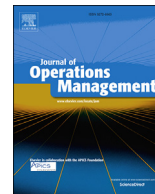




Contents lists available at ScienceDirect

## Journal of Operations Management

journal homepage: [www.elsevier.com/locate/jom](http://www.elsevier.com/locate/jom)

# Examining the characteristics and managerial challenges of professional services: An empirical study of management consultancy in the travel, tourism, and hospitality sector

Alistair Brandon-Jones <sup>a,\*</sup>, Michael Lewis <sup>a</sup>, Rohit Verma <sup>b</sup>, Matthew C. Walsman <sup>b</sup>

<sup>a</sup> Bath School of Management, University of Bath, Claverton Down, Bath, Somerset, UK

<sup>b</sup> School of Hotel Administration, Cornell University, 338 Statler Hall, Ithaca, NY, USA

## ARTICLE INFO

## Article history:

Available online xxx

Accepted by Mikko Ketokivi

## Keywords:

Professional service firms  
Professional service operations  
management (PSOM)  
Empirical research  
Mixed-method data  
Consultancy  
Travel, tourism, and hospitality  
Contingency

## ABSTRACT

This paper finds that OM's 'one-size-fits-all' characterization of professional services, namely high levels of customer engagement, extensive customization, knowledge intensity, and low levels of capital intensity, does not hold when carrying out a 'deep dive' (to the best of our knowledge, a first in this area of OM) into consultancy in the US travel, tourism, and hospitality sector. We analyse mixed-method data (semi-structured interviews, focus groups, and a best–worst choice experimental survey) and observe that consultancy can actually be quite remote and passive and that any periods of face-to-face 'engagement' will typically be time limited and focused on specific project phases. Moreover, and further confirming the value of a study that allowed us to investigate professional service operations in a specific market context, our data suggest this may often be at the behest of the client. The significant variation observed in levels of customization we interpret as confirming Maister's (1993) notion of a portfolio of *brains*, *grey hair*, and *procedural* work. We also observed relatively high levels of capital intensity; reflecting perhaps the vintage of most OM characterizations and the dramatic ICT-related changes that have occurred in *all* business operations in the last 20 years. The work also demonstrates the necessity of a more contingent perspective on PSOM. We assess the impact of both firm (scale, specialization) and individual level (leverage) characteristics to demonstrate significant variation within what might be expected to be a relatively homogenous group of professional service operations. For example, investigating the effects of specialization (via a typology of consulting operations: super-specialists, generalists, deep knowledge traders, deep market knowledge traders) revealed that relative degree of interaction may be dependent upon degree of expertise, such that it was the *super-specialists* in our sample that spent less time with clients and the more *generalist* firms who were complementing their limited expert status with high levels of interaction (networking, etc.).

© 2016 The Authors. Published by Elsevier B.V. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

## 1. Introduction

Within the, albeit limited (Machuca et al., 2007; Hopp et al., 2009), professional service operations management (PSOM) literature generic conceptual perspectives predominate. All 'professional' operations – be they accountants, advertising agencies, architects, design engineers, doctors, executive recruiters, fashion designers, insurance brokers, investment bankers, lawyers,

management consultants, media producers, R&D laboratories, software providers, social work agencies and universities – are presumed to exhibit certain characteristics. These include high levels of customer engagement, extensive customization, knowledge intensity, and low levels of capital intensity (Sampson and Froehle, 2006; Schmenner, 1986; Silvestro et al., 1992). Discussions of shared characteristics may be useful when contrasting professional services with, for example, mass services. However, any deeper reflection on the literature or review of the limited number of focused empirical studies highlight significant variance in the clients, professionals, bodies of knowledge, regulatory environments, and competitive landscapes, across different professional settings. Equally, although in some settings it may be

\* Corresponding author.

E-mail addresses: [A.Brandon-Jones@bath.ac.uk](mailto:A.Brandon-Jones@bath.ac.uk) (A. Brandon-Jones), [m.a.lewis@bath.ac.uk](mailto:m.a.lewis@bath.ac.uk) (M. Lewis), [rv54@cornell.edu](mailto:rv54@cornell.edu) (R. Verma), [mwc237@cornell.edu](mailto:mwc237@cornell.edu) (M.C. Walsman).

accurate to challenge the effectiveness of “standard operating procedures” (Kellogg and Nie, 1995, p.329) and the managerial metaphor of ‘cat herding’ may indeed resonate (Løwendahl, 2000), there is limited empirical evidence regarding the specific managerial challenges that comprise PSOM (Heineke, 1995; Machuca et al., 2007) and, again, no real reflection on the key contingencies that may shape these challenges. Schmenner’s (1986) elaboration of the challenges associated with different service types provides some interesting points of departure but detailed questions remain unanswered. What, for example, have the effects of ubiquitous information and communications technology (ICT), globalization and outsourcing, or the increased focus on standardization had on the nature of PSOM (Mettters and Verma, 2008).

