‘Everybody wants to be innovative at something, but few are willing to bear the risks involved’, is how one consultant summed up his experience. Clients vary in the degree to which they want to be leading-edge. Some see it as a matter of pride to think ‘outside the box’ in all aspects of their business, however mundane. Some focus their innovation on those areas where they believe they have a lead over their competitors – their core competencies – and are content to follow others where less important parts of their business are concerned. No one wants to look ill-informed. But innovation involves risk – risk that you might fail, that the return
might be negative, risk that you cannibalise your existing products or lose existing customers.

And a key way in which organisations can manage this risk is to hire consultants. Bring in a consultant and you – in theory – get access to leading-edge thinking on a particular subject, but from an organisation or individual that has either already researched this field and has therefore accumulated some knowledge about what will and won’t work, or has an established process and/or skill set which minimise the risks of researching a completely new topic. In other words, prior to winning the contract, the consulting firm has already had to make an investment – in researching a particular field for itself or in building a core-competence to research topics on behalf of its clients. Either way, it’s the consulting firm that’s taken the lion share of the risk. An organisation can further reduce the risk it faces by drawing up a contractual relationship with the consulting firm (payment by results, and so on) that pushes responsibility for achieving success in that specific instance back to the consulting firm. Of course, it’s dangerous to generalise about all clients: there are undoubtedly some who are both innovative and willing to take risks; equally some who are both risk averse and have no aspirations to be innovative. But they are both in the minority: the bulk of clients – at least according to my research – want to have their cake and eat it, to have some degree of innovation (like Goldilocks – not too hot, not too cold) but not bear the risk (Figure 7.1).

![Figure 7.1 Distribution of clients according to their innovation/risk profile](image-url)