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Project Management and Problem Solving Methods in Management Consulting

Diploma Thesis

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Declaration

I proclaim that I have composed this master thesis by myself. All literature and materials used are stated in the references.

Prague, 26 August 2011

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Richard Gábor

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Introduction & Objectives

Management consulting is considered to be among the spearhead of knowledge intense business not only because of the knowledge base it maintains and nurtures but mainly due to ease of delivery of the knowledge to the client, the ability to decompose the complex problem, to structure the project into ideally manageable pieces, and to connect the client's need with its knowledge and skills. It is the intense and deliberate use of the project management and problem solving methods that enables management consulting to maintain its position as a partner for client's decisions concerning many important, challenging and diverse problems.

Following thesis represents description of application of selected methods used in management consulting practice to consulting project conducted by me and my two peers / colleagues (the team) for non-profit non-governmental organization Transparency International Czech Republic (the client) in order to solve a problem the client faces. The intention of the thesis is to present methods used in management consulting in general.

The objective of the project is to deliver the most suitable and most beneficial solution to the client's problem. The fundamental assumption I propose that affects the form of the thesis is that in management consulting projects, the biggest part of the success of the project depends on its initial part (initiation stage) where the problem is identified, where the problem is defined and decomposed, where the initial hypotheses are proposed and briefly examined, and where the deliverables and activities to be conducted in the further part of the project (execution stage) are selected.

I define initiation stage of the project as a process starting with the situation analysis of the client and ending with selection of activities and deliverables that should be conducted. I define execution stage of the project as a process of conducting the activities and developing deliverables ending with the developed solution to the client.

The primary objective of the thesis is to support the assumption that performing initiation stage correctly using the right methods is a key to successful project delivery. In order to do so, the thesis will describe the application of selected methods in the initiation stage of the project, the outcomes they bring, and the reaction of the client to the outcomes. Consequently, it will describe the final outcome (delivery)[1] of the project (after both initiation and execution stage) and evaluate it in conjunction with the outcomes of initiation stage. If the final outcome represents the proposition defined in the initiation stage with no major deviations brought about by process of execution stage of the project, the fundamental assumption of the thesis is supported.

The thesis has two secondary objectives. First: to describe the role, importance and benefits of project management and problem solving methods in management consulting. Aspiration of the thesis is to apply the methods and theoretical concepts to the real life project with consequent evaluation. Moreover, since the methods are mainly developed for large for-profit organizations and the given project is for relatively small non-profit organization, this partially supports the idea of their wide usability and that is assessed as well.

Second secondary objective is to further analyse the methods applied, to look at its imperfections, limitations and possible improvements. Such analysis will be conducted after each method application. As the methods will be applied (e.g. Logical Frame will be used to structure the project scope, Work Breakdown Structure will be used to segment and assign work, Management Frameworks will be used to identify the problem, problem will be redefined into SMART problem, MECE Issue tree will be used to decompose the problem, or causal analysis will be conducted), they will be assessed on the basis of suitability to the exact situation (possible imperfections and limitations) as well as on the basis of the result they help to deliver (ex post assessment of imperfections, limitations and possible improvements).

In the course of the project, the methods will be also optimized; some will be changed in order to meet the project requirements. Those decision points will be recorded and the reasons for the adjustments will be provided.

The thesis limits its focus to problem solving methods for identifying, decomposing client's problem, requests, needs, and proposing possible solution

[1] In Appendix 4 and 5 as presented to the client

design, and to project management methods fostering, documenting, and structuring this process. Other elements of the project are out of the thesis's focus.

The main propositions of this thesis will be examined using following four hypotheses:

1) Application of the methods substantially increases performance and effectiveness of project conducting, and satisfaction of a client;
2) It is possible to apply project management and problem solving methods in management consulting to non-profit organizations;
3) It is possible to deliver problem solution adding value to a client by using limited number of project management and problem solving methods. Important is their appropriate application and adherence to their logic, eventually adjusting their parts; and
4) Using methods correctly, the final solution is meeting client's needs and is identified prior to execution stage (solution development stage) within the initiation stage of the project.

First two hypotheses must be proved for thesis to support the added value of using the methods. Third hypothesis is to further deepen the examination. Fourth hypothesis stems from the assumption that the selection of the suitable project management and problem solving methods and their correct application enables management consultants to develop the design of the solution prior to the very execution of the project (solution development). For this reason, only initiation stage of the project will be described within the application part of this thesis. Thesis presents the whole process of problem identification, decomposition and analysis as well as suitable solution design development. During the project, the execution stage will not be omitted, nor will be omitted the application of methods suitable for project execution (e.g. brainstorming, Performance system model, situation appraisal, etc.).

The methods alone represent only the tool to better performance. The actual performance primarily depends on the ability of user to use them. That ability differs significantly. Team members conducting the consulting project described in this thesis are not professional management consultants, yet possess some theoretical and practical knowledge of management consulting and methods used in management consulting practice. However, some methods described within the text are new to the team.

Lastly, it is my wish the methods and concepts described within the text and their practical application in the case of consulting project for non-profit organization Transparency International Czech Republic could eventually represent some manual, guidance for anyone looking for the means how to better execute the encountered project. Finally, though methods used for given project are focused on management consulting, I believe in their wide usability.

1 Prevailing project management and problem solving methods in management consulting

First chapter describes management consulting as a practice. Focus of the chapter is on the process aspect of the management consulting practice – project conducting. Chapter contains definition and description of project management and problem solving with focus on methods (concepts, frameworks, tools used to foster a structure and manage a project).

1.1 Management consulting

"Management consulting is an advisory service contracted for and provided to organizations by specially trained and qualified persons who assist, in an objective and independent manner, the client organization to identify management problems, analyse such problems, recommend solutions to these problems, and help, when requested, in the implementation of solutions."[2]

1.1.1 Management consulting definition

"In 1930, Business Week introduced its readers to a new professional service: management consulting. As the writers at Business Week explained, the existing system of business professionals had become so complicated that, according to James McKinsey at the University of Chicago, a new type of professional was increasing in numbers and influence."[3] Advisors dealing with organizational issues soon took the leading position in shaping the way organizations were developing. "Role of consultant was not to devise novel organizational designs or experimental strategies, but to reconfigure the organizational knowledge around him to suit the needs of his corporate clients."[4]

Management consulting is inherently professional, independent service with distinct and important roles. Together with the client, management consultants help an organization to realize its purposes and achieve its objectives. In many cases it helps to identify and define those very purposes and objectives. Purposes and objectives drive an organization and bring it to new opportunities and problems. Those opportunities need to be seized with adequate action and

[2] KUBR, 2002, p. 3
[3] MCKENNA, 2010, p. 8
[4] Ibid., p. 24

problems need to be solved with effective reaction. Management consultants are also often change managers[5] and teachers of their knowledge and methods.[6] The service sold is exclusively through individual projects conducted for clients. Deliverables of projects are either recommendations of solution or recommendations and implementations of proposed solution.

The success of management consulting practice relies on five main pillars. They are:

1) personnel who carry the necessary skills and traits for being advisor to management,
2) knowledge and expertise of personnel within the practice and the shared knowledge stored in practice,
3) the client base necessary for funding the operation and expanding its knowledge,
4) problem-solving process that enables it undertaking tasks and develop solution to particular client's need, and
5) project management that enables it to perform the task in an efficient, effective and successful way, within arranged conditions stipulated by agreement and to deliver the final delivery answering client's need.

1.1.2 Management consulting project basis

Since the majority of projects take place on client's site and management consultants are outside advisors, they must intervene in client's operations in order to start the cooperation.[7] It is a key and critical step to select the type of intervention that is adjusted to the given situation. Selecting the appropriate type of intervention increases the probability of a project to be plausible. Delivered proposed solution conducted under appropriate type of intervention is then implemented and achieves expected benefits.[8]

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[5] Change management definition: http://www.change-management.com/tutorial-definition-history.htm
[6] KUBR, 2002, p. 10
[7] The intervention is preceded by marketing of management consulting services, continuous market research and pitching the proposed solution to client request based on preliminary situation analysis from available resources.
[8] GREINER, FLEMMING, 2010, p. 281

Delivery Modes

Content Focus		Study and Recommend	Facilitate and Learn
	Technical Systems	**Expertise-Based Strategy**	**Teaching-Based Strategy**
	Social Systems	**Organization-Based Strategy**	**Process-Based Strategy**

Figure 1.1: Intervention model

Source: GREINER, FLEMMING, 2010, p. 282

Depending both on the focus of the project and delivery modes, management consultant conducts a project following appropriate strategy (Figure 1.1). The aim of projects dealing with technical systems is to improve the operational processes in client's organization such as improving efficiencies and efficacies, working flow, cost of activities, organization structure fluidness and flexibility, etc. On the other hand, the aim of projects dealing with social systems is to improve organization design enabling its personnel to function most effectively. That is achieved through setting of suitable culture, values, intentions, motivation and rewarding schemes. Projects of technical system deal with systems and processes, while projects of social systems deal with people and their relations.[9]

In these both cases, the mode / approach of delivering the solution is to either study the client situation, analyse it, and consequently recommend suitable solution or to transfer the expertise in solving the emerging problems, train the organization and its personnel to deal with the problems, and facilitate independent development of the client's organization. Two approaches greatly differ. In study and recommend delivery mode the consultant is a solver, works

[9] GREINER, FLEMMING, 2010, p. 286

with facts and considers organization personnel as a project stakeholder and information source. Consultant in facilitate and learn delivery mode becomes a teacher and a trainer and considers organization personnel as a possessor of learnt skills and apparatus of actions. Modes differ in conduction of project and in intensity of cooperation between management consultant and a client.[10]

The most prevailing intervention strategy used in management consulting is expertise-based. Projects conducted under that strategy focus on client organization's internal processes and external position. They last weeks to several months; delivery is recommendation or study. The role of a consultant is highly analytical. The client involvement is low to medium; client's personnel are interviewed to gather relevant information and management is informed about progress and status of delivery in regular meetings. Client gets added value through different perspective, independent and expert view. Since expertise of consultants is built from prior successfully solved problems of similar character, the view is used by management as a relevant support for its decisions. Often, the view is used by management to defend its decisions to stakeholders (shareholders in particular).

Projects conducted under organization-based strategy are similar to projects of expertise-based strategy because of the role of a consultant and the approach / mode of solution delivery. Consultants take role of independent observers and analytics. Contrary to expertise-based strategy projects, organization-based strategy projects exclusively focus on personnel, on their behaviour, performance, communication, cooperation, leadership. The personnel are not mere source of information; they are the subject matter of projects. The aim of the projects is often ambiguous. Substantial part of the project is thus devoted to finding the very problem. Such projects tend to be longer than projects dealing with technology systems. Successful solutions from previous projects are less transferable as social systems are more complex and unique. However, management consultants have certain knowledge of behaviour patterns that they can match to given situation and tools how to acquire necessary information from personnel.

[10] Ibid., p. 283

Teaching-based strategy implies transformation projects. The aim of such projects is helping the client to build up the capacity for independent problem solving. They are in contrast to strategies based on the study and recommend delivery mode whose aim is to provide a recommendation for implementation as a problem solution through independent analytical work. Projects of teaching-based strategy are conducted as an intense cooperation resulting in developing competent organization with set of skills to analyse and improve its structure and systems. Projects last from several months to years. The role of management consultants are to facilitate the change in organization and to teach the relevant organization members. "What is unique about this approach to management consulting is that the consultants focus on the social dynamics related to the technical side of the organization. In essence, social process is used to engage technical content, such as proposing a new work design based on high involvement teams in manufacturing."[11]

Process-based strategy projects are essentially intense long-term systematic coaching focused on building organization personnel competencies in effective cooperation, communication, leadership, constructive criticism, in pursuing intended change, or in faster decision making.

While most management consulting projects require one of the intervention strategies and the deliverables are set to limit the scope of projects to just one intervention strategy, there are opportunities and situations where approach requires combination of strategies. For example, the problem (content) being solved in a project relates to both technical and social systems. Here, in order for technical solution to be implemented and launched, it needs to be supported by well-functioning personnel in an organization. Or, project that required analysis and recommendation in the beginning requires the facilitation of implementation in the later phase. Selection of appropriate intervention strategy also depends on client requirements and the type of relationship between management consulting organization and client.

[11] GREINER, FLEMMING, 2010, p. 293

1.1.3 Process of management consulting project[12]

The whole process of management consulting project is a collection of accordingly chosen steps dealing with problem identification and its consequent solution. Such solution must be fact-based, rigidly structured and hypothesis-driven.[13], There are thus two main components of each management consulting project: problem solving that deals with the issue of the project and project management that structures, leads and supports the feasibility of problem solving process. Both components are equally important and mutually interdependent.

Management consulting project itself consists of initiation, execution, communication and closing stage. Client's needs, requirements and constraints are obtained, problem is defined, structured and decomposed into issues and resulting initial hypotheses are formulated to determine project scope.[14] Defined hypotheses impacts project plan as they vary in amount of time, data and resources necessary for their examination. To examine hypothesis in depth, it is divided into internal project deliverables (WBS). Execution plan is derived from hypotheses. Execution stage is intense hypotheses examination (analysis), their confirmation and building overall recommendations from the partially conducted analyses.[15] Not only initial hypotheses are analysed, new problems could be encountered and eventually dealt with. Newly encountered problems are either covered within given project or transformed into additional project request. Communication stage has three parts: preliminary results communication (status updates), verification and approval meetings, and final recommendation / implementation delivery. Project ends with the acceptance of deliverables and potential proposition of following steps in closing stage.

[12] Purposely, process of management consulting project as described herein is excluding initial contractual conditions setting. Management consulting project is presented from perspective of project performer, not a project sponsor and thus covers actual work on project leading to delivery of agreed outcomes.

[13] RASIEL, 1999, p. 3

[14] Determining project scope in management consulting projects is complicated for two reasons. First, the horizon in which hypotheses are examined cannot be exactly defined, nor their feasibility and plausibility can be assessed initially. Second, since the work of management consultants is expensive, clients face difficult decision of what is the optimal amount of management consulting work that is still economically justifiable. They often try to reduce the amount of work necessary to cover particular problem. On the other hand, consultants prefer broader scope as it gives them flexibility and income.

[15] Recommendations are the most often deliverables in management consulting projects.

Management consulting project in general is a sequential deductive process (top-down) that has four main phases: Situation – summary of conditions and requirements related to project (problem), Composition – elementary arrangement of components, Disposition – exact arrangement of linked components, Realization – execution itself. Each phase constitutes of analytical, synthetic and decision stages.[16]

Initiation stage

Initiation stage starts with problem identification. Problem identification starts with situation analysis. Situation analysis might be conducted as an expert analysis where expertise in form of findings from previously conducted projects is used. Similarity in elements of situation that is being analysed and of situation that has already been analysed leads consultant to preliminary hypotheses formulating. If situation is different to any previous situations, situation analysis starts with gathering of available data, its interpretation and follows with preliminary hypotheses formulation.

In vast majority of management consulting projects, the draft of project scope of the project is determined before the actual problem solving is conducted. In those cases, the area of problem is identified by the client. Problem decomposition represents the dismantling of the problem into pieces and finding the potential causes. The wider the scope, the more robust is the project, the more expensive it is. Clients are aware of the fact and make an effort to be as precise in problem area definition as possible. However, especially, when the problem of the client is of strategic character, the problem is ambiguous and thus the aim of the project is first to identify the area of problem and only then cause of the problem.

Precise definition	Ambiguous definition
• After implementing the new CRM system, the customers' retention increased by 7 % compared to period before implementing; please, provide proposed strategies for increasing net income per customer using the new CRM.	• Revenues are decreasing in comparison to competition; what is the cause? • How to be more effective?

Figure 1.2: Precise and ambiguous client need; Source and illustration: Author

[16] NEMEC, 2002, p.27

The way the client defines the problem determines the initial problem identification part of the project. Precisely defined problem enables consultants to directly focus on analysis of the problem. Ambiguously defined problem extends the analysis to the analysis of all possible areas of client that might be considered problematic.[17]

Once the problem is identified, it must be defined to the form that can be approachable by the consultants.[18] It must be sufficiently specified and set into relevant context.[19] Consultants then proceed to its decomposition. The proper initial problem decomposition is the cornerstone of successful management consulting project. Using relevant methods, expertise in given area and findings of situation analysis, problem is divided into all its elements (causes). Each element is than divided into sub-elements and this process continues until the problem is fragmented into elements that are possible to solve in exact manner[20]. By decomposing problem into unambiguously solvable elements that in total cover the whole problem, management consultants are able to solve the entire problem effectively by solving necessary partial elements.[21]

Initial hypotheses (possible solutions to the problem) are formulated in consequent part of the initiation stage. For every partial element of the problem (issue), there is one hypothesis. Hypotheses are defined as guidance to solving the issues and thus entire problem. Management consultants collect relevant data, make research and analyse gathered facts in the course of the project to confirm or disprove initial hypotheses. While initial hypotheses defined by experienced consultants are usually the way how to "figure out the solution to the problem before they start"[22], they must be tested in order to guide the project in right direction. "Using an initial hypothesis to guide the research and analysis will increase both the efficiency and effectiveness of the decision making."[23]

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[17] Since the role of management consultant is to identify actual problems of client's situation, there might be projects whose aim needs to be reformulated, because the problem defined by the client is not well defined or its solution would not improve client's situation.
[18] KUBR, 2002, p.180
[19] SMART problem: Specific, Measurable, Action-oriented, Relevant, Time-related
[20] It is approachable by an analysis and the result is specific.
[21] This is called the MECE principle and it is the core of problem decomposition. It stands for mutually exclusive, collectively exhaustive and hence problem elements must in total (at every level of problem decomposition) cover the whole problem and they cannot be overlapping.
[22] RASIEL, 1999, p.9
[23] RASIEL, FRIGA, 2001, p.15

Hypotheses are defined as recommended actions whose applicability and plausibility need to be confirmed or rejected in the course of the project. Confirmed hypotheses are the actions necessary for problem solution. Rejected hypotheses disprove plausibility of recommendations but they are also guidance to other areas that might not be initially assumed.

Before the project is executed, the list of hypotheses is evaluated. Though they are all tested for their plausibility, the agreed scope of the project is likely to be narrower than the amount of work necessary to examine all proposed hypotheses. Thus, as soon as initial hypotheses are defined, consultants proceed to their prioritization by conducting brief research on areas covered by hypotheses.[24] Such research covers both internal knowledge of management consulting organization (previous projects and internal research) and collecting external and client data on areas of issues related to hypotheses. The aim of prioritization is not only to assign work conducted within the project scope, but more importantly to focus the work on issues whose solution brings the client the highest impact. Importance and hence priority of particular issue depends on client's situation, consultant's expertise, and feasibility of hypothesis.[25]

Detailed structure covering: objectives to be achieved, sequential steps of the process (diagnosis and analysis), timetable, amount of data that is required from the client side, amount of data to be obtained externally, roles of client and consultants, and responsibilities[26] is prepared according to selected hypotheses.

