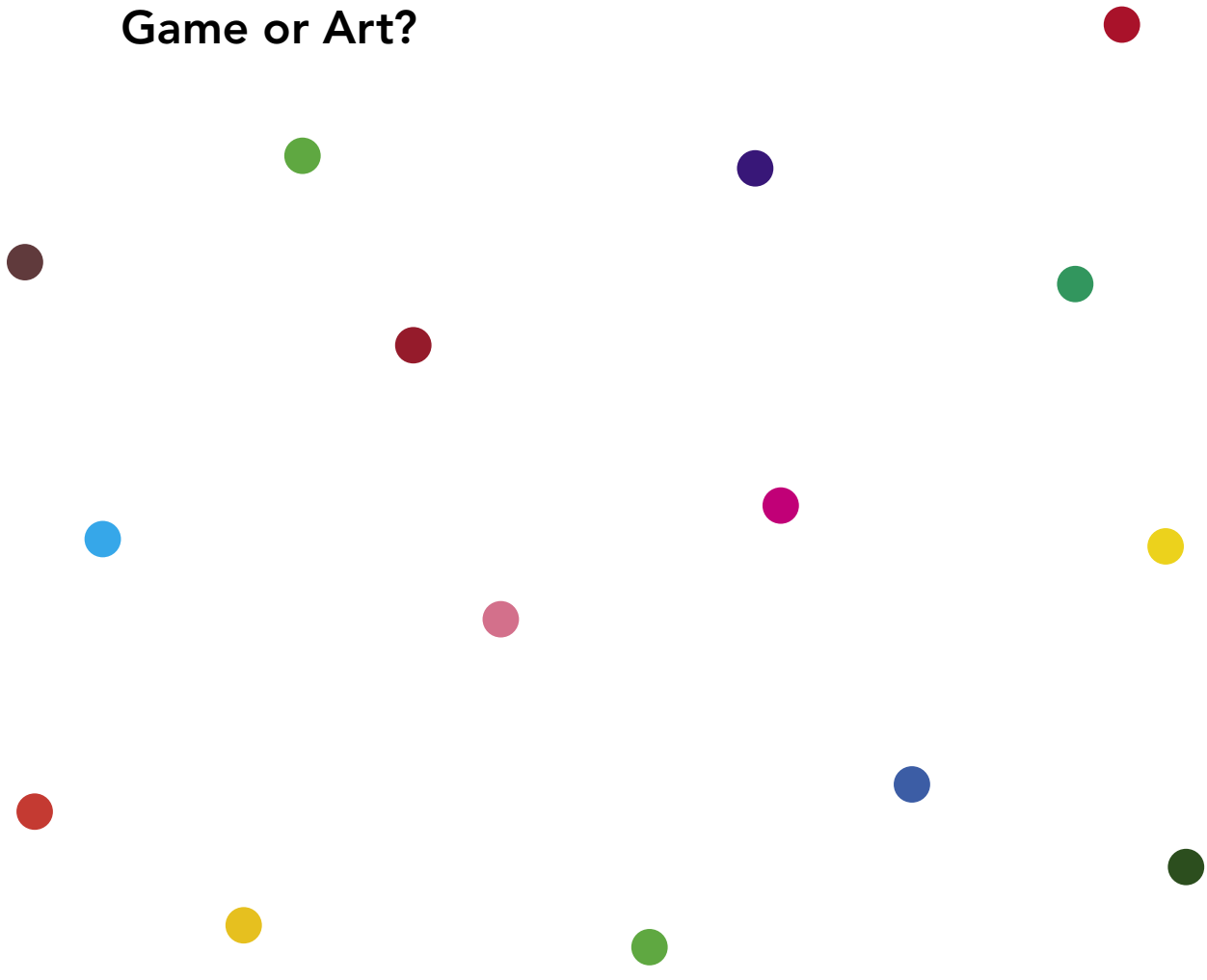


# Informal client contacts in the consultancy and accountancy sector,

## Game or Art?



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## **Abstract**

In this report we present the main findings of a large explorative study on the strategic importance of informal client contacts in consultancy and accountancy conducted in the period 2009–mid 2010, in Europe and North America.

