompting clients to reconstruct their own meanings from their original systems. In particular, there are three attributes that are critical to building an effective client-consultant relationship.

Firstly, a valuable relationship is based on trust (Nikolova et al., 2015). While it is inevitable that consultants will sometimes underperform and organizations might fail to meet expectations as well, mutual trust allows both parties to resolve conflicts in approach or philosophy to ensure the maximum likelihood of success. Secondly, harmonious communication is a significant factor in maintaining the relationship (Belkhodja, et al., 2012). During the diagnostic process, consultants need clients’ cooperation to carry out tasks such as database access, confidential information, and authorisation of interviews with staff. Keeping the lines of communication open will help consultants to understand the business more holistically, dig deeper into potential issues facing the organization and better develop the future corporate strategies. Finally, a high level of cultural fit facilitates the quick match in the client-consultant relationship (Kang & Xing, 2005).

Generally, there is no such thing as the best consultant only the most appropriate one. For instance, if the client's corporate culture is based on collaboration and communication, then there is a need for more emotional exchanges between the consultant and the client. Conversely, if the client's philosophy is command and control, the consultant needs to contribute more practical execution and obedience. In brief, it is desirable for both clients and consultants to establish the long-term trusting relationship, from business partnership to emotional connection.

Conclusion

To summarize, this paper has demonstrated that designing integrated diagnostic frameworks and data collection methodology based on the corporate specific context and cultivating the long-term client-consultant relationship are significant influences for the success of the diagnosis. From the analysis undertaken, it is clear that various diagnostic models and data collection ways are applicable, but due to the complex external business environment and different internal organizational structures, consultants need to select a mix of empirical tools that is contextualised. Moreover, the diagnostic phase continues throughout the whole cycle and profoundly affects every other link, the consultancy for change cycle is iterative rather than linear, which means each stage informing the orientation of previous and subsequent processes. A long-term client-consultant relationship therefore not only improves the quality of the diagnostic phase, but also facilitates the development of the entire consulting cycle. In the foreseeable future, when consultants and clients form a partnership based on the emotional connection and reach a consensus on diagnostic tools, research methods and data analysis it will increase the success rate of the diagnosis and fundamentally contribute to the sustainability of the consulting cycle.

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