Execution stage

Execution stage follows general approach consisting of number of sequential steps[27] to examine selected hypotheses.

While hypotheses themselves are guidelines for project direction, frameworks usually determine what type of research is conducted and what exact data is needed for hypotheses analysis. Frameworks enable consultants to focus on essentials of issues and are used to foster the diagnosis. Management consulting

[24] There are three research phases in management consulting project. First is done within situation analysis, second is done within selecting suitable hypotheses for examination and third is the examination itself.
[25] FRIGA, 2008, p.94
[26] KUBR, 2002, p. 167
[27] Referred to as diagnosis

organizations use set of developed and proved frameworks and use them according to analysis need.[28]

The whole execution stage is managed using internal work plan where hypotheses examination is divided into tasks (analysis needed to conduct, data needed to collect, building the solution), responsibilities, time duration, final deliverables description and due date.[29]

Both quantitative and qualitative data required for analysis of hypotheses[30] is collected in both primary and secondary research. Qualitative data are gathered in primary research via interviews with client, client's personnel, relevant stakeholders, subjects in connection to client, and external personnel. Quantitative data in primary research is collected via questionnaires and field work. [31] Desk research of internal knowledge base and external sources, literature research, and engagement of experts are parts of secondary research. Only data that builds the framework and helps to examine defined hypotheses is relevant to the purposes of the project.[32]

Defined initial hypotheses that are being examined as possible solution to client's problem are general direction of solving the problem. Frameworks help consultants to analyse the situation and to better grasp the actual problem. However, for solutions to be applicable and specific, new ideas have to be developed. Such ideas (pioneered or adopted from previous experience) are actions and concrete steps that need to be realized by the client in order to achieve conditions described in initial hypotheses (and in proposed outcome of the hypotheses – proposed outcome solving the problem). [33] "Despite this emphasis on continuity and on the need to base action planning on diagnosis, there are significant differences in approach and methodology between initiation

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[28] RASIEL, 1999, p.18
[29] RASIEL, FRIGA, 2001, p.43
[30] There are several phrases describing execution of project such as: problem diagnosis, hypothesis examination, hypothesis analysis, solution validation, etc.
[31] Observation of client's situation, processes, environment
[32] RASIEL, 1999, p.32
[33] Initial hypotheses are defined in the beginning of the project after analysing client's situation and problem. Their feasibility, suitability and plausibility are tested using mostly expertise. Consequently, hypotheses (related to issues) with the highest impact are selected. Plan of examining hypotheses applicability to client's needs is designed and hypotheses are examined by conducting research. New issues are discovered, some hypotheses are confirmed, some rejected in the course of diagnosis. Confirmed hypotheses are recommended. To achieve recommended conditions defined by hypotheses, action steps are developed, tested and recommended, eventually implemented.

and execution stage. The emphasis is no longer on analytical work, but on innovation and creativity. The objective is not to find more data and further explanations for the existence of the problem, but to come up with something new."[34]

Designing the right solution is challenging for it requires both adhering to direction defined by initial hypotheses in order to remain focus on key problem, and on the other hand requires appropriate space for hypotheses addiction, removal, or adjustments if necessary. Moreover, management consultant must consider not only the impact the solution has on client's problem but also client's capabilities and limitations to implement and utilize the solution (recommendation).[35] One of the key limitations of solution acceptance is however politics (client's governance).[36] Solutions in order to be applied by the client must be therefore adding real value to client's expectations, must be instructive, specific, tailored to client needs, and most importantly developed in intensive collaboration with the client.

Communication and closing stage

Majority of management consulting project final deliveries are delivered in form of final report and final presentation including solutions to the client's problem / need. It is not only important to deliver the best possible solution for the client. Client must buy the solution in. Right communication of results has considerable influence on project success.

Delivery communication has two components: story-telling and structure.[37] Well executed story-telling guarantees interest, proper structure improves understanding. Good story is a product of well performed diagnosis and following sound solution, structure is achieved via principles. Principle considered to have the highest impact to the structure is a deduction.[38]

Implementation plans are often part of the solution delivery.

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[34] KUBR, 2001, p.213
[35] RASIEL, 1999, p.22
[36] Ibid., p.28
[37] FRIGA, 2008, p.165
[38] As opposed to building the final solution that is built bottom-up (inductive). The most famous deductive structure of formulating the communication is Minto Pyramid principle.

Management consulting project ends with solution delivery and fulfilment of agreement conditions set in the initial stage of the project. New client problems that might have arisen in the course of the project are eventually discussed and possibly transformed into follow-up project.

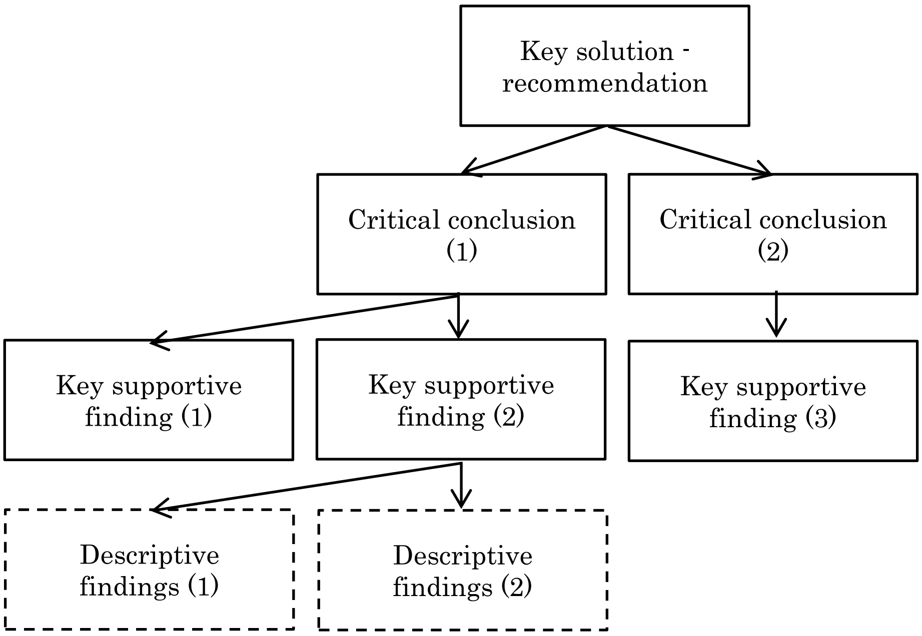

Figure 1.3: Deductive (top-down) communication

Source: ZELAZNY, 2006, p. 49, Illustrated: Author

1.2 Project management in management consulting

Project management is an integral part of management consulting practice. It helps to manage the work flow of every project being conducted by consultants and it is the skill and knowledge that all experienced management consultants must possess in order to successfully perform a project. Despite each practice utilizes different and unique approach to project management, all approaches root in general project management definition.

1.2.1 Project management definition[39]

"Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements."[40] Tools and techniques used to transfer the knowledge and utilize the skills make up methods in project management. Those methods help in initiating, planning, executing and consequent controlling and closing of the project. They are integral part of successful project management during all the processes in all phases of the project life cycle.

For the project to be successful, appropriate processes must be chosen and appropriate methods must be selected to support the execution of the processes. Their main role is to change the inputs of the process to its outputs and thus deliver the result. Processes in project management are generally iterative and follow universal path starting from project initiation processes and ending with project closing processes.[41]

Prior to project initiation all stakeholders must be identified and project charter must be developed to authorize the project. As soon as a project is authorized project management plan has to be set up, stakeholders' requirements must be collected, documented and analysed. Scope is defined according to stakeholders' requirements (their needs) and abilities of project team member. Project objectives (proposition of deliverables) are formed from plan, requirements, and scope. Deliverables of the project are divided into effectively manageable sub-deliverables (Work Breakdown Structures (WBSs)). Completing WBSs requires definition of necessary actions to be conducted. They need to be sequenced and

[39] Based on the standard PMBOK®
[40] A guide to the project management body of knowledge, 2008, p. 37
[41] Ibid.

adequate resources and time must be assigned to them. Activities flow must be then transformed into time schedule and budget. Key quality requirements and risks associated with the project must be identified and assessed and suitable personnel as well as other resources need to be involved.

Project plan typically includes overview, aims and requirements, approach (phases of project and standards used), main deliverables, key milestones, project scope, resources needed, project organization (roles and responsibilities), interdependencies, assumptions, implementation strategies, time schedule, risk management, quality control and management, configurations management.[42]

After mutual acceptance of the project plan, the project is being initiated. The activities defined are being conducted. Together with personnel (project team), information, expectations, quality of work, finance, risks, procurement, communication with stakeholders and others must be continually managed. As a project is in its execution stage, processes of planning / initiation stage are monitored. It might be the case that additional problems, challenges and actual client's needs come up from the execution of agreed plan to deliver deliverables. While being executed, work on project must be monitored and controlled. This comprises of scope verification, schedule and budget control, quality, performance and risks monitoring. The project ends when the expected deliverables are delivered to the client who confirms the acceptance of met conditions.

1.2.2 Prevailing project management methods

Project management methods are combination of tools and techniques helping in successful management of a project. The purpose of tools is to structure the complex process of a project into documented blueprint that helps to focus the project in its course, help analyse project requirements, progress and success, as well as to structure the conduction of problem solving. The purpose of techniques, on the other hand, is to effectively execute defined and structured steps which are necessary to conduct. While tools bring order and dynamics into projects, techniques bring guidance supporting the delivery of the proper solution.

[42] BARKER, COLE, 2009, p.21

Numerous tools include but are not limited to Project charter, Team Charter[43], Project scope statement, Logical Framework, Work-Breakdown Structure, Responsibility Assignment Matrix[44], Network diagrams[45], Gantt chart[46], Resource loading and levelling[47], Potential Problem analysis[48], or Earned Value Analysis[49].

Techniques include but are not limited to The Performance system model[50], Managing involvement[51], Situation appraisal[52], Decision analysis[53], Problem analysis[54], etc.

1.3 Problem solving in management consulting projects

Problem solving is the content of management consulting projects. It represents the service that management consulting as a practice sells. Each management consulting practice has its distinct approach to problem solving that distinguishes it from competition. Some rely on hypotheses driven problem solving, while others rely on statistical examination of hard quantifiable data. Yet, every concept shares number of features of general problem solving process.

1.3.1 Problem solving definition

"Problem solving is defined as any goal-directed sequence of cognitive operations."[55] The starting point of the sequence is an initial stage (situation), the goal is a goal stage, and the process is solution procedure. Having all required information in initial stage, the problem is well-defined. Having vague information in initial stage, the problem is ill-defined and requires reformulation.[56] Solution procedure requires both structure and knowledge; it involves information processing composed of recognising the task environment (the situation), transformation into person's problem space (formulation of the

[43] FRIGA, 2008, p.27
[44] LONGMAN, MULLINS, 2005, p. 59
[45] Ibid., p. 67
[46] Ibid., p. 73
[47] Ibid., p. 78
[48] Ibid., p. 83
[49] Ibid., p. 123
[50] Ibid., p. 133
[51] Ibid., p. 150
[52] LONGMAN, MULLINS, 2005, p. 176
[53] Ibid., p. 181
[54] Ibid., p. 190
[55] ROBERTSON, 2001, p.4
[56] Ibid., p.7

problem to be solvable together with steps necessary for solution reaching), and processing the data and moving towards the goal (conducting the actions defined).[57]

Unique problems require creative approach complementing the analytical structure. Creativity "uses cognitive processes like recognition, reasoning and understanding"[58] to come up with the ideas. Analytical structure in form of schemes, procedures and methods improves the efficacy of problem solving process. The structure is outcome of expertise in analogical expertise (applying relevant previously used procedures to current situation that shows similarities with the previous situation).

Generally, creative problem solving consists of objective finding, fact finding relevant to objective, exact problem finding, idea of possible solution finding, appropriate solution among ideas finding, and acceptance of solution finding.[59]

1.3.2 Prevailing problem solving methods in projects

Problem solving methods "are used to describe the reasoning steps and types of knowledge which are needed to perform"[60] in order to solve the problem. The purpose of methods is not only to describe the process; their purpose is in making the process more effective by applying assumptions to problem solving. Assumptions in form of knowledge of circumstances similar to given problem narrow the amount of data needed for analysis and amount if ways how to proceed with the data.

Formalized problem solving methods are widely used in management consulting since the projects require efficient work in often complex situations and in some way generalized solution process to unique problems so that the project work and consequent project scope can be predicted, quantified, agreed on, and set agreement conditions can be mutually met.

Conceptually, it is possible to divide problem solving methods used in management consulting into three categories. First category of problem solving methods is related to situation analysis, problem identification and initial

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[57] PROCTOR, 2005, p.24
[58] According to cognitive theory of creativity; PROCTOR, 2005, p.57
[59] PROCTOR, 2005, p.69
[60] FENSEL, 2000, p.7

hypothesis definition (within initial stage). Second category is methods used to support idea production in finding the right solution (within execution stage). Third category is management frameworks that enable recording of situation, its interpretation and focus of analysis (throughout the entire project).

First category includes but is not limited to methods such as SMART Problem definition[61], MECE Issue tree[62], and Causal analysis – Force-field analysis[63].

Second category includes but is not limited to methods such as Brainstorming, Attribute listing, Morphological analysis, Lateral thinking, The Six thinking hats[64], Breakthrough thinking[65], Crawford slip[66], and Walt Disney Strategy[67].

Third category includes but is not limited to methods such as Fishbone diagram[68], 5 Forces[69], SWOT Analysis[70], 7-S Contingency Model, Value Chain, or The Change Pyramid[71].

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[61] DOLEZAL, 2009, p.79
[62] RASIEL, 1999, p.6
[63] KUBR, 2001, p.202, BURTONSHAW-GUNN, 2010, p.92
[64] KUBR, 2001, p.219
[65] KUBR, 2001, p.220
[66] DOLEZAL, 2009, p.321
[67] Ibid., p.322
[68] BURTONSHAW-GUNN, 2010, p.90
[69] FOMBRUN, NEVINS, p.82
[70] BURTONSHAW-GUNN, 2010, p.108
[71] BURTONSHAW-GUNN, 2010, p.123

2 Application Methodology

Starting with theory follow-up, the second chapter of the thesis is devoted to description of the application methodology. It starts with depicting data sources, limitations, continues to application process description, to naming of methods being used, and ends with description of evaluating the impact of applied methods, and proposing areas for improvement.

2.1 Theory follow-up

The importance of proper project management in projects is well documented and empirically testified. The methods used by project managers to progress successfully in the course of the project and to deliver the expected outcome are adjusted and improved by multiple uses in many types of projects. In projects whose aim is identification and solution of unique client's problem, the use of problem solving methods to come up with the sound solution that meets client's needs and requirements is highly appropriate.

Projects in management consulting represent combination of both project management methods since the entire operation is done by projects, and problem solving methods that enable sufficient grasping of problem and development of new ideas while helping in maintaining the focus on important issues that need to be solved.

Are those methods (both project management and problem solving) however transferable and adding value also without the expertise of the user? Are the foundations and logic of the methods themselves sufficient for their applicability to particular situation? Is their applicability into the project process adding value? To answer those questions, the task of this thesis is to describe the application of selected methods to a project that resembles management consulting project in client's needs and problem solution.

In particular, as stipulated in the introduction to the thesis, the focus of the thesis is not to describe the whole process of the project. Rather, the focus of application and its consequent description is on the initial part of the project (project initiation stage). The reason for doing so is the proposed assumption that in management consulting projects, the biggest part of the success of the project depends on its initial part (initiation stage) where the problem is identified, where the problem is defined and decomposed, where the initial hypotheses are proposed and briefly examined, and where the deliverables and activities to be conducted in the further part of the project (execution stage) are selected.

Selected methods will be applied in the student consulting project for the Transparency International Czech Republic, leading non-profit non-governmental organization focusing on activities whose aim is to inform of and reduce the level of corruption in the Czech Republic.

2.2 Data and sources used

Four sources of data will be used for the purposes of this thesis. The main source is the literature. Theoretical concepts of management consulting process, project management and problem solving methods will draw mostly from international literature on project management, problem solving and management consulting. PMBOK® is used as a main reference for project management, literature by consultants from McKinsey & Company is used to indicate processes in management consulting. Czech literature is complementary to the international one, but also used. Other sources of relevant data are project management course taken within the curriculum of Faculty of Business Administration at University of Economics in Prague; previous management consulting working experience of students involved in the consulting project for Transparency International Czech Republic; and the organization itself that is the client and hence the object of application of methods.

2.3 Limitations

Availability of data is limited as the access to international literature covering the particular topic is not sufficient. Hence, the presence and description of given processes and methods is only as exhaustive and objective as the situation allows. Further, management consulting organizations are not in favour of publishing the exact processes they follow and methods they use. Only some of them publish brief overview and peek into their functioning and thus the description herein might not cover the management consulting operation in total. Wherever possible and where the sources are available, they will represent standard methods used in management consulting industry. However, certain part of the methods as well as other descriptions will be those developed and used mainly by McKinsey & Company. There are two reasons justifying the selection. McKinsey & Company is a global leader and pioneer in the industry and it is also the most open to sharing its insights. There is notable collection of literature presenting the way the company operates.

2.4 Application process

Student consulting project arranged for the management of Transparency International Czech Republic, serving as an object of methods application, has been initiated after mutual cooperation agreement. The prerequisite to project initiation in form of management approval has been fulfilled.[72]

The project is defined to last two months from February 1st to March 31st. There are no specifications on a way of progressing in project, nor is the aim of the project defined by the client. There are obvious expectations from the client as the project has been approved. The client is non-profit non-governmental organization currently with no significant difficulties, but within environment that is changing. Hence, the nature of the project is strategic.

In the course of eight weeks, several project management and problem solving methods will be applied. Exactly scheduled application will be based on anticipated and predefined needs and also on situation calling for application of specific method. The scope of the thesis covers the initial stage of the project – starting with the situation analysis and ending with the proposed activities in Logical Framework Matrix and deliverables (work-packages) in WBS.

Before the project kicks-off, number of methods will be pre-selected to facilitate the initial process. Also, pre-selection of methods suitable for later execution stage will be made before the kick-off. After project kick-offs, the application of methods will follow defined path. Preliminary, week one of initial stage will be devoted to situation analysis of the client. Weeks two and three will be devoted to problem and initial hypotheses definition and their decomposition. Week four to seven will be devoted to execution stage of developing the solution that is not

[72] Resulting from the fact that the project is classified as a student consulting project, the aim of which is both to help the organization and to improve skills of performers (students), the project is free of charge. The charge for management consulting services might widely differ organization to organization.

covered by the thesis. Week eight will be devoted to delivery communication and project closing.[73] Some methods will be specifically intended for particular stage, some will overlap stages.

The application part of the thesis will be thus a description of application of methods during initiation stage, not a complete description of the consulting project. Methods applied during the project within the execution stage and methods not directly related to solution developing processes are not covered in the application part of the thesis.