## **The Background**

*“A business lunch is part meal, part meeting. It’s informal, but at the same time there’s a long list of unwritten rules that can’t be broken. A business meal is an opportunity to show off your culinary know-how - or expose your bad taste in restaurants. There’s so much that could go wrong... At an American business lunch, it’s considered inappropriate to get down to business before the waiter has handed you the menu. In other countries, you don’t talk business until the first glass of wine has been poured and the host offers a toast. Elsewhere, ordering wine is considered inappropriate” (Microsoft Small Business Center, 2009).*

Informal client contacts in terms of business dinners, lunches and other informal activities are a substantial part of business. These informal contacts and activities seem to contribute to formal workflows, informal inter-personal relations, and reinforcement of inter-organisational relations (Sturdy et al., 2006). This research specifically focuses on informal client contacts between consultant and client because it is indispensable for the daily work of the consultant (Czarniawska and Mazza 2003; Czarniawska, 2007, Maister, 2002, 2007).

Even though informal client contacts are everyday business, scientific research about this subject is relatively rare. Professional service organisations are extremely suitable for an explorative study about the importance of informal client contacts because of its increasing share in the modern-world economy (Boussebaa, 2009). The consultancy sector is still growing despite the current recession from 214.5 milliard in 2007 to 271.6 milliard in 2011 (Consulting Market, 2009). Due to globalisation and internationalization of markets, informal contacts cannot be seen as restricted to boundaries of countries. Consultancy organizations need to manage and organize their services across national boundaries, which increases complexity. Boussebaa (2009) claims that national consulting markets are fundamentally different in terms of specific national contexts. National contexts differ in cultural, political, legal, economic, and technological systems. These specific contexts could influence the way in which consultants develop relations with their clients. According to Mole (2001), perceptions concerning personal relations in business differ even in a relatively small geographical area like Europe. Mole (2001) argued that North Europeans distinguish business relations from personal relations, whereas South/East Europeans emphasize the importance of personal relations as the foundation of business relations. Furthermore, he suggests that the significance of eating and drinking while making

business contacts is substantially diverse in different parts of Europe. For instance, having lunch in a restaurant could be seen as an unnecessary interruption of work in Northern parts of Europe, while South Europeans consider this as an opportunity to improve the level of discussion.

The purpose of this explorative project was to analyze the importance of informal client contacts in the consultancy and accountancy sector and whether the results of this analysis differs in several countries. Specifically, this research strives to clarify the structure of different types of informal consultant/client interactions. More knowledge about informal contacts in an international setting is of great importance when consultants and accountants try to develop relations with foreign clients. From a scientific perspective, the purpose of this study was to contribute to more knowledge about informal contacts between consultant and client, and how this is related to the specific context of a country.

## **The Study**

This explorative study analyzed informal client contacts in the consultancy and accountancy sector in eleven countries. In alphabetical order: Belgium (number of interviews: 18), Canada (40), France (19), Germany (18), Italy (22), Netherlands (49), Spain (12), Sweden (21), Switzerland (15), United Kingdom (15) and United States (21). By means of 250 semi-structured interviews with consultants and accountants/auditors, it has been attempted to gain more insight into the informal contacts between consultant and client.

The grounded-theory approach seemed to be most appropriate forasmuch the purpose of this study was to contribute to more knowledge about informal contacts (Orton,1997). We started with a literature study in order to obtain central themes which were translated into interview questions. Literature concerning informal contact appeared to be centred on the following themes: definitions of informality, the consultant/client relationship, rituals in consultancy, transitional spaces in time and place, hierarchy, and cultural studies. This theoretical background served to display the bigger picture as well as put forward points of interest for the interviews.

The questions in the interview concerned the content of informal contact, the location, when contact takes place, hierarchical levels involved, purposes, successes and the “never do’s”. Consultants also asked whether consultants experienced any differences in informal client contacts during projects abroad. The 250 interviews were performed by thirteen Master students of Policy, Communication & Organization within a timeframe of one and a half year (beginning of 2009-mid 2010). Each interview took approximately 60 minutes.

