Ethical Issues in Consultancy

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There is nothing either good or bad, but thinking makes it so.

— William Shakespeare

Introduction

When talking about ethical issues one talks about the behavior of people. Too often ethical issues are considered to be a matter of behavior. Only the analysis of behavior brings us to a full understanding of what ethics really mean. This means that ethics are a dynamic phenomenon in society. Ethics are created in everyday life and this process of creating values and rules is a process of power and coalition. Looking at this process is of much more relevance than the outcome of the process. We have to be aware that we create values and rules in a society, or in a profession like consulting or within a company, to protect ourselves against others and that also means that rules and values are often rooted in fear.

The rules themselves tend to be static, they are just the outcome of the process and they make people lazy and unconscious of their fears and black sides. That is why I believe that every individual has the duty to re-examine every value, every rule, every law and look within him or herself where these values are rooted. Complying to values and rules is only legitimate when they are related to examined feelings. But no rule, no value, not in a society, in a company or profession can be taken for granted: those who trespass can be criminals and innovators at the same time.

I will now go through the business process of a consulting firm and try to spot some ethical dilemmas consultants or the management of a consulting firm finds on their way.

First is the definition of the firm’s strategy, defined as the set of decisions taken by management and the actual behavior of the firm aimed at achieving a certain future position and result in its environment. Then I will deal with the marketing activities of the firm, defined as activities that enhance the buying process of intend-
ed clients. Furthermore I will make some remarks on the ethical issues during the selling process and during the process of conducting a consulting engagement.

**Strategy**

There is a major issue in defining the mission or the objectives or vision of a consulting firm. As far as profit is concerned, a few questions spring to mind. Should a consulting firm go for maximum profit, should it go for the benefit of its clients or for the desire to produce added value? By the way, what is the definition of profit?

In my experience, people working in consulting do this because of the intellectual challenge, the need for personal recognition and fun. Doing consulting just for money, like in any other developed profession, is always a failure, but profit is one of the most important measures for our clients’ appreciation. Therefore profit is of importance, as a yardstick, not as an objective.

Another issue is the choice of clients. There is a dilemma whether we should only accept clients who have the money or all clients that need our help. It is remarkable that other disciplines like medicine and law have so-called “pro-bono” rules that ensure that all clients can purchase their services. Consultants do not have these rules and it is about time to think about that issue in the consulting industry. For the time being I would prefer the ‘publishers model’. This is the model of a private publishing company that has the policy to make money on the one hand, with commercial editions which enables the company to publish those novels and poems of high quality which the publisher really believes should be published albeit for a limited number of consumers. It is a form of cross-subsidizing which one sees in more companies. Consulting firms in particular need to take a closer look at this model.

The definition of the portfolio or scope of services of a consulting firm is another strategic issue with interesting ethical dilemmas. There is a widespread notion that consulting is driven by client needs and of course, if you want to sell your services in the market place, there needs to be a desire with clients to buy your services. But, if you compare the type of services we are selling today to our clients, with the services we sold ten years ago, you can see significant change, and that change has not only been driven by the changing needs of our clients. It is to a large extent driven by innovation. Innovation in academia, innovation in the MITs, the Stanfords and the Harvards of this world. This means that academic inventions come first, that they are consequently translated into technologies and methodologies that can be used by consultants and finally be applied with the clients. Ninety percent of the services we sell now were not available ten years ago. This has not caused the changes in the portfolio of consulting firms and was not driven by client needs but by innovation. Innovation means new services, and new services means that there is a lack of experience.

One of the most important reasons why a client asks a consultant is experience. In everyday practice you see that those consultants who are applying new technologies do not have the experience and thus are “learning by earning.” The ethical