Following description of the initial stage of the project, final delivery will be described. It will be assessed to determine whether it meets the design proposed in the initiation stage. By conducting the initiation stage of the project, the team will have number of important outcomes developed using the methods such as list of selected deliverables that need to be developed in order to build the solution, list of selected activities that result in deliverables, main objective, its purpose, list of assumptions and risks related to the problem solution, etc. The final delivery / outcome should reflect all findings from initiation stage. If it reflects them with no major deviations brought about by execution process (major changes to solution caused during further analysis; due to non-feasibility of proposed activities, etc.), the assumption that the initial part of the project is crucial and the most critical part of the management consulting project, is correct.

As the methods will be applied, reasons for their application will be described, their benefits in the project will be demonstrated and the result of application will be evaluated.

[73] The final delivery will be described in the final part of the thesis, focusing on its alignment to its design proposed through the outcomes of LFM and WBS.

	Month 1		Month 2	
	Initiation stage	Execution stage		Communication and Closing stage
Project Management Methods:				
Project Management Tools	**Focus**			
Project Management Techniques		**Not covered within the thesis**		
Problem Solving methods:				
Problem Diagnosis	**Focus**			
Solution Developing				
Management Frameworks	**Focus**			

Evaluation:	Evaluation of method after its application and within project closing; evaluation of process during all stages and within project closing; evaluation of success based on delivery meeting the outcomes proposed within the initiation stage
Critical Factors:	Observation and documentation of factors critical and decisive to project progress during the whole project
Improvement proposal:	Where critical factors not covered or covered insufficiently by the applied methods

Figure 2.1: Process of methods application

Source: Author, Illustrated: Author

Application process will be initiated by pre-selection of methods, documented and consequently impact of all as well as individual methods will be evaluated. Important part of the process is identification of critical (success and decision) factors. Suggestions for process improvement will result from areas of project that are not covered by (selected in the best knowledge) applied methods and from areas that are covered by applied methods but after application do not deliver added value in a way of substantially better progress in a project.

2.5 *Methods applied*

Selection and application of proper methods is a principal component of the thesis. Preferably, two or more methods in each category (as selected by the focus of the thesis: project management tools, problem diagnosis methods, and management frameworks) with assumed highest impact on the project and that are most suitable to arisen need will be selected and applied. Resulting state will be documented and evaluated.

Only methods within the initiation stage are covered within the thesis. The execution stage of the project will not be covered within the thesis for the purpose stated in the thesis primary objective.

2.5.1 Project management methods to apply

List of project management methods is presented and each method is briefly described in following section. Selected project management methods used in the project meet criteria of availability and knowledge to the author and the team, theoretically proven wide usability, and suitability for the type of project (general non-complex project). Project Management Tools is a group of methods applied within the initiation stage of the project.

Project Management Tools

The purpose of project management tools is to give structure, order, form and dynamics to conduction of a project and keep structure, order and form during project execution. Their role is important throughout the whole project, yet the focus of thesis is on their application within the initiation stage.

Logical Framework Matrix[74]

Logical Framework is a key tool used in project management to document the logical approach of conducting the project. Prior to the very conduction of an execution stage of the project and in order to justify the purpose of the execution, Logical Framework answers four critical questions. First: What is to be accomplished by a project and why? Answers to this question are objectives of a project. Second: How the success is to be measured? Answers to this question are measures expressed in quantities, qualities, monetary, or time indicators, as

[74] SCHMIDT, 2009, p. 40

well as verifications describing means of evaluating of objectives achieving defined in measures. Third: What other conditions must exist? Answers to this question are assumptions referring to potential complications, new opportunities, and important factors influencing success of project. Such factors are either directly interconnected with the project or the influence is indirect. Fourth: How to get there? Answers to this question are actions / inputs (specific steps in proceeding in a project). This is a horizontal logic of Logical Framework Matrix. Each objective must be measured, it is influenced by many assumed factors and activities are means of achieving objective.

Vertical logic represents the causal interconnection between activities and objective. The highest of objectives is a goal (intention). Bottom level activities in the vertical logic produce outcomes (outputs) resulting in purpose of the project.

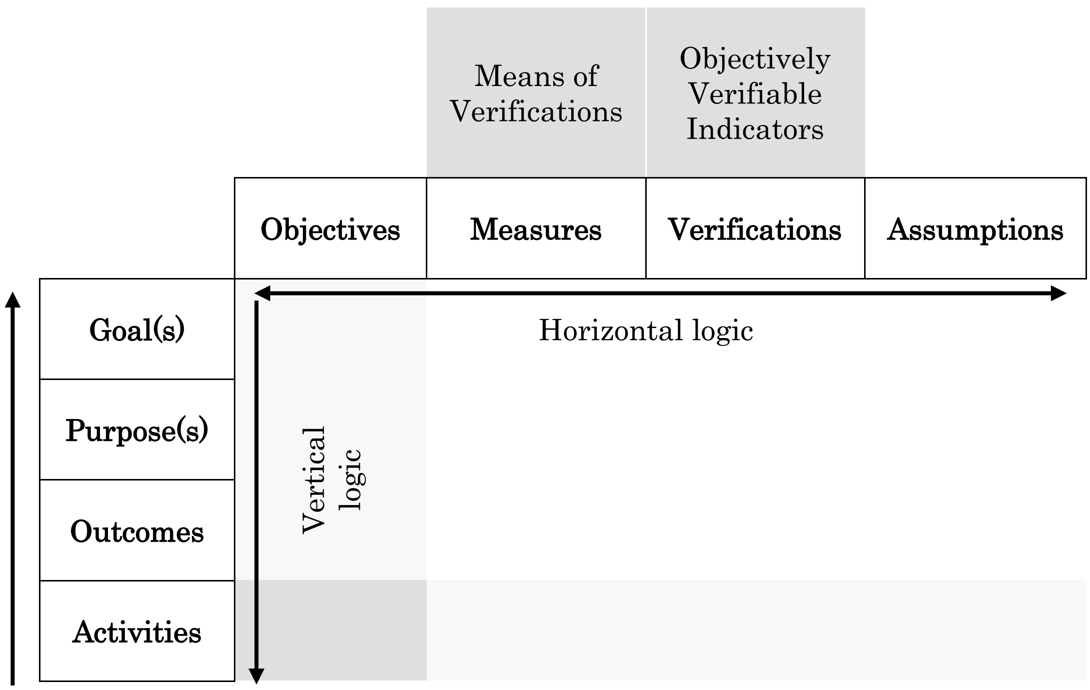

Figure 2.2: Logical Framework Matrix

Source: SCHMIDT, 2009, p.45 Illustrated: Author

Work Break-down Structure[75]

WBS (Work Break-down structure) transforms the objective into individual work packages that can be conducted by individual consultant. The same way as the client's problem was decomposed using MECE Issue tree to get to the level of solvable elements of the problem and to assign appropriate hypotheses to the elements, WBS decomposes the proposed outcome of the project (the Outcome defined in the LFM) into its elements (work-packages / deliverables) and them consequently into individual tasks / activities that need to be performed in order to realize the outcome.[76]

Since the outcome is defined within the initiation stage of the project, it is not specific. It however reflects all the client's needs and reacts to proposed hypotheses and forces defined that affect the hypotheses. Application of WBS hence not only decomposes and structures the work that needs to be done. In the case of progress in the project described in the thesis, it specifies the outcome as such. This is achieved due to need for specific activities assigned to the team to perform in the execution stage of the project.

SMART Problem definition[77]

Redefining the problem[78] into SMART form is one of the most important elements of project's initiation stage. Acronym SMART stands for specific, measurable, achievable, realistic, and time-bounded. Specific problem is approachable by analysis and its requirements in form of resources, time, and methods to be used can be predicted. Measurable problem enables both further specification (eventual quantification) of the problem and later evaluation of proposed solution. Assignable and realistic problem is fundamental to very project initiation. Consultant must be competent to frame the problem into form that can be dealt with his knowledge, expertise, and skills. Timely aspect of

[75] WYSOCKI, 2009, p. 125

[76] The outcome (key deliverable / objective) of the project is its solution. Activities defined by using WBS are activities necessary to be performed by the project team, not the client. The activities that must be conducted by the client are part of the problem solution.

[77] DOLEZAL, 2009, p.79

[78] Though the name implies definition of problem as a situation that needs to be resolved, it is as well used for definition of problem as a goal that is to be achieved.

problem is important for client agenda and for guaranteeing the effect of solution.[79]

2.5.2 Problem solving methods to apply

Whereas project management methods deal with the dynamics of a project (project structure, project goals, objectives and activities definition, responsibilities assignment, team involvement, or team interaction), problem solving methods deal with content of a project. Specifically, as in most management consulting projects, they deal with a problem of a client. It is after all, the problem that client faces that requires services of management consulting practice.

Two types of problem solving methods will be applied in course of consulting project for Transparency International Czech Republic. The types are complementing each other. Problem diagnosis methods facilitate problem identification and its decomposition. Management frameworks interpret organizational structure, its surroundings, and help in easier understanding of client' operations.

Problem Diagnosis Methods

Problem diagnosis methods enable management consultants to decompose client's problem (whether it is in form of client's request or after problem identification by a consultant) into components that make up the problem and by analysing individual components enable to find the exact root of the problem or the specific area that needs to be improved in order to achieve the desired situation.

Their application is concentrated in the initiation stage of the project, after the situation analysis and problem identification. The outcomes of analysis conducted with problem diagnosis methods are inputs into solution developing methods in the execution stage.

After conducting analysis using problem diagnosis methods, it is assumed that the problem of the client is clear, restructured into solvable form and hypotheses

[79] The exactly defined problem that differs only in time aspect requires significant adjustment to project progressing.

for further examination are formed, design of the outcome is proposed and appropriate work-packages are selected.

MECE Issue tree[80]

MECE Issue tree as illustrated in Figure 2.3 is a logical framework that is a core to the hypotheses driven management consulting analysis.[81] First, it is a very helpful tool to decompose the main problem into its parts. The first decomposition of the main problem might result in areas of potential causes of the problem, or areas of potential solution to the problem. Second decomposition of identified areas proceeds to more specific issues. Further decomposition is chosen as desired. The outcome of problem decomposition is a list of issues in the level of detail desired. The exact level of detail depends on the type of the project, selected intervention strategy, complexity of the problem, complexity of the client, and the particularity of given problem. In Figure 2.3, two decompositions are illustrated. Number of branches (possible causes) is not dependent on number of decompositions.

Second, it enables to initially cover all possible causes of an issue (problem), while maintaining the scope of the problem solving by eliminating duplication of causes. The main principle of MECE Issue tree is that the parts of the problem are in all levels of decomposition mutually exclusive (the rule of non-duplication) and collectively exhaustive (the rule of complete coverage). Therefore, initially defined problem within certain area remains the same throughout the all levels of decomposition.

Third, performed MECE Issue tree applied to a problem serves not only as a mind map but also as a high-level source for project scope and hence proposed hypotheses assigned to the final level of problem decomposition and their examination are the content of management consulting project for any type of client.

[80] RASIEL, 1999, p.6
[81] Hypotheses driven management consulting is dominant practice supported by strategic management consulting. It implies that client's problem is complex cause of multiple factors that are interconnected and that it is necessary to identify all those factors; by analysis (done by examining – confirming or rejecting – proposed hypotheses) choose factors that are key causes of client's problem and propose the solution that deal with the given factors and only with the given factors.

Problem	Main Issues of the Problem	Solvable Sub-Issues of the Problem	Hypotheses
How to increase profitability of product XY by at least 25 % to the end of year 2011?	Sales from product XY must be increased	Number of sales points need to be increased	By covering additional cities of 10 000 to 50 000 citizens, sales can be increased by 70 %.
		Visibility of product need to be improved	Placing the product in the upper shelf increases awareness of the product by 35%.
		Price must be increased	Customers will not change their purchasing behaviour by increasing the price by 15 %.
	Costs related to product must be decreased	Production process needs to be optimized	Introducing mechanical production line improves production efficiency by 50 %.
		Prices of inputs need to be reduced	Inputs can be 40 % cheaper by importing the inputs without the broker.
		Time on stock must be reduced	Just-in-time production reduces amount of stock by 60 %.
Problem / Task / Goal of the Project defined in SMART format	**Primary cut** of the problem into main issues	Bottom-line issues that can be addressed by specific solution	Tested hypotheses – their validity in other projects have been proved

The area covered remains the same throughout the decomposition proceeding

Figure 2.3: Problem decomposition into issues and related hypotheses

Source: RASIEL, 1999, p.6, Illustrated: Author

Causal analysis – Force-field analysis[82]

The importance of Force-field analysis in a consulting project is for its outcomes it produces. After the decomposition of a problem, number of hypotheses is derived[83]. Hypotheses whose examination is feasible and whose application would have the biggest positive impact to client's situation are to undergo an examination. To help to specify the hypothesis, Force-field analysis is a problem solving method that focuses on identification of all possible factors influencing exact realization of proposed ideas. E.g. one of the hypotheses proposed to partly solve the initial problem illustrated in Figure 2.3.: "How to increase profitability of product XY by at least 25 % to the end of year 2011?" is: "Customers will not change their purchasing behaviour by increasing the price by 15 %." Such statement might be true, however it is vague and the examination of it might be difficult and the result inaccurate. By using Force-field analysis, consultant approaches the statement (hypothesis) as stage of development that is a result of many factors (forces) that are either driving forces or restraining forces to the resulting effect of "Customers not changing their purchasing behaviour if the price is increased by 15 %." Such driving forces might be customers preferring quality over price, customers unaffected by the price change, or the price is so low that 15% price increase is overlooked. Contrary, restraining forces might include any factor that acts opposite to the development of statement phrased by hypothesis.

Identified forces are arranged according to their influence on situation (stage) defined by hypothesis. The strongest driving and restraining forces are then the focus of solution development, because activities to be performed are reactive to them. Analysis of the forces acts as a hypothesis examination as well as a solution development.

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[82] KUBR, 2001, p.202, BURTONSHAW-GUNN, 2010, p.92

[83] As described in preceding part of the thesis, hypotheses are selected, adjusted and assigned to individual decomposed parts of the problem based on number of factors such as expertise of a consultant, knowledge of best cases, conducted research, discussion with the client, available capabilities, etc. Hypotheses are assumptions that need to be examined. If they are confirmed, they are plausible to implement.

Management Frameworks

Management frameworks are complementary to problem diagnosis methods and their application precedes the application of problem diagnosis methods. Outcome of management frameworks – situation analysis of a client – provides starting foundation for problem diagnosis methods.

The Value Chain[84]

This framework helps depicting different processes within an organization and clusters them into number of activities that together create value chain of the organization. Then, those processes can be investigated separately. Individual parts of value chain have collective impact on organization's operation. Importance of individual parts differ organization to organization, however, problem in any part might cause the difficulties to whole value chain. Value chain of any organization is divided into primary (which include inbound logistics, operations, outbound logistics, marketing and sales, and service) and support activities (which include firm infrastructure, human resource management, technology development, and procurement).

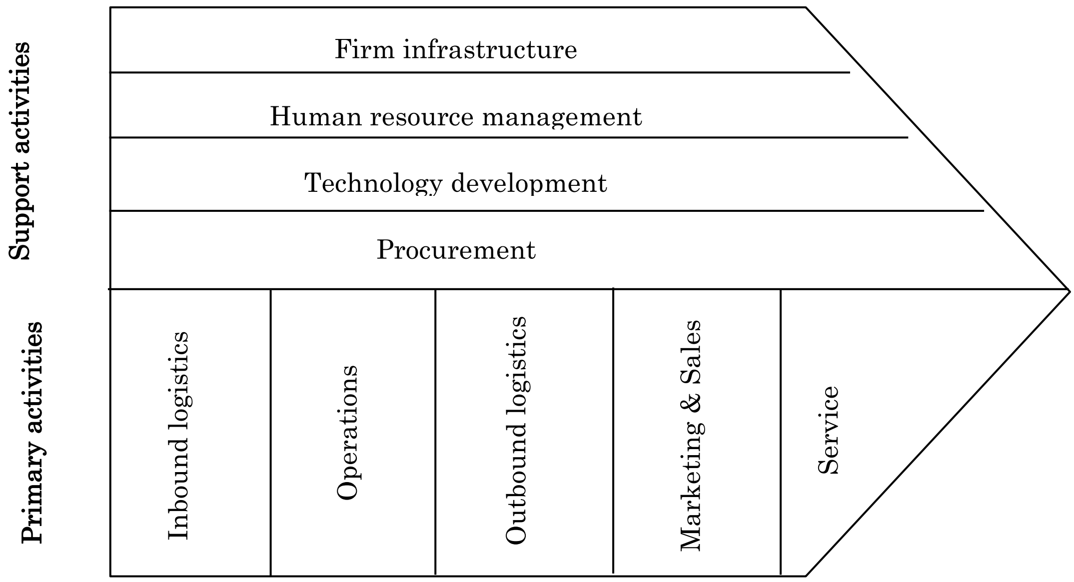

Figure 2.4: The Value Chain

Source: TEN HAVE, 2003, p.193, Illustrated: Author

[84] TEN HAVE, 2003, p.193

SWOT Analysis[85]

SWOT analysis is a framework used to establish the organization's position. A position of any company results from internal and external factors. Strengths and weakness of organization represent organization's internal factors determining its potential. Opportunities and threats represent external factors that influence position of the organization. All factors have impact on organization's position. While internal factors are abilities of the organization to gain particular position, external factors shape the position significantly. Using the framework is a good starting point in analysing any type of organization when identifying potential organization's problem.

Porter's 5 Forces[86]

Michael Porter's 5 Forces framework simplifies the perspective of an organization as being a part of a competitive dynamic environment. According to the model that does not explore internal capabilities of an organization, success of each organization depends on its ability to defend itself against competitive forces that include competitive rivalry (direct competition force), new entrants into organization's domain (threat of new entrants force), suppliers (bargaining power increasing price), buyers (bargaining power decreasing price), and substitutes (threat of substitutes force).

To mitigate the impact of competitive rivalry, organization must differentiate in activities it provides, its brand identity must be strong and its activity must be complex for competitors to imitate. To defend against new entrants, organization must increase barriers to entry (must stress its identity, impact, must have greater access to important stakeholders and resources). To differentiate itself from substitutes, organization has to stress its benefit compared to substitutes. Organization has to increase its bargaining power by increasing its relative importance to both suppliers and buyers of its outputs.

[85] BURTONSHAW-GUNN, 2010, p.108
[86] FOMBRUN, NEVINS, p.82

Cause-effect / Ishikawa / Fishbone Diagram[87]

Although the diagram is used after the problem is identified to find the causes of that problem (effect), it is also well suited for the situations where the problem needs to be identified. In such cases, the conceptual logic of the framework must be reversed so that one first analyses the situation, then identifies possible causes of eventual problem that is not yet defined / known, and then interconnects the causes to come up with potential problem that occurs with the highest probability based on the identified causes and their joint impact.

For the purposes of non-profit non-governmental organization, it is appropriate to divide causes into those connected with organization's surroundings, suppliers / donors, customers / audience, and systems and skills.