The research units (250 consultants) were working at small consultancy firms ( $\leq 50$  employees), medium consultancy firms (50-100 employees), and big consultancy firms ( $\geq 100$  employees). The name of the firms were kept anonymous in order to protect privacy, but 109 consultants (of 250 total) were working at the Big

Four (Deloitte, E&Y, KPMG, PWC). Specializations varied, including strategic management, human resource management, financial management, accountancy, communication and IT. Although consultants from all hierarchal levels were interviewed, as can be seen in Table 1, more partners were involved in this research because it has been expected that informal contacts form a greater part of their every day work. Unfortunately, it wasn't possible to interview as many female consultants as male consultants (50 females, 200 males); whereby, it was impossible to exclude gender differences. For an overview of different functions and gender see Table 1 ( page 12).

All the transcripts were analyzed according to the interpretative approach, which means that data is organized and reduced in order to discover patterns (Berg, 2001). Analytical induction, which means coding and analyzing, had been performed simultaneously, improving the image of reality as it combines a deductive and inductive approach (Strauss, 1967). The data analysis was done by open coding with use of the qualitative software programme Atlas.ti. The analysis was based on existing qualitative coding techniques of Berg (2001) and Baarda et al. (2005) where different steps were carried out. Relevant information had to be selected. Thereafter, it was divided into fragments which were labelled. These labels were arranged and reduced, which led to defining key labels. In this way, it was possible to separate "code families" and "text families" that were related to the different themes. From here, research questions were answered.

You need to understand what the customer really wants, in an informal way. So it is absolutely important to have informal contact. Not because you need to sell something, but really to understand the personal target and the personal objectives of the customer you have contact with, apart from the organization. The company is made by individuals, so you also need to understand what the specific CEO really wants for his success. These different targets are not always the same (33it)

Never at the offices. Always in a natural, in between parties closer to our client. In fact we don't even have meetings here, it is very rare (232vs). Partly because there it is just a more relaxed and trusting environment and partly because it's neutral territory. [...] it's very important to get a senior executive out of his own office if you're planning to discuss some difficult things (22uk)

The more away from the office the better. The contacts start at the office and I constantly seek to move them further away. Typical route goes client desk – client meeting room – meeting room in a different part of building – coffee in office – lunch on client site – meeting room at my offices – lunch off site – dinner off site – sporting or charity event (115uk)

Depending on the customer, when we finish the working we go for a dinner. So you spend couple of hours in the hotel and then you go for a dinner. Or you go straight for some beers and then dinner and maybe go out and then finish at 2 in the morning. It depends on the client (240sp); If everybody sings...you have to sing as well (64ger). We are prepared to choose a very exclusive location to give the customer the feeling that he is very important and to leave a good impression (67fr). *While other consultants do not want the restaurant to be too expensive:* It will always be pretty comfortable, but not burgers or so. But not the best either. Some clients might think; that's quite expensive. It's about knowing your client too. Some you know better. But you have to be guessing that right. Otherwise they might think that you're wasteful or anything (77ca)

## The Findings

In general, the results revealed more similarities than differences between the involved countries; therefore, we will focus on the general patterns that were common in most countries. The common metaphor used by a majority of the respondents to describe informal consultant-client relationships is that of an interactive game, which seems to suggest a rather planned, rational and conscious approach. Yet, as this game has to be played in the realm of seemingly-opposing demands, one of the consultants argues that that it is an art. ●

Informal contact was defined as personal contact between a consultant and client in which it is possible to talk about other subjects besides work. Most of the consultants named lunches, dinners, and events as their most important informal contacts. ● Informal contact could be seen as an important tool to fit the expectations and to build a trusted personal relationship between consultant and client.