Given this context, we identified three key research objectives. First, we wanted to explore the extent to which generic conceptual characterizations (i.e. high engagement, customization, and knowledge intensity, and low capital intensity) align with observed practice. To do so, we decided to narrow our focus to a particular professional service type, management consultancy.<sup>1</sup> This focused approach is in line with previous studies. For example, McNeilly and Barr (2006) studied accounting services when exploring provider–client relationships, whilst Boone et al. (2008) collected data in an architectural engineering context to study learning and knowledge depreciation within the professional services. Moreover, given that a great deal of professional service competitive advantage relates to and is derived from client/sector insight and social capital (Nahapiet and Ghoshal, 1998), it was also appropriate to limit the study setting to a specific client/market space and correspondingly we selected the US travel, tourism, and hospitality (TTH) sector.<sup>2</sup> Such an approach inevitably limits the generalizability of any findings but given our first objective is, in essence, looking to disprove a null hypothesis (i.e. that there is no relationship between service type and operational characteristics), a single service type focus is suitable. Furthermore, given that ‘level of client interaction’ was a critical variable under investigation, this approach allowed us to engage with clients in interviews and focus groups. Our second objective was to investigate the relative importance of various managerial challenges in a specific professional setting and here again the ‘deep dive’ offered significant advantages; giving us control over a number of key professional service-related contingencies (i.e. regulations, competitive and market dynamics, etc.). Finally, our third objective was to begin to explore some of the other contingencies, including scale, leverage, and specialization, that, ex-ante, may influence both operational characteristics and managerial challenges.

Given the exploratory nature of our research, we adopted a mixed methods approach, combining semi-structured interviews, a survey that included a best–worst choice experiment, and a focus group. The rest of the paper is structured as follows. First, we provide a synthesis of the literature as the basis for our research questions. Subsequently, we provide details of our research methodology, including study context, research design, data collection, and analytical approach. We then present the results of our analyses in relation to our research questions. Finally, we discuss our findings, highlight our contributions and limitations, and suggest avenues for future research.

## 2. Literature review and research questions

This section reviews the literature relating to our research objectives and then uses these insights as the basis for research questions that structure our empirical investigation. First, we review the characteristics of professional service offerings; combining reflections on the generic/conceptual OM typologies with specific insights that relate to our chosen empirical focus, consulting services. Second, we explore the specific challenges that together comprise PSOM and, third, we reflect on the potential impact of scale, leverage, and specialization as contingent factors that might influence the nature of PSOM.

### 2.1. Characteristics of professional service offerings

Determining the characteristics of a professional service offering is a significant first step in building an understanding of PSOM. After all, it is the idiosyncrasies of any service type that correspondingly generate its specific managerial challenges. To date, a great deal of the reflection on professional service operations has been shaped by a series of theoretical/conceptual papers. For example, if there are high levels of client interaction and customization in a given professional service this could in turn create significant process variability. Similarly, if a professional service is reliant on high levels of knowledge intensive judgement this will in turn contribute to both variation and relatively extended process throughput times (Sasser et al., 1978; Schmenner, 2004). Finally, the extent to which professionals in a given service setting adhere to explicit external codes of ethics and implicit norms that guide appropriate behaviour (Fischer et al., 2014), reduces the need for, and associated costs of, internal service quality monitoring (Goodale et al., 2008), but may also act to minimize the influence of operations managers (Harvey, 1990). Here, we examine characteristics in relation to customer engagement, customization, and knowledge/capital intensity.

#### 2.1.1. Customer engagement in professional services

Many widely cited service classifications (Maister and Lovelock, 1982; Schmenner, 1986; Silvestro et al., 1992; Wemmerlov, 1990) differentiate professional services from other service types because of their high level of customer engagement. Although at its simplest, this characteristic refers to the extent to which a customer is present<sup>3</sup> during the delivery of a service (i.e. front rather than back office operations), these typologies are also generally referring to the relative ‘activity’ of the interaction (Mersha, 1990; Goodale et al., 2008). In other words, a professional service is highly interactive because it is assumed that there is extensive dialogue between the client and the provider (Kellogg and Nie, 1995; Frey et al., 2013; Fischer et al., 2014), where both the service requirements and service package are discussed and designed. It is also asserted that these high engagement service operations allow the customer/client to actively intervene with their service processes (Verma, 2000), often to request modifications to what is being delivered. Given the implication that such high engagement causes a reduction in efficiency (Chase, 1981) there is, at least in part, an assumed increase in commercial pressure (Schilling et al., 2012) and a growing belief that high levels of customer participation in the creation of professional service offerings may be a ‘double-edged sword’ (Chan et al., 2010).

In our chosen service type – consultancy – assumptions relating

<sup>1</sup> Management, human resource, IT, and technology consultancy together generate more than \$500 billion annually. Management consulting alone employs more than 780,000 people in the US.

<sup>2</sup> The travel, tourism, and hospitality sector, is one of the largest in the US economy with a contribution of \$1416 billion (8.4% GDP) and more than 14 million jobs (9.8% of all employment).

<sup>3</sup> Of course, the growth in technology-mediated communication means that the physical presence of the client/provider may no longer be a critical component of any interactivity (Froehle and Roth, 2004; Ellram et al., 2008).

Download English Version:

<https://daneshyari.com/en/article/7436359>

Download Persian Version:

<https://daneshyari.com/article/7436359>

[Daneshyari.com](https://daneshyari.com)