2.6 Evaluation

Evaluation will focus on four areas:

1) Evaluation of applied method – its key benefits, possible weaknesses;
2) Evaluation of method application – its suitability, eventual comparison to situation without applying method, appropriateness of its use by team conducting the project, lessons learned;
3) Evaluation of the process of consulting project – its dynamics, key challenges and reaction to them, key decision factors, benefits and added value of individual methods as well as of their combination, importance to project success; and
4) Evaluation of the importance of initiation stage to the final outcome.

2.7 Key success and decision factors, areas for improvement

Success of the project depends on three factors. First, it is the right selection of the methods to be used according to the type of a situation. Second, it is the right understanding and application of selected methods in given time of the project. Third, it is the surrounding occurring events that impact the outcome of the problem solving process. The goal of the appropriate selection of the methods is to dampen negative effects of such events as well as to enable identifying

[87] BURTONSHAW-GUNN, 2010, p.90

positive effects of such events and building eventual solution adjustments upon it.

Key decisions within the project are the reaction to moments when such effect emerges (for example, if the client does not want the team to conduct given action).

Areas for improvement will be presented upon the conclusion of application description and will be based on the evaluation of the application (evaluation of methods, application of methods, and process). In case, an element will be evaluated as having some drawbacks, or that the benefit of the element was not appreciated within the project, alternative improvement to the element will be suggested.

3 Transparency International Czech Republic – the company characteristics

Transparency International Czech Republic, public service company, is one of the most respectful, influential and recognized non-profit, non-governmental organization whose objective is to monitor the state of corruption in the Czech Republic and to contribute to its systemic reduction. It is a Czech branch of Transparency International, global organization whose primary mission is to create change towards a world free of corruption based in Berlin, Germany. "Since its founding in 1998, Transparency International Czech Republic has been gradually moving from analyses, studies and awakening the public awareness in the Czech Republic to outlining new concepts for public administration, legal solutions of particular cases and training of the public officials."[88]

The Czech branch, Prague office is led by one director. Its statutory organ – board of directors has 9 members[89], controlling organ – supervisory board has three members. Ethics committee with three members is also established. Since January 2011 new manager responsible for relationships with partners and fund-raising has been appointed. It employs 13 employees, mostly lawyers specializing in anti-corruption practices.

Key activities of organization include primarily conducting projects concentrating on selected topics of general public interest relevant to corruption practices or practices eliminating corruption, education and training programs designed for public and partly private administration, and Legal Advice Centre operation.

Activities are financed by local and international grant programmes, government donors, individual contributors, financial contributions of its parent company, and by secondary business activity of Legal Advice Centre operation.

Stemming from its main mission, organization measures its success by number of projects undertaken, number of corruption cases identified and eventually

[88]Organization's website, section About us:
http://www.transparency.cz/index.php?lan=uk&id=2
[89] Those include managers of private companies, economists, lawyers, academics, journalists.

solved, by frequency of media coverage[90], by number of active followers from public, and by sustainable source of support of financial, material and intellectual capital.

Organization has two economic activities: Main economic activity where in 2009 it operated with the loss of 15,000 CZK[91] and business (secondary) activity where it operated in profit after tax of 351,000 CZK.

[90] Number of media appearances in recent years: 1704 times in 2007, 3113 times in 2008, 3060 times in 2009

[91] 2009 income from donations and financial contribution from Transparency International headquarter in total amount of 8,582,000 CZK and expenses for personnel, services and purchases in total amount of 8,597,000 CZK.

4 Application of Project Management and Problem Solving Methods to Management Consulting Project

4.1 Situation analysis

Transparency International Czech Republic success depends on three principal areas.[92]

Principal area number one is quantity, quality and impact of conducted projects. Being active observer[93] and agent of change in corruption practices in the Czech Republic for more than decade (seven years as a public service company), it has conducted tens of project, studies, took place in number of legal acts against corruption practices, served as a consultant in creating ant-corruption processes, actively tough public and private administrative officers in dealing with cases of corruption. It is estimated that tens of millions of CZK have been saved due to its operation.

Principal activity number two is marketing communication. For given organization to be successful, it needs to communicate both its operation and needs. Formally, Transparency International Czech Republic communicates the outcomes of its work mostly via traditional media by being cited in printed media or by appearing on broadcasting [94] and by organizing seminars or participating on various events. Secondary communication channel that organization uses is its website and to some extent social media. The website itself and the way the outcome is presented are not attractive to general reader[95] and the number of site visitor is low. Facebook site that organization uses has 824 followers what is also rather low number. Communication of organization's needs (whether financial, material, or personnel) is not used to the extent that is clearly visible by general public. The possibility of supporting the organization is mentioned on its website. Overall, the marketing communication of operations in form of outcomes and needs is passive and does not take into consideration

[92] Same areas as for any non-profit non-governmental organizations
[93] Referred to as "watchdog"
[94] Director of Transparency International Czech Republic David Ondracka is very active in this manner, being interviewed on the most of significant cases of corruption or anti-corruption actions.
[95] According to conducted interviews

readers' requirements for brisk, interesting content, and does not utilize the potential of modern communication channels.

Third principal area based on which depends the success of the organization is financing. Organization obtains financing through fund-raising and conducting economic activity. It raises funds from domestic government (on projects such as 199 Anti-corruption Line financed by Ministry of the Interior of the Czech Republic) – about 46 % in 2009, from international institutions (EU) – about 9 %, from domestic and international private foundations (Open Society Fund, etc.) – about 36 %, from individual donors, and from its parent company. Donations from general public and corporations are minor. Fund-raising is thus mostly oriented on receiving money from government and international foundations. Its economic activities include training and legal consultation in anti-corruption practices.

Number of competitors competing for funds is increasing. Transparency International Czech Republic competes within the international and domestic foundations market. Within international foundations market, it must convince the foundations about the necessity of funding provision. Within domestic foundations market, it must attract foundations as well as other potential donors by high impact and visibility of its work. Amount of total donations to non-profit organizations is increasing though it is limited and organizations must be active in fund-raising in order to receive donations. There are major non-profit non-governmental organizations not dealing with corruption topic but gaining significant amount of donations (Amnesty International Czech Republic, Greenpeace Czech Republic, Clovek v tisni, Kapka nadeje, Nadace Terezy Maxove[96]) and other non-profit non-governmental organizations having similar objective as Transparency International Czech Republic (Nadacni fond proti korupci, Ruzovy panter, Zmen politiku, Vymente politiky).

The outcome of the situation analysis in form of initial client presentation included all described information. Only desk research and public information was used to prepare the presentation.[97]

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[96] It is foundation itself, but also competes for the donations.
[97] Presentation provided in the Appendix 1 of this thesis

4.2 Problem identification

The area of problem has not been identified by the client. The definition of client's need is ambiguous. Therefore, it is the first step to find the problem. Based on the delivery mode of study and recommend and content focus on technical system (organization's processes) as it implies from the situation analysis, expertise-based intervention strategy was selected. Resulting from selected intervention strategy that focuses on client's internal processes and external position, it is suitable to examine both to find the potential problem (improvement).[98]

To find the problem using the already performed situation analysis, several methods have been selected. Since the project scope was in a pre-approval stage[99], there was no need to structure the work flow. Hence, no project management methods have been applied in this stage. However, in order to conceptualize the situation of the client, several management frameworks were selected to identify the problem within the situation of the client. The key area to examine was the organization and its processes and the environment within it operates. Therefore, first, Value Chain, SWOT Analysis and Porter's 5 Forces were applied in order to show the state and the positions of the client's organization. Then the Cause-effect / Ishikawa / Fishbone diagram was applied (inversely) to identify the resulting problem stemming from the identified individual causes (found in prior three frameworks).

4.2.1 Management Frameworks

The Value Chain

Looking at the organization as an external observer together with acquired knowledge about operations of non-profit non-governmental organizations, each activity was briefly examined while adjusting the model to the type of organization.

For the purposes of Transparency International Czech Republic, the inbound logistics represents the fund-raising. The amount raised in 2009 was CZK

[98] According to expertise-based intervention strategy, it is possible to assume a length and intensity of work in. The assumed length of project before the actual problem was initiated was set between one and three months.
[99] It is a necessity to first identify the problem and only then to request the project approval.

8,346,000. In 2007, it was CZK 10,120,000. This represents 17.5% decrease in funds being raised within two years period.[100] Moreover, number of donors also decreased from 12 in year 2008 to 11 in 2009 and the type of donors is very narrow: 46 % of donations represent project donations from domestic government, 36 % foundations (mostly international) and 0 % corporate donations. Also, no fund-raising strategy was identified.

Activities of Transparency International Czech Republic that represent both operations and outbound logistics are conducted according to organization's main mission of performing anti-corruption practices and applying those practices in projects to fight against the corruption. Majority of actions and projects are conducted either as a reaction to arisen situation (case) or after the receipt of funds designated for exact project (199 Anti-corruption Line funded by Ministry of the Interior of Czech Republic). Legal personnel of the organization are fully utilized. Portfolio of services provided by the organization as a business activity to diversify its funding is limited to training of anti-corruption practices to public administrative staff. Roles of employees are not strictly defined.

Marketing and sales is passive, relying on interest of media. Director of the organization is also the speaker of the organization, while project managers of individual projects also appear publicly. Other than by traditional media, organization communicates through seminars that either organizes or participates in. Further, it operates website where it provides results of the projects and the basic information about the organization. The style of presentation and content itself is not attractive for general reader and the traffic is low. It however utilizes Facebook as a social media site. Organization also distributes newsletter to its donors, supporters and active followers. The frequency of newsletter distribution is not set and is rather random.

Organization has formally well-structured firm structure in form of corporate governance with representative and experienced people in all organs. Human resource management is not systematic. Organization misses detailed organizational structure with set roles. Number of employees, including the director, has several roles. Organization does not develop technology, nor is procurement important to its operations.

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[100] Only financial information for years 2009 and 2007 was available during initial situation analysis. However, further investigation showed that the funds were decreasing indeed.

Hence it followed that possible problem within organizational primary activity was its inbound logistics (fund-raising), operations (portfolio of provided services), and marketing and sales (communication to stakeholders). Human resource management might have been problematic support activity.

Porter's 5 Forces

In order to apply the 5 Forces framework onto the examined organization context, definition of forces needed to be adjusted. Competitive rivalry (direct competition force) – organizations with similar cause competing for audience and funds was still weak (only one organization was to compete with Transparency International Czech Republic in scope of activities and expertise), however, organizations with different cause competing for funds was identified as rather strong (there are tens of established organizations that have tight relationships with many donors).

Force of new entrants entering organization's domain – newly established non-profit non-governmental organizations with similar cause – was moderate as the entry barriers to the domain are low (low capital investment, no certification requirement), although it is only the domain that is accessible[101]; entrance into the sphere where Transparency International Czech Republic operates requires both expertise, trained people, established contacts and references. Also brand identity of organization is very strong and it is number one organization associated with anti-corruption activities.

Threat of substitutes – organizations with different causes but with substantial public awareness and fund-raising power – was assessed as strong not only because those organizations[102] have better marketing communication both to audience and donors, have already developed strategies and for several years they implement them, but also because the cause of those organizations is less controversial, more appreciated by public and more easily justifiable by donors.

Suppliers force (bargaining power increasing price of input) was adjusted to the force of funding providers / donors. This force was strong since the very

[101] Recently founded civic organizations are groups of actively engaged residents with no prior expertise in anti-corruption practices.

[102] Mostly Amnesty International Czech Republic, Clove v tisni, Kapka nadeje, Nadace Terezy Maxove – cause: either care for people in need or care for children

operation of the organization relies on it. Moreover, observed type of donors was narrow and organization has little manoeuvring space to balance the shifts in donors funding. As a result, Transparency International Czech Republic conducts activities very much related to the financing source.

Force of buyers / customers of organization's services – public – was hard to measure, but inclined to moderate as there are, on one hand, no switching costs for the costumers to follow the organization, there are many organizations to follow and the success of organization depends on its audience, on the other however, customers are not concentrated, organization has strong brand identity and its position is well established.[103]

As Porter's 5 Forces implies, the forces that might significantly shape the competitive position of the organization were substitutes, suppliers and buyers. Not being attractive for the public and not utilize the public awareness by increasing fund-raising activity could have posed the biggest threat for the organization.

SWOT analysis

Applying SWOT analysis to organization's situation, several factors that have impact on organization's position and resulting performance were identified as follows.

Organization has number of strengths including its well-defined firm structure occupied by resourceful people. Organization's director David Ondracka is respected, experienced, high-profile, educated professional who for more than a decade focuses on the topic of corruption within Transparency International Czech Republic. Furthermore, organization capitalizes on its tradition as being a branch of international organization that is present globally, as being a sole anti-corruption organization in Czech Republic for more than decade, as being credible, objective and critical. The Transparency International brand is well-known and the public recognizes it.[104] Team of employees possesses strong expertise and works in the organization for a long period. Organization is the

[103] So far, the organization is the only non-profit non-governmental organization in the Czech Republic that is capable of legally enforcing inherence to anti-corruption practices.
[104] However, during doing research by interviewing a group of people, it was misled by them with Amnesty International for the name resemblance. The brand itself is thus well-recognized, but the activities behind the name are not definitely clear.

leading national anti-corruption advocate. Strengths of the organization were to be used in potential solution proposition.

Organization's weaknesses representing the possible area of problem included absence of detailed organization structure and roles description, weak promotion of its activities, non-systematic marketing communication with its stakeholders, and missing actionable fund-raising strategy. Looking at the organization from the view of potential donor, activities of the organization might have been politically too controversial and not attractive and tangible enough.[105]

While the activity of Transparency International Czech Republic is harder to tangibly present, public awareness of economical and societal danger of corruption is increasing year to year. Society is no longer inactive observer, but wants to actively participate in corruption reduction.[106] However, there must be professional dealing with the corruption in the forefront of the movement. This creates a strong opportunity that organization could capitalize on. Also a list of potential donors is widening as more and more individuals, corporations and institutions support number of issues including anti-corruption activities. Another opportunity for Transparency International Czech Republic was improving technology that would enable it to receive funding by many ways.[107]

Three significant threats that pose great danger to the position of the organization were identified. Major threat represented non-diversified portfolio of funds. 91 % of organization's financing came from domestic government, EU, or foundations. Though they are very stable source of income for any organization, structural changes that were assumed to come could rapidly change this situation. First, sources from domestic government depend on existing relationships between organization and government (which are worsening since more cases are brought to light by the client). Second, EU funding is tightening requirements for its funding of activities of non-profit non-governmental organizations and hence the process of donation approval is being

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[105] Compared to non-profit organization whose cause is easily imaginable such as supporting education, supporting children and elderly people, the activity of monitoring and reducing the level of corruption in the society is harder to imagine.

[106] Number of civic organizations with similar cause had been established recently such as Nekorupci.cz, Zmenpolitiku.cz, etc.

[107] As identified based on preliminary desk research, they include online payment by credit / debit card, payment portals such as PayPal, PaySec, or DMS (donor sms) in addition to transfer order. The team further analyzed benefits of individual payments after problem decomposition.

prolonged and made more expensive. Third, contributing international foundations are shifting their focus of support from the region of Central Europe to the region of South-eastern Europe and so are they transferring their funding. Another threat was increasing competition of organizations dealing with corruption. Approximately three organizations with similar cause are founded annually. They take the public awareness, the cases, and the share of funds that was previously left for smaller number of participants.[108] Lastly, Transparency International Czech Republic could transform itself into more sellable type of organization, but it would risk threatening its position of being credible, independent and objective and thus lost its identity.

Resulting from SWOT analysis, the key factors that might have positively changed the position of Transparency International Czech Republic were its management, team, tradition, identity, recognition, societal changes of corruption awareness, and the widening group of potential donors. Factors that might have changed the position negatively included ambiguous organization structure and roles, weak promotion and marketing communication, abstract result of its activities[109], controversial activities to some, changes in funding, increasing competition and possible loss of identity / credibility.

While factors that could change the position negatively are possible causes of the emerging problem, factors eventually changing the position positively were among building stones of problem solution.

Cause-effect / Ishikawa / Fishbone Diagram

Fishbone diagram was chosen as a framework combining the effects of observed factors that affect the eventual organization's problem. Contrary to original framework where the effect is independent variable and the dependent causes are being investigated, in the case of problem identification, causes were identified prior to their effect. The role of the inverse framework was to connect the potential causes of the problem into one framework so that one main problem resulting from all causes could be identified.

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[108] The biggest competition represents the Nadacni fond proti korupci founded by Karel Janecek, although two organizations collaborate in many fields.
[109] The end product of organization's activities is hard to measure, hard to specify and hard to present in form of concrete impact / value added.

Factors that could in near future shift the position of Transparency International Czech Republic identified applying The Value Chain were missing fund-raising strategy especially oriented to broader type of donors (corporations, individual donors), limited type of activities conducted by the organization, missing detailed roles of personnel, and passive, obsolete, unattractive and unfocused marketing towards its stakeholders.

Applying SWOT analysis, factors such as ambiguous organization structure and roles, weak promotion and marketing communication, hard to sell final product of its activities that are controversial or misunderstood to some, changes in current funding diverting finances from the organization, increasing number of subjects with similar cause, and potential loss of credibility resulting from change in operation were identified. Forces like strong base of established organizations winning the attention of audience and funding of donors, new organizations that can receive attention currently devoted to Transparency International Czech Republic, reliance on narrow group of donors, and increasing requirements of audience on professional and attractive communication were identified using Porter's Five Forces.

Using Fishbone diagram inversely, potential problem and consequent possible project task was identified. Stability to organization's position enabling its operations under present or improved conditions is believed to be ensured by improved marketing communication to its stakeholders and by developing strategic approach toward fund-raising and relationships with its stakeholders.

In next steps of initial stage, the problem was to be accepted or adjusted by the client, the scope of the project was to be mutually determined[110], and the defined and agreed problem was to be structure into solvable form, decomposed into individual issues that need to be addressed. Initial hypotheses were to be defined according to individual issues and the work structure for their examination to be developed.

[110] Assuming the acceptance of the identified problem by the client, the scope of the project would be to cover all aspects of the problem. Assuming client's requirements to adjust the scope (widen or narrow), the project would cover aspects / issues relevant to determined scope.