Eventually, a consultant uses informal contacts because he/she wants to create a rapport with the client; the ultimate goal of the game is to obtain a long-term business relationship and to create demand for the consultancy product. Creating such a 'spontaneous' demand can, however, be smartly orchestrated. In addition, some consultants state that informal client contact seems to be a precondition to create demand as it enables a consultant to see the real needs of a client. ●

If informal client contact is regarded as an interactive game then it is an activity one should prepare to win. Consultants stress the importance of mirroring the client's wishes and tastes, such as offering the client an event that he/she really likes. ●



Informal contacts, they only work if it's driven by both sides. So it's a bit give and take (59swi)



I want always to know his personal passions, what he really likes. I first show deliberately some part of myself, that I have seven children and three wives [laughs] and that I love running. You first have to show your personal side before you can ask that from your counterpart. If you have passions interest in common, then that's really great. That's the basis for a relationship (18nl)



Sometimes you don't have the rapport for an emotional relationship, you have to put another guy on it, in order to be sure that the guy will have a better fit (8fr)



You should stick at your own level, and you know your position (83nl)



I am a partner and that does not mean that I am partner for 5 days a week, but for 24/7. Informal contacts are spread over the days (91nl)

The final goal over time (one should not push too hard!) is to obtain a reciprocal relationship. According the interviewees, informal contact can only be successful in the case it is supported by both sides and results in a reciprocal relationship. ●

The difficulty, however, is that this requires the consultant to show his personal side too. ●

When a genuine "rapport" between the consultant and the client does not take place, it might result in the ending of the relationship. A solution may be to pass the client to a colleague. ●

Overall, our data showed some general structuring of informal consultant-client contacts. In order to play the game well, one must be aware of the following playing rules: it has to be played at the right hierarchical levels ● and at the appropriate settings (location and activity) and private/work barriers have to be guarded. Yet, a perfect tailor-made setting enhances the chance that a close relationship arises. ●

It appears that a global consultant only approaches informal contact as a game that can be won when he knows how to create demand for its services. The global consultant needs to "pull" instead of "push" when he is "playing" the game of informal client contact. Generally, the rules of the game are similar but some were locally determined, which became visible as subtle differences between countries. Even though the representation of informal contact as a game sounds like manipulating the client, great awareness exists of dependence on the client. Our study shows how informal client contacts contribute to the underlying rapport between consultant and client. These rapiers were not only based on the expert knowledge and skills of the consultant, but also on the personal relationship between consultant and client. Informal client contacts contributed to professional and personal bonds between consultant and client.

● You always have to be connected to the people who can provide you business. So you have to establish a very close relationship, but don't forget that it is business, not private life even it looks sometimes for external people like friends; it is not, it is business (36fr)

● Make the first move in expanding the boundaries of what you can talk about, it is like a dance and you have to lead initially. Make it personal, find out about their personal life as soon as they are happy to do so. What is important too is really listen to your client and act absolutely in their own interests, not your own. This will engender trust which you will reap the benefits of later in the relationship. And I think for me personally the most important is to get them away from their offices as soon as you can. Relationship developing needs another environment than the office (119uk)

Since expert knowledge was described as a precondition and was relatively equal across different firms, it can be concluded that a personal consultant/client relationship could be seen as the critical success factor. It should be noted, however, that although consultants described informal contact as personal contact, it is not synonymous to friendship. ●

Consultants clearly distinguished between personal bonds in consultant/client relationships and personal bonds in friendships. However, a consultant/client relationship with a so-called liking- and intimacy factor could mean competitive advantage. ● For general results as well as more specific results, an overview is presented in Table 2 of the different global/general and local principles that consultants seem to apply in their informal client relationships. Not all countries are represented in the Table 2 ( page 13)only the most striking ones with regard to hierarchical position, location and the work/personal boundary.

Considering both general and local rules that were found in the data, local adaptations in particular (right column of table 2) were stressed by the consultants. Apparently, not the global/general rules but the local adaptations would help consultants in creating the required personal rapport with their clients. This is because they regard informal client contact as a subtle game of personal interaction. Even though client relationship management may at first sight have been considered a calculative strategic game entailing strict general rules, the interactive nature of relationship management and the complexity of building rapport with the client makes it, in reality, a lot more subtle and situation-specific. Consultants seem convinced that not only the personal, but also the local characteristics of client relationships have to be taken into account to fine-tune client interaction. For examples in France the partners often choose cultural activities or high quality dinners or lunches, as these



X (the consultancy company) had a sponsorship with the Opera and we organize several client events with the Opera in the evening where we invited several important clients. We can't invite them all so there is a selection. So there is for example an opera or a ballet and afterwards a private dinner, which is nice (8fr)