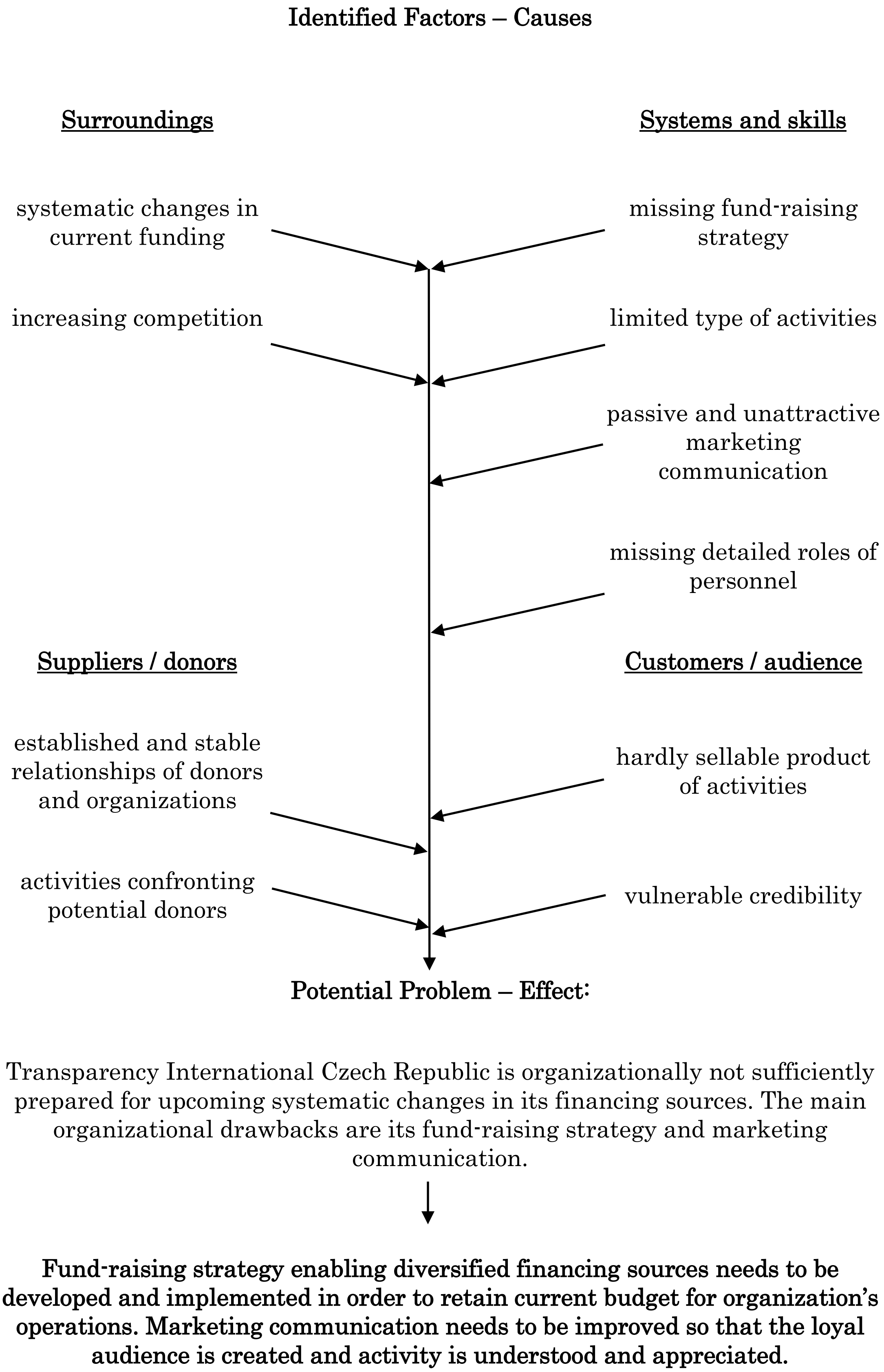

Figure 4.1: Applied Fishbone diagram onto problem identification

Source: BURTONSHAW-GUNN, 2010, p.90, Illustrated: Author

4.3 Problem definition and decomposition

The aim of the first part of problem definition and decomposition part of the initiation stage of the project is to specify / narrow the outcome of problem identification as based on the outcome of Ishikawa diagram and hence: **Fund-raising strategy enabling diversified financing sources needs to be developed and implemented in order to retain current budget for organization's operations. Marketing communication needs to be improved so that the loyal audience is created and activity is understood and appreciated.**

Decision to narrow the area of the problem prior to its definition had two main reasons[111]:

1) It is more efficient to focus the scope of the project to area covering one particular topic / issue / purpose. Having more than one area covered within the project requires multiple uses of methods depending on number of areas if the problem solution is to be successful. For example, to conduct problem analysis using MECE Issue tree using more areas covered within one problem, the team would risk disunity of the structure as the main principles of MECE cannot be achieved. By looking at identified problem, it was clear that it had two areas covered: fund-raising, and marketing communication. Though both of the areas are important for Transparency International Czech Republic, one had to be selected based on assumed higher added value in order to apply methods appropriately.
2) Though the client accepted the outcomes of both situation analysis and problem identification, he also requested to narrow the problem to be solved into problem covering only fund-raising. Two reasons led him to this decision. First, he considered fund-raising superior problem to the organization as its very existence relies on financial sources. Second, Transparency International Czech Republic had had initiated a project covering marketing communication (mainly in internal competence).

It was therefore decided to concentrate the aim of further analysis on fund raising of the client. For this purpose, part covering marketing communication was extracted from the identified problem with problem identified remaining to be solved: **Fund-raising strategy enabling diversified financing sources needs to**

[111] As it is often the case in management consulting project.

be developed and implemented in order to retain current budget for organization's operations.

Problem was to be redefined into SMART Problem.

The aim of the second part of the problem definition and decomposition part of the initiation stage of the project was to:

1) decompose the defined problem into its parts
2) assign particular hypotheses to individual parts of the problem
3) initially examine / test hypotheses
4) select hypotheses with the highest impact to problem solution
5) formulate hypotheses as the outcome of number of factors[112]
6) assess identified factors
7) prepare framework of the project
8) prepare work packages

The outcome of the problem definition and decomposition part of the initiation stage of the project was to be structured framework of the project's solution development and relevant work packages that need to be executed during the execution stage of the project in order to achieve successful project delivery.[113]

4.3.1 Project Management Tools (1/2)

Project management tools were not applied one after another as MECE Issue tree and Force-field analysis (both problem diagnosis methods) preceded Logical Framework Matrix and Work-Breakdown Structure.

SMART Problem definition

Problem identified and narrowed into form as follows: **Fund-raising strategy enabling diversified financing sources needs to be developed and implemented in order to retain current budget for organization's operations** was not in form appropriate to further analysis for several reasons. It was vague. Questions such as: what is meant by fund-raising strategy; what are diversified financing sources; how much diversified; does retain mean keep in the exact amount; why

[112] Driving or Restraining Forces of Causal (Force-field) analysis

[113] All other aspects of management consulting project or project in general are deliberately omitted for the purpose of this thesis. Thesis strictly focuses on problem solving and work dynamics of problem solving.

not to increase financial sources; what year is meant by current budget; why current budget; and many others arise from such form of the problem. In addition to being vague, it missed many elements answering main questions that such a problem should have had: when, how much, or by what means.

The team therefore redefined the problem into SMART form. Problem being defined in SMART form does not suffer from vagueness and it is also action-oriented if defined correctly.

It is however necessary to take into account that the main problem to be solved should be high-level enough so that it covers all possible issues leading to client's problem solution.[114]

To make the identified problem specific, the team took the part of the identified problem covering subject of statement: **Fund-raising strategy** as an initial step. After analysis, it followed that fund-raising strategy was only a mean to the desired state and it needed to be replaced[115] by simple action step: **How to increase income.** Such action step implied the main goal of the client to increase income. To complete the specificity of the problem and to make it measurable, the amount of income in problem (goal) needed to be specified. In order to do so, team needed to determine either absolute number (in CZK) or some percentage share of base referential sum (in CZK).

For the reasons of knowing the total income of Transparency International Czech Republic for years 2007 and 2009, knowing the income of comparable organizations, and after the discussion with the client that stating some absolute number without relation to any base was not realistic, we decided to measure desired income against the **average of Transparency International Czech Republic incomes for years 2007 and 2009**.

To make the problem realistic, it had to include capabilities of the client that enables him to perform the action step and it had to take into consideration the position of the client. As identified in situation analysis and problem identification, capabilities enabling Transparency International Czech Republic

[114] Problem is defined in high detail in last level of its decomposition using MECE Issues Tree as a sum of its parts.
[115] By replacing the need for "Fund-raising strategy" by "How to increase income", the team also excluded phrase "needs to be developed and implemented" as it closely related to "Fund-raising strategy".

to obtain additional income beyond domestic government and international foundations donations were limited to: public donations, corporate donations, and business activities conducted by the client (trainings, lecturing). The income was to be increased from **public, or corporate sources, and by conducting business activity**. Together they meet the need of **enabling diversified financing sources.**

Last but one condition to be met was to define the problem in accordance with identified position of the client and the overall situation of fund-raising. Based on the fact that sums flowing from domestic government and international donations are and will be decreasing (the amount fund-raised fall by 17.5 % – CZK 1,774,000 between years 2007 and 2009) and that these two sources represent almost whole amount fund-raised (also within the initial form of the problem identified: **in order to retain current budget for organization's operations**), it was unrealistic to assume increase of total income. Therefore, the goal was redefined to: **Increase income from public and corporate sources, and by conducting business activity to 20 % of average total income of years 2007 and 2009.**

1 year was set as a realistic and achievable time frame for achieving desired situation based on analysis of client's capabilities using The Value Chain and surrounding environment of the client using Porter's 5 Forces in the problem identification part of the initiation stage.

Any quantities or qualities assigned to part of the problem expressing goal of the client needed to be checked so that the problem was achievable. Based on prior analysis, 20 % of average total income of years 2007 and 2009 (that is CZK 1,846,600) within 1 year was achievable.

Therefore, the SMART problem to be further analysed and to be set as a purpose of the project for Transparency International Czech Republic was defined as: **How to increase income from public and corporate sources, and by conducting business activity to 20 % of average total income of years 2007 and 2009, within 1 year?**

4.3.2 Problem Diagnosis Methods

MECE Issue tree

Prior to decomposing the problem using MECE Issue tree, the team was requested to omit timely element from the problem to reshape the purpose of the solution from being action oriented (to make short-term to mid-term action plan) to being a systematic approach to fund-raising enabling Transparency International Czech Republic to achieve permanent income. 20 % of average total income of years 2007 and 2009 was set as a desired permanent amount that would enable organization to continue in its operation.

From this point, it was apparent that the client requires some sort of systematic tool that would foster acquiring financial income from additional sources (as defined in the problem). Following MECE Issue tree was adjusted by that fact.[116]

The first step of MECE Issue tree application to defined SMART problem was to select primary cut (first decomposition of the problem) of the problem. The number of choices in selecting the first cut depends on the content of defined problem. The defined problem had two elements suitable for primary cut. One alternative was thus to **cut the problem by approaches / actions to increase the income.** Second alternative was to **cut the problem by means / sources of the income.** While both alternatives would be MECE in the first level of the decomposition, the first alternative would not be ME (mutually exclusive) in the second level of the decomposition as there would be multiple sources being duplicated (at least). Therefore, **primary cut was done by means / sources of the income (business activity, public, companies).**

[116] The total form of MECE Issue tree is presented in Appendix 6 of this thesis. For readability, it will be described in parts within the text. MECE Issue tree divided into parts based on First level decomposition (primary cut) was also presented to the client as it is shown in Appendix 2 of this thesis.

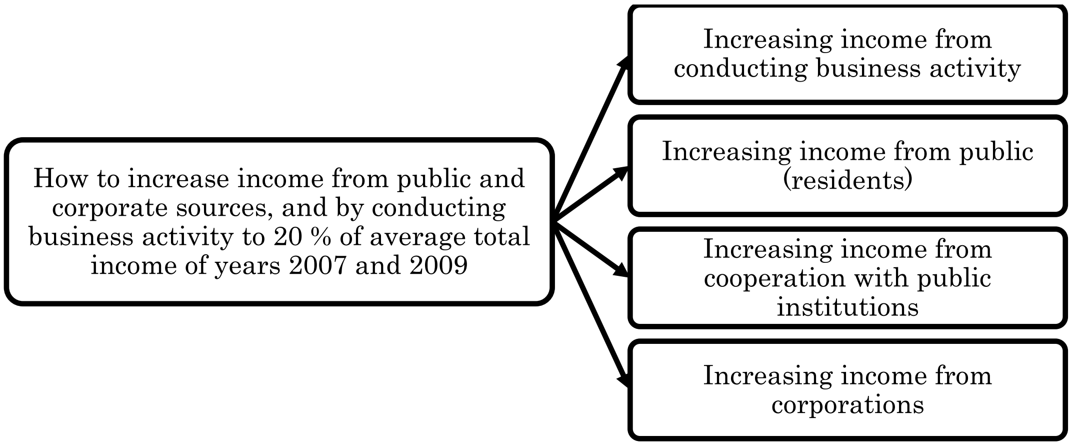

Figure 4.2: Primary cut on client's problem

Primary cut was CE (collectively exhaustive) because it included all sources of potential additional fund-raising available to Transparency International Czech Republic. It was also ME (mutually exclusive) because each source is different to another. This enabled to cover all issues in the second level of decomposition.

The team decomposed the sources into main activities that could be conducted by the client in order to increase its income. The second decomposition was therefore done by approaches / actions.

The third decomposition was applied to activities that were of collective form – they expressed multiple activities in their form. Third level parts were however only extension of second level and were not necessary for all activities in the second decomposition. Initial hypotheses would be assigned to activities in the third level of decomposition.

Individual sources of income were decomposed as follows:

The logic for decomposition of business activity as a source of income was to divide the activities into new that the client should develop and perform and current that the client already conducts but that need to be extended in order to increase the income. The team identified three possible new activities for which the client has adequate capabilities and for which there is a demand in the market. Those are conducting audits in corporations as well as in state administrative offices, providing support / consultation to entities that were exposed to corruption practices, and conducting critical studies ordered by particular entity.[117] Transparency International Czech Republic organizes trainings in anti-corruption dealings as well as lectures in relevant topic. Maintaining but intensifying the frequency and scope was proposed as a possible activity for increasing income.

Conducting new activities but conducting critical studies on demand was rejected by the client as a feasible option. Despite being interested in identified activities, the client explained the reason to be missing personal capacities in providing paid support / consultation to entities,[118] and being afraid of possible wrong assessment and thus loss of credibility by doing transparency audits of entities. The client also confirmed that he recently intensified training sessions and lectures. Therefore only **conducting critical studies on demand was further analysed in later stage**.

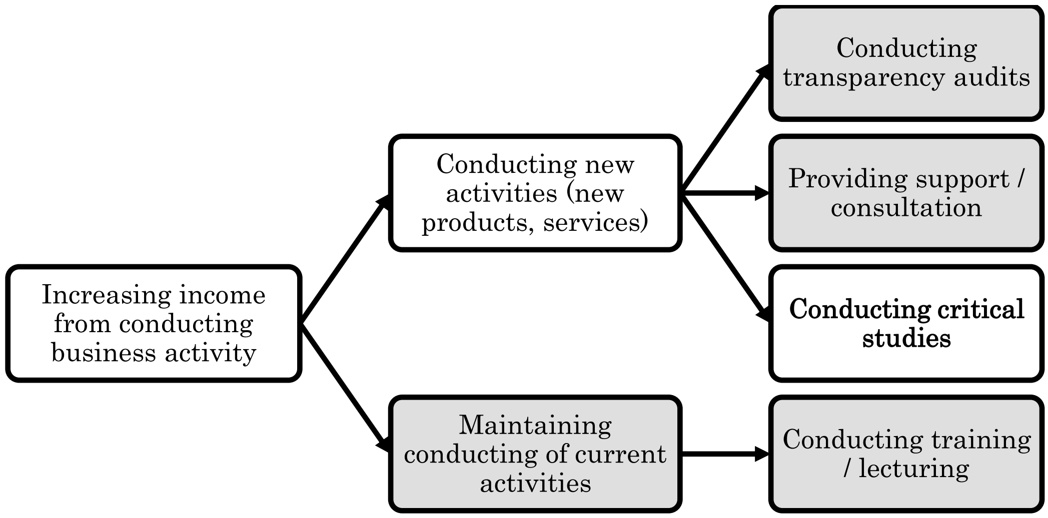

Figure 4.3: Decomposition of business activity – possible activities

Transparency International could increase income from public (residents) by conducting three main activities. First, it could attract the public to ad-hoc donations. Such donations are meant to be one-time non-purpose (simple public donations) done be individuals who have interest in the work of the client

[117] As opposed to current studies (projects) that the client conducts, these are on demand studies, not necessarily related to the position of Transparency International Czech Republic as a national prime corruption watchdog and anti-corruption campaigner. Such study could be corruption level in pharmaceutical industry ordered by one of local branches of leading international pharmaceutical corporations.
[118] Transparency International provides support / consultation to entities as one of its core missions. These are however financed by government donations and cannot be dampened because it would mean ceasing of those donations that still represent majority of organization's funding.

bringing benefit to society. Second, it could attract the public to become long-term followers (virtual members) of the organization. In order to do so, it needs to create exclusive relationship between the organization and the follower – contributor of funding. Third, it could collect funding by conducting street collections or introduce fund-raising during events it organizes.

All but organizing street collections were of high interest to the client and were thus moved to further analysis in later stage of the project. The reason for rejecting organizing street collection was that it was not in line with the position of the client, that the client could lose its prime image, that the activity of the client is hard to sell in short period of time, and that the costs of such collections are high.

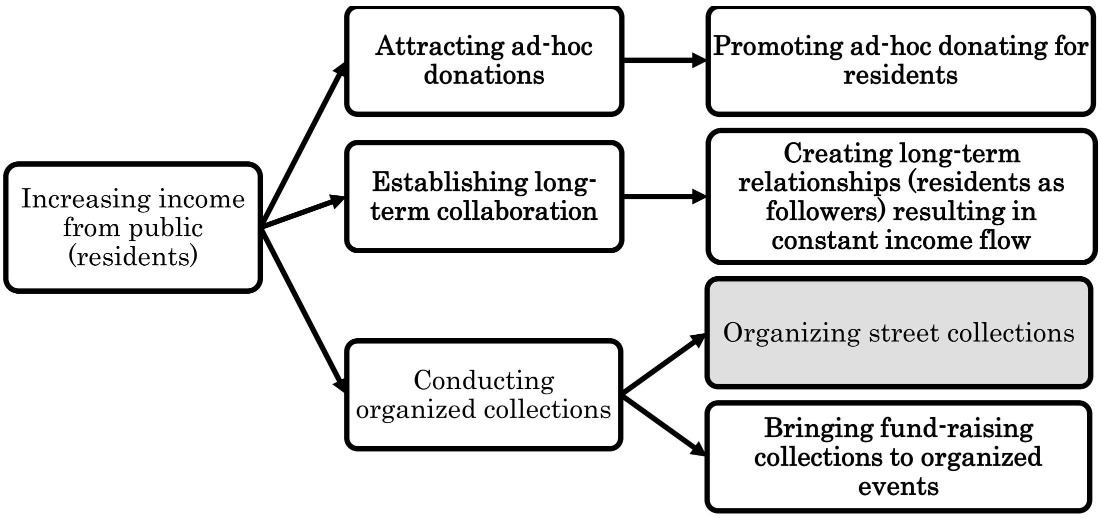

Figure 4.4: Decomposition of public (residents) – possible activities

The source of income coming from public institutions was proposed so that the MECE Issue tree was complete in primary cut and in the second level decomposition. Three main activities for the client were identified in relation with public institutions: collaborations in activities, and obtaining sources that could either increase income (sponsorship) or reduce costs (volunteering).

By briefly assessing the gain of this source, the benefit of its further analysis was evaluated as low for two reasons. The client already collaborated with small number of institutions and recruited number of volunteers for basic administrative support. Sponsorship was rejected.

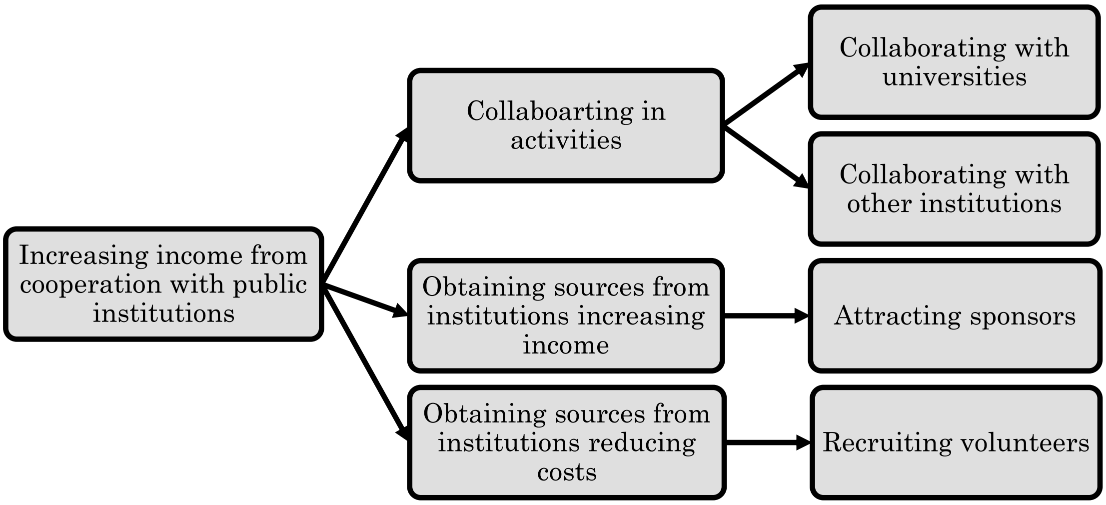

Figure 4.5: Decomposition of public institutions – possible activities

Decomposing the income source from corporations required additional knowledge acquisition to decompose this part of the problem into third level. Researching the best practices done both in Czech Republic and in surrounding countries and studying theory of fund-raising, three main activities that the client could conduct were identified and so the second level decomposition had three elements. First main activity was to contact companies promoting possibilities and benefits of contributing to organization's operations. This could be in form of offering long-term relationship, in form of financial contribution, or in form of providing complementary products and services.[119] Second main activity was to contact companies with offer of collaboration on the project that was to be conducted by Transparency International Czech Republic. Company could adjust the project form to some extent. Third main activity available to the client was to find opportunities of joint marketing / PR activities.[120]

Though all activities were of interest to the client, it was mutually decided that acquiring complementary products and services was not systematic activity and should have been not within the scope of further problem solution.

[119] Without knowing that such possibility is standard to many non-profit non-standard organizations, the team would not add this activity to the third level decomposition.
[120] Acting collaboratively in marketing and PR – acting in the same campaign, following the same cause, selling co-branded products and services

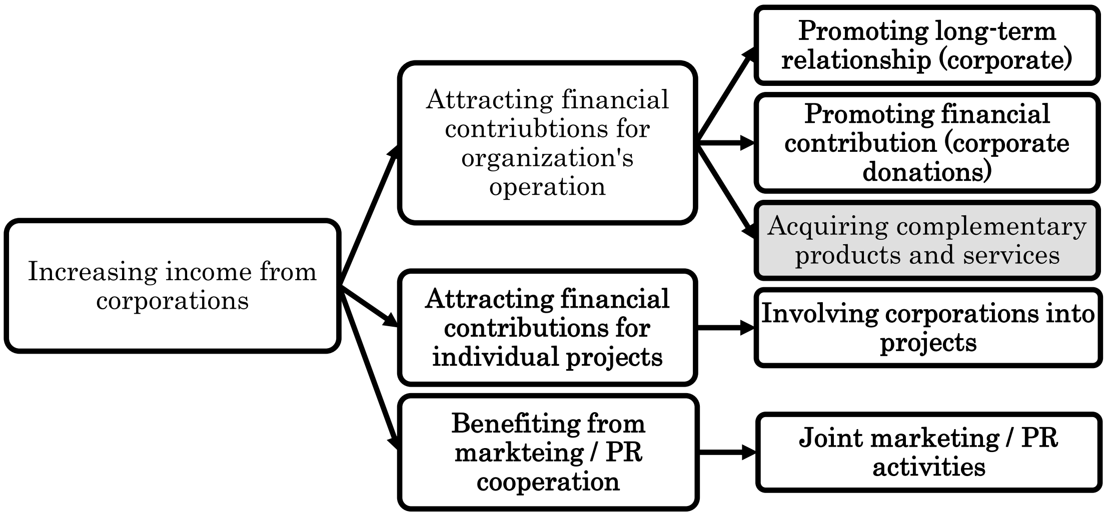

Figure 4.6: Decomposition of corporations – possible activities

The second level decomposition was collectively exhaustive as well as all activities in the second level were mutually exclusive. In third level, activities were mutually exclusive; however they were not collectively exhaustive. They were the result of brainstorming and of team's acquired knowledge of non-profit non-governmental field. There could have been more decomposition alternatives for some activities in the second level.

Activities in the third decomposition were agreed to be solvable by examining appropriate hypothesis and they were therefore interconnection between client's problem decomposition and initial hypotheses development. It was decided that there would be one hypothesis assigned to every element of the third level decomposition. The complete list of hypotheses was compiled using the same approach as for third level decomposition – using brainstorming and acquired knowledge of the topic and reads as follows:

Activity (3rd level decomposition)	Hypothesis
Increasing income from conducting business activity	
Conducting transparency audits	Acquiring new income by conducting transparency audit in corporations and in state administration offices
Providing support / consultation	Acquiring new income by providing support / consultation to corporations that were exposed to corruption practices
Conducting critical studies	Acquiring new income by conducting critical studies based on individual demand

Conducting training / lecturing	Intensifying training / lecturing activities will increase income
Increasing income from public (residents)	
Promoting ad-hoc donating for residents	Integrating and promoting new payment channels for ad-hoc (one-time non-purpose) donating will increase the amount fund-raised
Creating long-term relationships (residents as followers) resulting in constant income flow	Establishing organization's friends' club whose members would periodically pay membership fee will substantially increase income
Organizing street collections	Organizing street collections in the manner of successful organizations in this field will bring income exceeding the costs related with organizing and will in addition increase the visibility of organization's brand
Bringing fund-raising collections to organized events	Bringing fund-raising collections to events organized by Transparency International Czech Republic will bring additional income effortlessly
Increasing income from cooperation with public institutions	
Collaborating with universities	Collaborating with universities in conducting transparency audits will enable the organization to conduct more of them and thus substantially increase the income from business activity
	Collaborating with universities in grants application will enable to submit more applications and thus increase the probability of grants receiving
Collaborating with other institutions	Organizing collective fund-raising projects will attract more audience and thus increase the probability of receiving more donations
Attracting sponsors	Attracting sponsors to finance organization's lectures will increase income
Recruiting volunteers	Recruiting volunteers from students of relevant faculties for administrative and technical support will decrease operational costs of the organization
Increasing income from corporations	
Promoting long-term relationship (corporate)	Contacting companies and promoting mutual added value of long-term contribution is among key sources of new income for the organization

Promoting financial contribution (corporate donations)	Contacting companies and promoting benefit of any financial contribution will bring substantial income
Acquiring complementary products and services	Contacting companies in order to acquire complementary products & services (IT, marketing communication, etc.) will reduce operational costs
Involving corporations into projects	Involving companies into current projects and into new projects will create collaboration relationship and thus enable the organization to attract contribution more easily
Joint marketing / PR activities	Benefiting from co-branding and joint-campaigns will create space for more fund-raising opportunities and thus increase the probability of higher income

Resulting from a discussion with the client and from preliminary assessment of added value of activities solving client's problem, **the list of hypotheses to be examined was limited to the number of eight**. They were further assessed and analysed using Force-field analysis.

Causal analysis – Force-field analysis

By applying causal analysis to eight selected hypotheses, the team was able to see the possible causes of proposed initial hypotheses and later to further study them. The conceptual logic behind the choice of application of Force-field analysis was that by analysing the factors (forces) that in more detail describe the desired state formed by given hypothesis, given hypothesis would be initially examined.

Hypotheses confirmation resulted in development of solution for particular activity described in the hypotheses. If the restraining forces for any hypothesis were strong and their dampening would be problematic, they would reject the hypothesis for further analysis.[121]

[121] Rejecting the hypothesis for further analysis equals to not being covered by the project because of low added value of solution / activity or because of solution / activity destroying the value.

Following forces influencing the result of the activity related to hypothesis (A) – **Acquiring new income by conducting critical studies based on individual demand** – were identified:

<u>Driving forces:</u>

1) There is a demand for critical studies
2) Number of customers is willing to pay for the study
3) Net operating margin exceeding 20 % can be achieved on conducting studies
4) There is plenty of topics to be covered
5) There is free personal capacity with relevant specialization
6) Conducting studies on demand is in line with the core activities of the client

<u>Restraining forces:</u>

1) Number of customers is not willing to pay for the study as they consider it to be a duty of the client
2) There are concerns by customer that by initiating the study, he might be in the scope of the study as well
3) Conducting studies on demand of individual customer might be considered not objective
4) Performing such activity might endanger the position, brand and image of the client
5) There is potentially limited free capacity of specialists in demanded topics

Restraining forces (some even endangering the current position of the client) clearly outweighed the driving forces. Therefore, the hypothesis was not further examined and was rejected.

Following forces influencing the result of the activity related to hypothesis (B) – **Integrating and promoting new payment channels for ad-hoc (one-time non-purpose) donating will increase the amount fund-raised** – were identified:

<u>Driving forces:</u>

1) Selection of new payment channels facilitating easier money transfer than ordinary transfer order is sufficient

2) New payment channels make donating substantially easier for the public (residents)
3) New payment channels (donor sms, PayPal / PaySec, credit card) are easy to integrate
4) There are non-profit organizations supporting the integration of these payment channels[122]
5) Technology is accessible to wide audience of residents
6) The cause of the client (ant-corruption activities) is among leading social trends

Restraining forces:

1) Public (residents) perceives the client as a strong organization with no need for individual donations
2) People are not used to new payment channels
3) People are concerned with the security of new payment channels
4) New payment channels does not inherently increase willingness of people to donate the client
5) The cause of the client is too abstract and is hard to sell

Driving forces (mainly easy and cheap integration) and comfort for public (residents)) outweighed restraining forces connected with people attitude to new payment channels. Hypothesis was thus further examined in later stage of the project.

Following forces influencing the result of the activity related to hypothesis (C) – **Establishing organization's friends' club whose members would periodically pay membership fee will substantially increase income** – were identified:

Driving forces:

1) Creating exclusive environment for individuals with interest in the cause of the client increases their loyalty
2) Loyalty increases the probability of contributions by followers
3) Loyalty increases the probability of loyal individual to act as a promoter of the cause

[122] Particularly Darcovskasms.cz and Darujspravne.cz

4) It is easier to establish periodical fee on the base of the membership
5) 1000 members contributing CZK 500 annually will produce CZK 500,000 (27 % of total additional income required to be acquired by implementing the problem solution)
6) There is no substantial incremental increase of costs related to running organization's friends' club apart from intensified communication
7) Higher cause promotion increases the attractiveness of the client's exclusive environment created for individuals with the interest

<u>Restraining forces:</u>

1) Client prime position of being completely independent might be harmed by establishing official group financially supporting the client
2) Friends' club might not be attractive enough for the public
3) Public (residents) might consider demanded membership fee too high
4) Targeting of the right segment of potential members who are interested in the client's cause / activities and also affluent enough to pay membership fees can be challenging
5) There is no specialist personnel capacity within the client's organization experienced in running social clubs

Initially identified driving forces were considered so strong by the client that he requested taking this activity to his own internal initiative. Hence, further analysis of the hypothesis (of the forces) was not necessary for the scope of the project.

Following forces influencing the result of the activity related to hypothesis (D) – **Bringing fund-raising collections to events organized by Transparency International Czech Republic will bring additional income effortlessly** – were identified:

<u>Driving forces:</u>

1) No additional costs related to bringing fund-raising into events
2) Participants in such events are interested in the activities of the client
3) Events enable to gather higher number of suitable financial contributors in one place

4) Message to participants does not have to be tailored

Restraining forces:

1) Brining fund-raising to events organized by the client might change the perception of the events and eventually lead to lower number of participants
2) Informative character of fund-raising communicated in the events might not result in actual contributions receiving
3) Entry fee for some events are considered by some participants as a donation to the client

Driving forces outweighed restraining forces because of the easiness of the application of the activity. After presenting list of potentially influencing forces to the client, the team achieved early pre-solution result: The client would communicate the need of contributions on all his following events. No further analysis was therefore required.

Following forces influencing the result of the activity related to hypothesis (E) – **Contacting companies and promoting mutual added value of long-term contribution is among key sources of new income for the organization –** were identified:

Driving forces:

1) Acquiring corporation's favour for the support of the client represents the major source of additional income (substantial periodical corporate donations range from CZK 50,000 to over CZK 2,000,000)[123]
2) Long-term contribution enables corporations to actively participate in client's cause of anti-corruption practices
3) Contacting companies in order to collaborate is more acceptable than contacting them in order to raise money
4) Such approach to fund-raising is stable and enables the client to anticipate the future income
5) Systematic approach can help substantially in conducting the activity

[123] Donations in 2009 to Kapka nadeje (major non-profit non-governmental organization)

Restraining forces:

1) Acquiring corporations interested in long-term collaboration is challenging
2) Most of relevant organizations possessing necessary funds are already collaborating with some non-profit non-governmental organization
3) Many corporations are sceptical to such collaboration
4) Collaboration with one corporation might damper collaboration with another organization for many reasons (competition, diversity, etc.)
5) The client might lose his independent position by collaborating with and by receiving income from any given corporation
6) Activity requires incremental adjustment of relationship (from collaboration to collaboration and contribution) and thus systematic approach

Though restraining forces outnumbered driving forces, the benefits that driving forces could provide resulted in their further analysis and examination. By fostering driving forces and dampening restraining forces, this activity could be the core income source for the client (covering up to 100 % of required additional income).

Following forces influencing the result of the activity related to hypothesis (F) – **Contacting companies and promoting benefit of any financial contribution will bring substantial income –** were identified:

Driving forces:

1) Ad-hoc donations by corporations are easier to acquire
2) The client does not have to develop the relationship with the corporation
3) The client does not lose his independent position by accepting one-time donation
4) It is possible to acquire income from many-folds higher number of corporations
5) Systematic approach can automate the activity

Restraining forces:

1) Contacting corporations with the request of donation might be considered as a loss of credibility of the client

2) The cause of the client might be considered not tangible for many organizations
3) Corporations might refuse to donate as their funds deserved for donating had been exhausted
4) Large number of companies need to be contacted in order to receive some donations

Driving forces outweighed restraining forces and the hypothesis (the influencing forces) was further examined.

Following forces influencing the result of the activity related to hypothesis (G) – **Involving companies into current projects and into new projects will create collaboration relationship and thus enable the organization to attract contribution more easily –** were identified:

Driving forces:

1) Acquiring income from corporations that are interconnected with proposed studied topic within the client's project has the highest probability of success
2) Collaboration on specific project might result in further long-term collaboration
3) The cause of the project might be considered more tangible than the operations of the client as such

Restraining forces:

1) There must be sufficient number of projects that can be conducted in collaboration
2) There must be free personnel capacity at disposal
3) Public might consider collaborating in anti-corruption projects as not objective
4) Such projects might be in cannibalization relation to projects / studies based on individual demand

Driving forces outweighed restraining forces and the hypothesis was further examined.

Following forces influencing the result of the activity related to hypothesis (H) – **Benefiting from co-branding and joint-campaigns will create space for more fund-raising opportunities and thus increase the probability of higher income –** were identified:

Driving forces:

1) Co-branding is very popular in non-profit business
2) Co-branding is attractive to general public (prerequisite to activity success)
3) Brand of Transparency International Czech Republic is recognized and has clear message so that it is accepted by general public
4) Joint-campaigns are stronger than individual (they represent a movement)

Restraining forces:

1) There is limited number of industries in business that the client can contact (many industries and their products and services are considered not transparent)
2) There is limited number of products suitable for co-branding
3) People recognize but misunderstand the brand of Transparency International Czech Republic

Driving forces of the eighth hypothesis also outweighed restraining forces and the hypothesis was further examined.

Applying Force-field analysis to the decomposed problem and particularly to assigned hypotheses enabled the project team to:

1) Deliver immediate recommendation – in case of establishing organization's friends' club, and brining fund-raising collections to organized events;
2) Narrow the scope of further problem solution development stage – out of eight hypotheses analysed using the method, five remained for further analysis; and
3) Prepare the inputs for further analysis / problem solution – consequent solution development would be based on reacting to the identified forces.

4.3.3 Project Management Tools (2/2)

Logical Framework Matrix

Identifying forces affecting proposed initial hypotheses and selecting the hypotheses suitable for further examination (hence sufficiently narrowing scope of the project relative to available time and resources) enabled the team to launch conclusion of the initiation stage of the project. The first stepping stone for the execution stage of the project was application of Logical Framework Matrix to the outcomes of preceding methods, as it is the high-level view of further execution (presenting the purpose of activities done in the execution stage).