Never at home, neither at my place nor at the client place. When it's informal then never at the office. Informal contacts mostly take place at restaurants or events. We always eat and drink. (207bel)



It's golf, it's shooting or hunting. Which I do, or I enjoy. So it's during the late spring and early autumn it's basically golf. From September to January it's basically shooting and then the rest of the year you are off, apart from lunches and things like that (22swe)



Today it's more outside the home and outside the office. So the bars, restaurant, hockey game. (73ca)



I don't like dinners; I want to go home to my family. And I find that a lot of people don't like dinners. And that's maybe a Swiss thing; I don't know (62swi)



It is a very complicated game (38fr)

are emblematic for the French culture. ● The importance of food and drinks is also emphasized by the partners in Brussels. ● The Swedish partners at times invite their clients at home or enjoy outdoors activities such hunting and golfing. ● For the Canadian partners informal contacts are also dependent on the seasons, as one of their favourite activities is to watch (ice) hockey games with their clients. ●

The Swiss partners on their side do not want to entertain the client and have the feeling that the Swiss client does not want to be entertained either after working hours. ●

Each country has its own local tradition which has obviously an impact on the locations and activities, as is illustrated by Table 2.

At a more abstract level, the global consultant seemed to struggle with five paradoxes during informal interaction with his client, which he addresses separately for each situation and person. ● Informal contact fulfils a functional role of balancing the ambiguous boundaries between informality/formality, work/private and personal/professional roles.

## **Five paradoxes**

### **1. Formalization of the informal**

The first emerged paradox is the effort to formalize informal contact. The consultant tried to mix personal and professional aspects in a way to reach his purposes. This implies a game that is planned in advance where the consultant tries to purposefully develop a personal consultant/client relationship. Tactics are to reflect the client and match the right consultant to this client. Especially on higher hierarchal levels, consultants seemed to use a well-thought-out strategy in which the image of the firm is managed. On the other hand, consultants defined informal contact as indefinable and intangible and emphasized the importance of its natural development. Informal contact was described as an art, and generalising about unique social situations is impossible. This contradiction between the definition of informal client contact as game or art reveals the complexity of this interaction. While on the one hand, consultants need planning in their meeting of informal contacts, on the other hand they need to let the relationship develop naturally; otherwise, it will lose its strength.

### **2. Consultant as an insider or as an outsider?**

A second paradox is the simultaneous use of insider and outsider roles. As has been said, a critical success factor is a long-lasting personal consultant/client relationship where the consultant tries to become close to the client. At the same time, distance has to be preserved in order to maintain a professional and objective role. The consultant has to create unity, but he also needs to separate himself to facilitate his expert role. The consultant is always balancing between these roles, and boundaries are extremely ambiguous.

### **3. Blurring of boundaries between work and private life**

In relation to the previous, a third paradox could be distinguished. Consultants pointed out the complexity to separate work and private life while boundaries between work and the private are ambiguous. These blurred boundaries and open-endedness seemed to be characteristic of informal contact in the consultancy sector. A common opinion is that the relationship remains a professional relationship and should not develop into a friendship. The majority of the consultants seem to struggle with the tension as described above. The consultant wants to maintain a certain distance and boundary between private- and work-related worlds.

### **4. Create demand and the need to sell**

A fourth paradox that has been found is that a consultant needs to create demand while aiming to sell. Paradoxically, he needs to sell without selling. Therefore, he is trying to generate demand by creating a personal connection. This game needs to be well managed because the consultant has to sense the client and adjust his

behaviour accordingly. Consultants described this as pulling instead of pushing.

### **5. Adaptation while remaining authentic**

The final and fifth paradox concerns the tension between adjusting and being flexible while at the same time remaining authentic. There is a high degree of diversity among clients, and the consultant/client relationship is highly situation-specific. This implies a magical balancing skill among different roles, and informal contact seemed to have a functional role in meeting this necessity.