Following represents[124] the outcome of applying the Logical Framework Matrix to the outcomes (hypotheses and forces) of previous application of the initiation stage methods:

<u>Goals</u>

- Sustaining the position of Transparency International Czech Republic as a prime anti-corruption organization in Czech Republic with enough capabilities and resources to achieve it
  - Transparency International Czech Republic to remain leading quoted source in media within the anti-corruption practices
    - Number of annual quotations in newspapers
      - Prime source has the most of quotations
      - News contacting specialized organizations for opinions
      - Corruption discussion on stable level over time
      - Interest of public might decrease
    - Number of annual appearances in television, radio news
      - Journalists contacting specialized organizations for opinions
      - Corruption discussion on stable level over time
      - Interest of public might decrease

[124] In the form:
- Objective
  - Measures
    - Verifications
      - Assumptions & Risks

- Transparency International Czech Republic to remain active in the shaping of anti-corruption legislation and watchdogging activities
  - Number of uncovered cases of corruption practices
    - Investigation length and difficulty remains similar over time
    - Requirements for specializations in certain topics will be too high for personnel
  - Number of proposed anti-corruption legal provisions by the client
    - Process of legal provisions remain the same over time enabling client to submit provisions using his knowledge
    - Requirements for subjects submitting the legal provisions will increase
  - Number of entities contacting the client asking for consultation
    - As the corruption cases become more complicated, only highly specialized professionals will be able to help
    - Increasing number of consultations requests will employ substantial part of client's personnel, limiting its further activities
- Transparency International Czech Republic to have sources (both financial and personnel) to conduct increasing number of projects / critical studies illuminating state of corruption, uncovering serious cases related to corruption
  - Number of projects / critical studies conducted annually
    - The complexity of project will increase while the number of projects will remain the same
    - Requirements for personnel capacities will increase

<u>Purposes</u>

- Increasing income from public and corporate sources to 20 % of average total income of years 2007 and 2009 within 1 year
  - Transparency International Czech Republic to acquire ca. 1,850,000 CZK within 1 year after implementation of proposed solution
    - Year-ended financial statement for year 2012 (sources from corporations, donations by public (residents)
      - 30% share of donations from public (residents), 70% share of donations from corporations

        - Potential contributors will react positively to proposed changes made by the client (after implementing the recommendation)
        - Developed solution improves fund-raising activity as such, but the will of potential contributors to financially contribute will be not affected
- Maintaining the annual amount acquisition via new sources throughout the following years
    - Transparency International Czech Republic to have sufficient number of sources of stable income funding
        - Number of organization's friends' club
            - Number of members will exceed at least 500, most probably 1,000, no more than 1,500 according to estimation
            - Members will fluctuate
        - Number of long-term corporate contributions over CZK 50,000
            - No more than 10 long-term corporate contributors are possible to manage within the environment client operates in
            - It is necessary to acquire one major contributor (donating over CZK 1,000,000), three donating CZK 100,000 to 300,000 and four with donations worth around CZK 50,000
            - Contributors will fluctuate
        - Average amount of annual donations via ad-hoc donations (both corporations and public)
            - Assumed to be 20 % of total additional donations over time
            - Risk of one-time transaction – one individual donor will donate only once

<u>Outcomes</u>

- Systematic solution to activities related to acquiring income from corporations in form of:
  - long-term relationship resulting in long-term periodical contribution from corporation
  - ad-hoc financial contributions (donations)
  - involvement of corporations into projects conducted by the client
  - granting right for using the client's brand in co-branded products and services

- Transparency International Czech Republic to be able to contact sufficient number of corporations
  - Number of corporations contacts at disposal of the client
  - Number of corporations contacted (first contact) within the first year after solution implementation
- Transparency International Czech Republic to be able to present its-self to new corporations (potential contributors)
  - Number of corporations reacting to contact (first contact) within the first year after solution implementation
- Transparency International Czech Republic to be able to propose relevant value for the contact
  - Annual number of contacts contacted with proposal of contribution
  - Annual number of contacts positively reacting to the proposal
- Transparency International Czech Republic to be able to monetize proposed value
  - Number of contributions annually

Assumptions and risks to the first outcome are all identified forces related to long-term contribution, ad-hoc contribution, involvement in projects, and co-branding by corporations

- Implementation / feasibility study of new payment channels for receiving donations from public
  - Public (residents) accepting and embracing new payment channels for donating
    - Annual number of transactions made via new payment channels provided by service providers
  - Transparency International Czech Republic to be able to attract sufficient number of ad-hoc donations by the public (residents)
    - Annual number of ad-hoc public (residents) donations to Transparency International Czech Republic

Assumptions and risks to the second outcome are all identified forces related to ad-hoc contributions via new payment channels by public (residents)

Activities

Activities to be conducted within the execution stage of the project in order to deliver defined outcomes are reactive actions to the strongest forces (driving and restraining) affecting five initial hypotheses selected for further examination, identified applying the Force-field analysis.

The team decided that in order to reduce the duplicity of the work, it was not efficient to assign activities to individual forces, but to react to cluster of forces by proposing deliverables that contain the appropriate activities in order to react to the forces identified. Such deliverables were designed by applying Work Breakdown Structure into initiation stage.

Work Breakdown Structure (WBS)

Starting with less complex outcome from LFM – Implementation / feasibility study of new payment channels for receiving donations from public – the objective of WBS was to come up and structure the activities that needed to be covered within the implementation study. The activities were selected in order to address identified forces affecting hypothesis (B) – Integrating and promoting new payment channels for ad-hoc (one-time non-purpose) donating will increase the amount fund-raised – while meeting requirements for acceptability defined by Means of Verification for given outcome in LFM (Public (residents) accepting and embracing new payment channels for donating; and Transparency International Czech Republic to be able to attract sufficient number of ad-hoc donations by the public (residents)).

The outcome was decomposed into four deliverables that were to be delivered in order to build the outcome. Each deliverable was a result of reacting to the identified forces.

For example, among the list of identified forces related to the hypothesis (B), forces: new payment channels make donating substantially easier; new payment channels (Donor sms, PayPal / PaySec, credit card) are easy to integrate, were selected as they were describing similar state – it is easy to integrate the methods, public benefits from them. Therefore, in order to assess whether this state was true, the most suitable deliverable to address the forces was proposed as follows: Delivering a list of organizations with applied new methods. Such list would provide the team and the client the view of popularity of new payment channels by other non-profit non-governmental organizations, assuming that they are adopting new channels based on public's embracing of the new channels.

Alternatively, delivering statistics of payments made via new channels would address (illuminate the effect of) forces: technology is accessible to wide audience of residents (driving force); and people are not used to new payment channels (restraining force). By providing the actual number of users, the team could decide whether new channels are worth integrating.

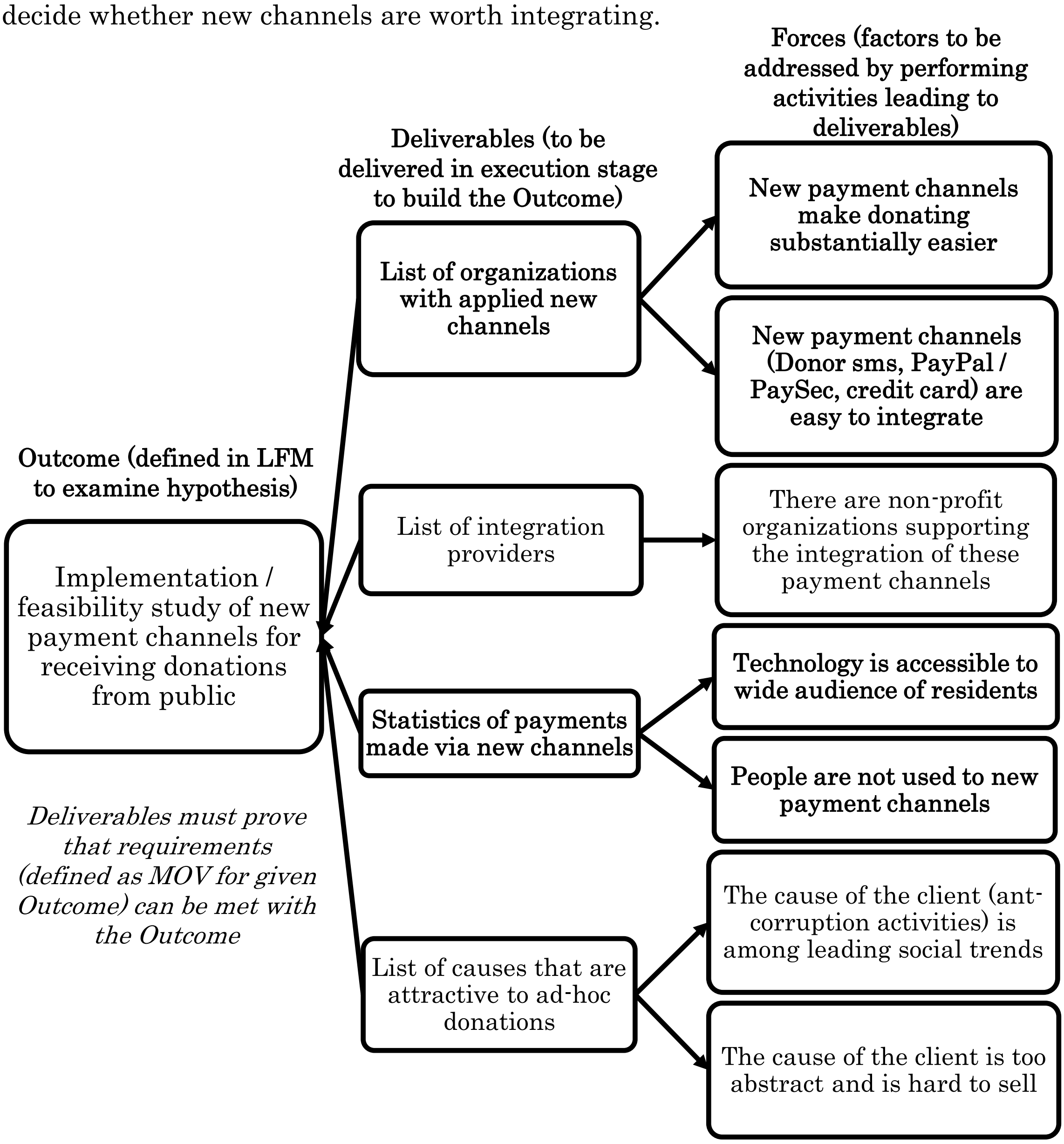

Figure 4.7: WBS for selected Outcome – Implementation study

Since deliverables were basic documents or information provided, it was not necessary to further decompose them into individual tasks and deliverables were work-packages as such. Also, the proposed type of research done in the execution stage only required desk research and was thus assigned to one team member for one working day.

By delivering the deliverables in the execution stage, and based on the information they provide, they either meet the requirements of the outcome, or not. By meeting the requirements, the outcome confirms the hypothesis (B) – Integrating and promoting new payment channels for ad-hoc (one-time non-purpose) donating will increase the amount fund-raised – and new payment channels will be integrated. If the requirements are not met, the hypothesis is rejected and methods are not integrated.[125]

The team followed the same logic in structuring the work for second (more complex) outcome from the LFM – Systematic solution to activities related to acquiring income from corporations in form of: long-term relationship resulting in long-term periodical contribution from corporation; ad-hoc financial contributions (donations); involvement of corporations into projects conducted by the client; and granting right for using the client's brand in co-branded products and services – that was the joint outcome of hypotheses (E) – Contacting companies and promoting mutual added value of long-term contribution is among key sources of new income for the organization, (F) – Contacting companies and promoting benefit of any financial contribution will bring substantial income, (G) – Involving companies into current projects and into new projects will create collaboration relationship and thus enable the organization to attract contribution more easily, and (H) – Benefiting from co-branding and joint-campaigns will create space for more fund-raising opportunities and thus increase the probability of higher income.

[125] The team executed the actions necessary to come up with deliverables for Implementation / feasibility study of new payment channels for receiving donations from public prior to execution stage. Information provided by two of four deliverables did not meet the requirements of the outcome. In particular, statistics of payments via new payment channels were discouraging and thus requirement – Public (residents) to be accepting and embracing new payment channels for donating – was not met; and the list of causes that are attractive to ad-hoc donations excluded anti-corruption practices and thus requirement – TIC to be able to attract sufficient number of ad-hoc donations by the public (residents) – was not met. Concluding, new payment channels were recommended not to integrate as they were not believed to bring additional income.

Activities that are necessary to be conducted in order to deliver deliverables that build the outcome are addressing forces of these four hypotheses.

Putting all forces together, it was appropriate to cluster the forces into four main groups that were possible to address by developing four main deliverables that would build a systematic solution (outcome) to client's problem.

First deliverable selected was a database to address cluster of forces related to managing high number of contacts with different profiles and suitability for different contact approaches.

Second deliverable selected was a presentation material to present Transparency International Czech Republic to potential corporate contributors addressing cluster of forces related to illuminating the cause and added value of activities of the client.

Third deliverable selected was a value proposition for potential contributor to enable the client to propose tangible value for given contribution. This deliverable addressed the cluster of forces related to assumption that contribution is more probable if it is provided as a contribution for tangible value.

Forth deliverable selected was a system for selection of suitable contributor that would enable the client to select appropriate strategy of relationship building with the potential contributor. Forces that would be addressed with the deliverable are related to the need for systematic approach to dealing with corporations.

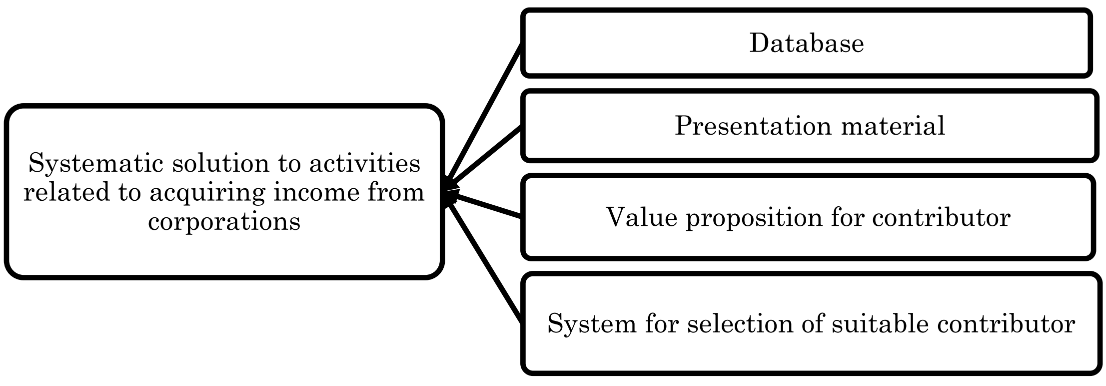

Figure 4.8: WBS for selected Outcome – Systematic solution to activities

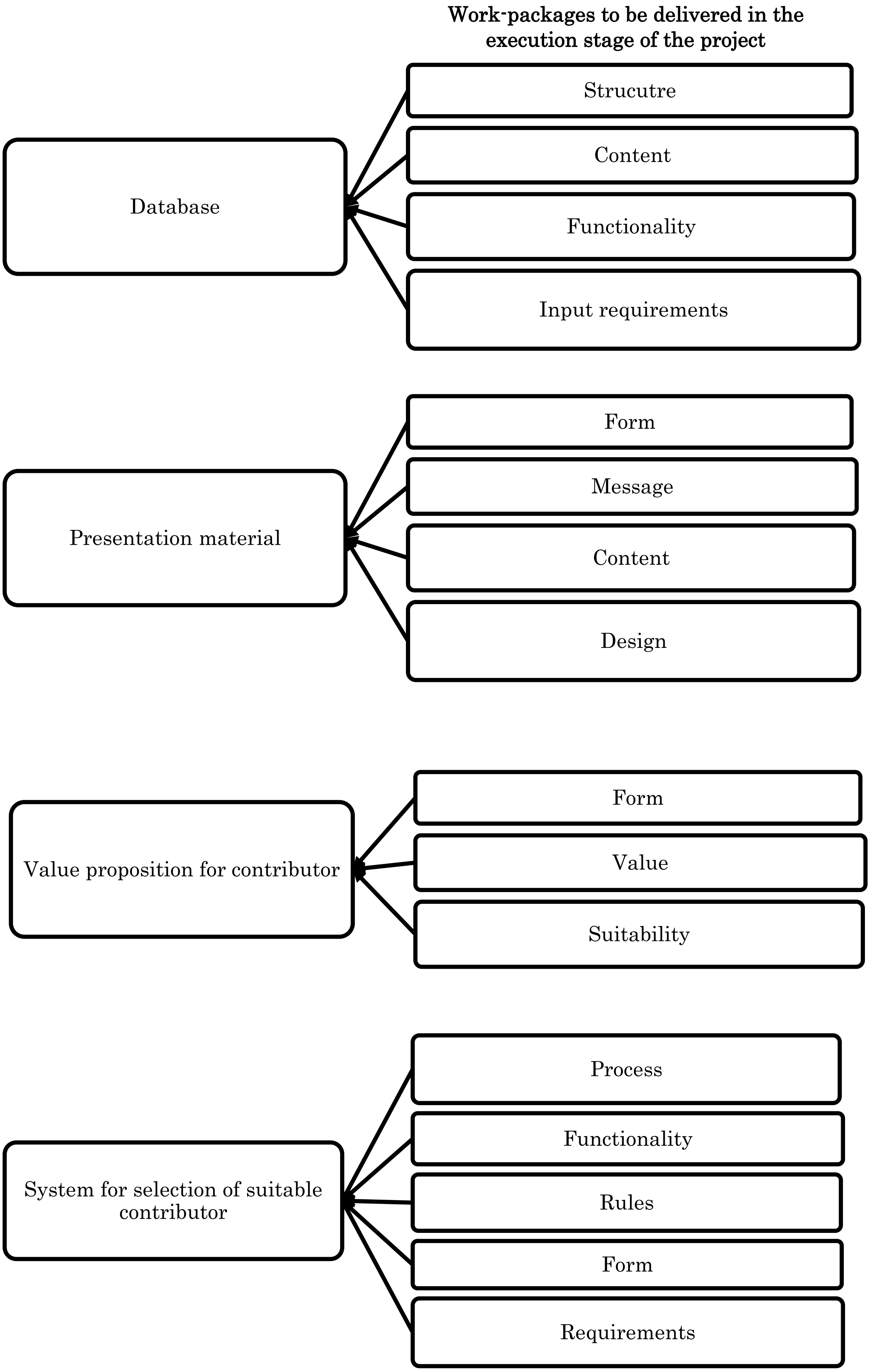

Figure 4.9: Decomposition of deliverables into individual work-packages

4.4 Final delivery

Herein is presented the final solution recommendation to the client's problem defined in SMART form – How to increase income from public and corporate sources, and by conducting business activity to 20 % of average total income of years 2007 and 2009, within 1 year? – delivered within the closing stage of the project after execution of assigned tasks within individual work-packages. Work within the execution stage followed the WBS developed at the closing of the initiation stage. The final delivery (the Outcome: Systematic solution to activities related to acquiring income from corporations) should after successful implementation meet following requirements[126]: the database should enable the client to contact sufficient number of corporations; the presentation material should enable the client to present himself to newly contacted corporations; the value proposition should enable the client to propose the relevant value to the corporation according to its profile; and the system for selection of suitable contributor should facilitate better monetization of proposed value.

The team also conducted examination of four hypotheses which are the basis for the chosen solution. Conducting tasks within the work-packages required further research. Though the proof of their validity can only be confirmed after several months after client's embracing of recommendation and implementing the proposed solution, under right set-up, all four hypotheses (E), (F), (G), (H) were confirmed within the execution stage and the solution is thus theoretically sound and should deliver additional income.

The final delivery was indeed combination of the four main deliverables that collectively build a systematic approach to contacting, acquiring, and maintaining corporate base of contributors in order to secure required additional income for the client.