### **Conclusion**

In conclusion, there is a general reality concerning informal client contact within consultancy, despite the fact that consultants often referred to national stereotypes when speaking about differences. In general, the national context did not influence the importance of a long-lasting personal relationship between consultant and client. Standards regarding informal contacts in the investigated countries were mainly shaped by the specific consultancy/accountancy industry and consultancy culture that is based on the Anglo- American model. There seems to exist a dominating industry-culture concerning informal contact in consultancy. At the same time, business cultures of multinational consultancy firms like the Big Four play a pivotal role regarding the local similarities instead of differences. This research did not confirm the work of Mole (2001), where it has been claimed that South Europeans consider a personal relationship the foundation for a business relationship.

Despite the similarities in informal contact between the eleven countries, mutual respect between consultant and client based on shared cultural values seemed to be a good basis for a successful personal relationship. Therefore, it is of great significance to have a personal fit as well as a cultural fit between consultant and client. Interestingly, this sounds paradoxical to strive for cultural proximity, while this research did not reveal fundamental cultural differences within informal contact. However, consultants did think about local organizational structures and national cultures when trying to create a successful consultant/client relationship as the quote at the beginning of this report reveals (there is still so much that can go wrong!).

These contradictions underline the paradoxical character (Whittle, 2006) and the mystique around informal contact in the consultancy sector. Although an attempt has been made to reveal the rules of the interactive game, it has seemed difficult to uncover the rules at a micro level. Nevertheless, informal contacts are used as an important means to create networks, to improve reputations, to gather information, to determine standards and to close the deal (Lampel & Meyer, 2008).

## **The Implications**

Considering the explorative nature of this study, it seems inappropriate to end with concrete implications and recommendations. However, more insight in the complexity of informal contact within an international setting could be of great importance, because a personal rapport between consultant and client could mean competitive advantage. Especially when educating a junior consultant, more insight within the boundary-spanning capacities could be a head start in becoming a successful consultant. A consultant who is familiar with the paradoxes and ambiguous boundaries could feel well-prepared and comfortable in informal situations. By means of training of informal contact and guidance of seniors, a junior consultant needs to internalize the knowledge, values and norms of informality in consultancy in order to operate naturally during these informal situations.

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Table 1 : overview research units along functions and gender

Function	Number of respondents	%	Male	%	Female	%
Director/Partner/(Vice) president/Principal/MD	92	37	77	38	15	29
Associate Partner	5	2	3	2	2	4
Senior Manager	4	12	23	12	6	12
Manager	21	8	17	9	4	8
Senior Consultant/ Accountant	29	12	26	13	3	6
Project Manager/ Supervisor	13	5	9	5	4	8
Junior Consultant/ Accountant	6	2	3	2	3	6
Other (Owner, Retired)	14	6	12	6	2	4
Total	250	100	200	100	50	100

Table 2 : General and local structures of informal contacts

	General principles	Local principles
Hierarchical position	Exclusivity & quantity grow with level	<p>In France, Spain and Germany: Exclusivity of top level contacts highest</p> <p>In Canada: partners should not pick the high end restaurants nor drive to client meetings in fancy cars</p> <p>In Italy: personal preferences &amp; norms more important than hierarchy</p> <p>In the Netherlands: importance of informal contacts on low level</p> <p>In New York: Preference to meet in teams</p>
	Level meets level	Subordinate role of French & German consultant vis à vis client
Location	Lunch in restaurant (neutral location away from office) most popular	<p>Type &amp; location differences per country (e.g., British pub, Italian coffee bar, Canadian breakfast and charity events, Brussels business clubs and topical events)</p> <p>Switzerland: at client's office</p> <p>Sweden: at home</p>
Work/private	Preference for contacts during working hours despite fluid barrier of work/personal time	<p>Switzerland: never outside working hours</p> <p>France &amp; Italy: genuine informal = after work</p> <p>England: macho culture outside working hours</p> <p>New York: large variation in the intensity of client contacts due to large geographic distance.</p>
	Respect for private life: clients & consultants	<p>Sweden: children good reason not to meet</p> <p>Italy: not in the weekends</p> <p>Strictest barrier in Germany, Switzerland, Canada and New York.</p>
	Fluid barrier of business/ personal relationship: informal ≠ personal	Most fluid barrier in France & Italy