Recommended process starts with the contacting of potential corporate contributors / collaborators. To do this, the client has designed database at disposal. The database has two lines of parameters. One parameter divides contacts placed into database to corporations with previous contact (Transparency International previously cooperated with, was donated by, or contacted for unspecified reason) and to corporations without previous contact

[126] Meeting Means of Verification for the Outcome in LFM

(this category is further subdivided into corporations that donate to non-profit organization and corporations that do not donate). Second parameter divides contacts according to several criterions into contacts suitable for relationship and into contacts that are not suitable for relationship. These criterions are dependency on the government (contracts, subsidies), involvement in corruption cases, socially responsible management, implemented corporate social responsibility, value proposition possibility. Combination of the two parameters offers the client four possible approaches toward contacts from database: to offer collaboration, to contact, to maintain some but distant contact, and to ignore.

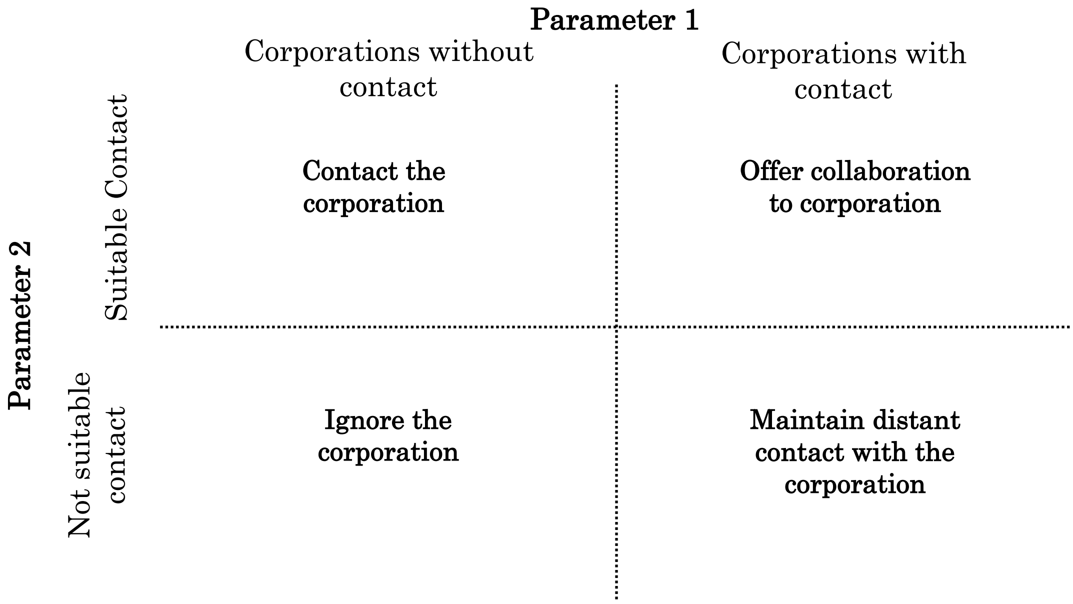

Figure 4.10: Structure of designed database for the client

The objective of the client should be to collect as much contacts from suitable category as possible. The corporations that fall into not suitable category but are willing to donate are ignored in majority of cases for not threatening the prime position of the client. Some corporations, though, are to be considered by the client, depending mainly on existence of previous contact with the given corporation.

Another tool that was designed for the client as a part of the solution is a Transparency International Czech Republic presentation brochure.[127]

[127] Attached in Appendix 5; content of the presentation is illustrative

The objective of designed brochure is to present the client to potential contributor in an interesting, attractive, and transparent way, proposing eventual possibilities of relationship.

The main message of the brochure, so as the main message of the client is that **Transparency International Czech Republic is dominant activist contending corruption that is one of the major threats to the society in the Czech Republic, that it has long history of solving corruption cases with many successes leading to social benefits worth tens of millions of CZK, that however needs further financial support in order to continue with its beneficial activity.**

Content of the brochure further complements offer of possible value proposition that is to be adjusted according to type of contacted corporation. Further it includes references to numerous already contributing corporations around the world to Transparency International to emphasize the existing connection to corporations, as it also includes profiles of board members since they are representative figures in the sector.

With the tools in hand, the core recommendation delivered to the client was the process design (systematic approach). It includes:

1) Contacting process based on the five (yes/no) criterions: established contact with the client, existing / prior collaboration with the client, donating to non-profit organizations, CSR focus related to the client's cause, possibility of joint project – based on corporation meeting one to all criterions, adjusted approach is proposed; and
2) Fund-raising plan transforming objective of annual acquisition of more than CZK 1.8 million into number of contacts necessary to acquire and that consequently into list of activities necessary to conduct (some activities defined on daily basis, some are defined qualitative).

The process is based on the main premise that it is easier to monetize the relationship that is of longer duration. The principal determinant of corporation's willingness to financially contribute is the level of relationship establishment it has with the client. The process suggests ways how to develop the relationship so that it becomes the most valuable and beneficial.

Last part of recommended solution (outcome) was a list of possible value propositions to contributors. Newsletter, internal communication, mutual sharing of brands, joint project, invitations to organized events, workshops and others were described and recommended to offer based on corporations' profile.[128]

The team also recommended the client to implement CRM system in order to systematically maintain and manage the system.[129]

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[128] Based on criterions presented in the process design, the type of corporation (size, ownership, etc.), and the level of established contact.

[129] Such implementation was out of scope of the project. Only benefits of CRM together with suitable providers were recommended.

5 Evaluation of the process and areas for improvement

Following chapter describes the evaluation of the application described within the thesis as well as describes the areas for improvement resulting from elements of the process evaluated as having weaknesses or room for adjustments.

5.1 Initiation stage evaluation

As stipulated in the methodological part of the thesis, the evaluation is focused on benefits and drawbacks of individual methods, on application of individual methods, and the overall process of problem identification and problem definition and decomposition.

5.1.1 Problem identification

Stemming from the fact that prior to our intervention, Transparency International Czech Republic did not know the exact problem it was facing; the team initiated the project with the identification of the problem. To do so, four methods were selected.

The Value Chain

The Value Chain was selected and applied in order to initially analyse and assess the internal operations of the client. Using this method alone, the outcome would provide valuable information of how the client is operating in a brief, high-level comprehensive view. Using this method in combination with other methods during the problem identification has several drawbacks. First, the outcome of analysis is very brief. And, second, it directly focuses on the operations of the client, though the operations were not prior identified as a potential issue of the client. It is good method to conceptualize the work-flow of the organization, but it is more suitable to be used only if the issue of the client is related to the processes conducted among the value chain. I.e. the fact that Transparency International Czech Republic has weak marketing communication and fund-raising is not a flaw of the value chain, but rather shortage of its capabilities.

The Value Chain framework with its default conceptual logic was thus not appropriate for further analysis. However, by changing the operations /

activities into capabilities and skills of the organization (as it is apparent in the concluding Fishbone diagram), it enabled the team to identify all relevant factors that could be potential issues of the client's problem – Systems and skills: missing fund-raising strategy, limited type of activities, passive and unattractive marketing communication, and missing detailed roles of personnel.

Identified problem of the client was partly identified using the framework focusing on internal issues of the client.

Porter's 5 Forces

Application of Porter's Five Forces had one main benefit and one drawback.

The main benefit was its conceptual logic and suitability for the identification of the problem that is not clear to the client. Compared to other methods used within the problem identification part of the project, it enabled assessing the position of the client in the highest detail. Separating the factors that endanger the current position of the subject into five areas that are exclusive to each other and together form the surrounding of the subject enabled the team to identify the exact cause of client's current position. Moreover, since it enables evaluating the impact of individual factors (forces), it helped to focus further analysis to dealing with those factors.

The strongest forces identified by its application were substitutes (other non-profit non-governmental organization with different cause), suppliers (donors) and buyers (public (residents). The problem solution reflects the findings. The solution proposes presentation of the client's actual added value to the society (not done previously) in order to improve its position among substitutes. It proposes further integration with donors and public by collaborating with them (reaction to the strong suppliers and buyers force).

The drawback of the application was that the findings shifted the analysis to finding reactive actions to prevent change of current position of the client. Despite the request of the client was also to retain its position, applying more creative framework might have enabled the team not only to further propose reactive actions but to propose new type of actions that would change the surrounding environment within the client operates.

SWOT analysis

The most valuable benefit resulting from applying SWOT analysis to problem identification was that SWOT provided different perspective to analysed client. Compared to The Value Chain, it does not cluster identified issues into separate areas (parts of the value chain). In contrary, it only divides the findings into internal (strengths and weaknesses) and external (opportunities and threats) factors influencing the client's position. However, such division provides inside to what is to be improved and what is to be built upon. Compared to Porter's Five Forces that focuses solely on factors endangering current position of the analysed client, it provides the inside reflecting possible position improvement by capitalizing on identified strengths.

It is possible to apply SWOT analysis exclusively in order to identify potential list of factors influencing the client. Yet, it is better to use SWOT analysis as a structure where findings from other frameworks are inserted.

	Positive factors	Negative factors
Internal factors	**Strengths** (Factors identified using The Value Chain framework)	**Weaknesses** (Factors identified using The Value Chain framework)
External factors	**Opportunities**	**Threats** (Factors identified using Porter's Five Forces framework)

Figure 5.1: SWOT analysis with inputs from other frameworks

Factors within strengths and weaknesses were thus inserted from prior application of The Value Chain. Threats were inserted from Porter's Five Forces. There was no method selected for identifying opportunities. Hence, facilitating focusing on the identification of opportunities for the client was the main benefit of the SWOT analysis application.

The main drawback of the SWOT analysis was its lack of focus. It simply provides the framework for documenting and clustering identified factors whether they are of internal or external character, whether they are positive or negative. It does not provide by any means quantitative or qualitative assessment of identified factors. The principal problem of the client is thus not identified; it is among the list of identified factors.

Cause-effect / Ishikawa / Fishbone Diagram

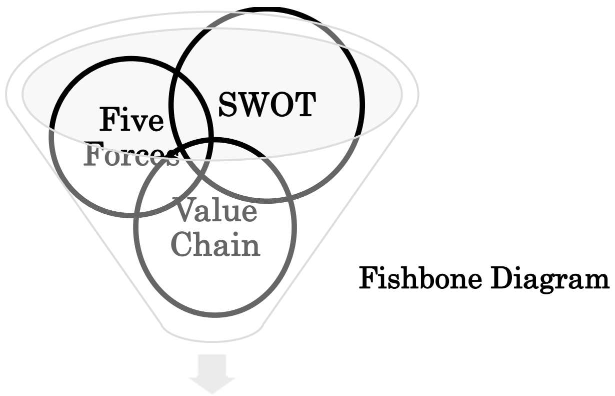
Fishbone Diagram was chosen to connect the findings from preceding methods into one framework. Because the default design of the Fishbone diagram determines the causes based on the identified effect, it was appropriate to reverse the logic of the framework so that identified potential causes result in final effect. For this purpose, the application of inverse Fishbone Diagram was ideally chosen as a concluding method of problem identification part of the project.

By applying it, the team had the list of the causes that with the highest impact influences the position of the client at disposal. Potential problem of the client was a result of combined effect of all of them. The framework worked as a funnel. Where the inputs were diverse and widely covered number of areas, the output was specific problem being the combined effect of the causes. This process however required not only mere application of the method as the method does not assess the causes. It required the understanding of mutual relationships between the causes and the individual effects of individual causes. Therefore, by not possessing this understanding acquired in analysis of the client using other methods, the method is itself of no benefit. Nevertheless, if such understanding exists, the method is the most beneficial method applied during the problem identification part of initiation stage of the project.

Process of problem identification

Correct identification of a client's problem was a key prerequisite to successful solution provided by the project. While it cannot be said that the problem was apparent after applying the management frameworks into problem identification, they enabled the team to focus the further analysis on their outcome. In particular, the concluding finding of problem identification that Transparency International Czech Republic is organizationally not sufficiently prepared for upcoming systematic changes in its financing sources; and that the main organizational drawbacks are its fund-raising strategy and marketing communication was a stepping stone to development of solution to client's problem.

Client's problem was thus identified by applying combination of frameworks that cover relevant areas important to the client.



Identified client's problem

Problem to be solved within the project = Solution to identified client's problem: **Fund-raising strategy enabling diversified financing sources needs to be developed and implemented in order to retain current budget for organization's operations. Marketing communication needs to be improved so that the loyal audience is created and activity is understood and appreciated.**

Figure 5.2: Problem identification process

Selection of applied methods was appropriate with only shortcomings related to the Value Chain framework that was not completely suitable to the situation. It is more suitable in identifying the internal imperfections of the organization than in identifying the capabilities that organization possesses.

The added value of application of management frameworks into problem identification was:

1) It increased efficiency of problem identification as it navigated the identification into given areas;
2) In increased effectiveness of problem identification as it provided inductive logic into problem identification – the resulting outcome is definite and is an effect of identified factors / causes;
3) It introduced structure into problem identification – it was known what was to be identified prior to identification;
4) It improved the focus of a problem identification – e.g. when competition was assessed using Porter's Five Forces, only factors related to competition were analysed;
5) It provided documentation platform for identified findings;
6) It helped the team members to more easily transfer the message to the client; and
7) It helped the client to better comprehend the findings presented by the team.

5.1.2 Problem definition and decomposition

Problem definition and decomposition part of the initiation stage was a pivotal part of the project conduction. Three project management tools and two problem diagnosis methods were selected and applied in order to transform identified client's problem into executable work-packages that would build the final solution within the execution stage.

SMART Problem definition

The biggest benefit of applying SMART Problem concept into process of defining client's problem for the purposes of further analysis was that it enabled the team to conceptualize identified problem of the client (that was vague) as a actionable call for solution.

However elementary the concept sounds, it was amongst the most challenging decision moment to come up with the given form of the SMART Problem. The

SMART Problem definition is in fact the most influential part of the project as the whole further analysis and consequently final delivery is based on the specific solution to problem defined.

Another advantage of applying the concept of SMART Problem compared to not applying it is therefore the fact that it removes eventual unclear understanding of client's problem. It provided adequate level of detail for both the client and the team. Both parties could unequivocal agree on its content and thus anticipated further development of the project.

The content and phrasing of defined problem – How to increase income from public and corporate sources, and by conducting business activity to 20 % of average total income of years 2007 and 2009, within 1 year? – was a result of analysis conducted by the team covering situation analysis of the client and researching required need for additional income, and the discussion with the client who provided valuable insight and adjusting of the phrasing.

The problem initially defined had one main drawback. It was defined according to SMART definition and was focused adequately. However, from its phrasing, it missed systematic component of maintaining the income flows from additional sources. The outcome of the project would be systematic approach that would increase the income to particular level and would at least maintain this level over the years. There was one reason for this omitting: As the SMART problem needs to be time-bounded, the team needed to set the time frame in which the goal would happen (within 1 year) so that after 1 year, the recommended solution could be evaluated.

MECE Issue tree

Application of MECE Issue tree was integral and irreplaceable prerequisite to further progression with the initiation stage. Would be identified client's problem specific and required concrete delivery to be delivered, there would not be need for decomposition of the problem. In the case of project for Transparency International Czech Republic, the problem was however of a strategic character and its solution involved considering many issues and alternatives, and needed to be decomposed into its parts. The choice of MECE Issue tree as a decomposition method over other methods was that apart from providing deductive decomposition structure to the problem decomposition, it improves focus of the decomposition while securing integrity of the decomposition.

The core success factor of correct application of the method was adherence to the above stated main principle of MECE Issue tree – mutual exclusiveness and collective exhaustiveness of the issues. The analysis hence focused on all issues but only within the limits of the problem defined.

The decision to perform primary cut on the basis of sources of capital turned into one of the key decision moments. From the perspective of the final delivery, the primary cut was selected appropriately.

Furthermore, the team was able to assign initial hypotheses into bottom level of decomposition. The development of hypotheses was based on the conducted research and acquired knowledge of non-profit organizations. However, because of the team's missing expertise in the field, the process of hypotheses building was simplified and thus acted as a limitation compared to the hypotheses building with appropriate expertise and experience in particular field of client's problem.[130]

The structure provided by application of MECE Issue tree enabled the team to discuss all parts of the possible action to the problem (phrased as a question to be answered by a solution) with the client. Client's inputs were transformed into selection of the most important elements to be further analysed.

Causal analysis – Force-field analysis

Having a list of important issues to be analysed and build the solution upon – hypotheses – was crucial, but still high-level view on the solution. Force-field analysis was chosen as a causal analysis of the hypotheses in order to decompose the hypotheses into their causes. A state described by hypothesis (for example: Involving companies into current projects and into new projects will create collaboration relationship and thus enable the organization to attract contribution more easily) was thus understood as an effect of mutual impact of

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[130] That fact plays a pivotal role in employing specialists into management consulting practice. Otherwise, the work is analytical – implementing structure into client's problems in order to build a solution.

factors – forces – that either foster the emergence of the state described by the hypothesis or dampen it.

This way, the team obtained the list of assumptions that could be approached by a concrete action (either analytical of the team to examine the assumption, or operational of the client to react to the assumption and examine the assumption by performing the activity), as well as it became an evaluation tool. In this case, forces impacting given hypothesis were assessed and magnitude of their impact was compared. It helped to further eliminate areas that solution of would not add any positive value / additional income.

Applying Force-field analysis to assigned hypotheses also enabled the project team to deliver immediate recommendation – in case of establishing organization's friends' club, and brining fund-raising collections to organized events.

The main drawback of applying this method was similar to building initial hypotheses. Force-field analysis does not have a mechanism to objectively measure the magnitude of the forces selected, nor does it guide the selection of the forces. That process is definitely subjective and requires relevant expertise and experience not only within the given field, but also within general understanding of the interconnection of multiple areas.

Logical Framework Matrix

The main purpose of the application of Logical Framework Matrix into problem definition and decomposition part of the initiation stage in the chosen time of the initiation stage was that although the prior decomposition was adequate and the team possessed all relevant findings, the decomposition required further synthesis to integrate all acquired findings into definition of the solution's outcome.

The resulting benefit was that while until then, all analyses led the team to better understanding of the client's problem and to identification of the critical issues affecting and reacting to it; applying LFM changed the perspective from observation to execution.

In addition to transforming the hypotheses into concrete outcomes, LFM worked as a platform for putting together the outcomes made by combination of hypotheses, the assumptions and risks represented by driving and restraining forces, requirements to be met by the outcomes in form of means of verification to fulfil, and activities that would represent the actions to be performed in the execution stage.

Work Breakdown Structure (WBS)

Applying WBS onto the outcomes of Logical Framework Matrix was the last step of initiation stage of the project. While LFM enabled the team to transform the findings of prior analysis, WBS enabled the team to change conceptualized form of the outcome into solvable deliverables that were possible to decompose to the bottom level of individual tasks. Those tasks were possible to assign to the individual team members and hence initiate the execution stage of the project. Transformation of findings into tasks was thus successfully performed.

In relation to decomposition of the outcome into tangible deliverables that needed to be specified, the final outcome was specified indirectly as well. The form of the final solution was apparent even before conducting the execution stage.

In addition, after the application of WBS onto the project outcomes, the team could also assess the complexity and resources requirements (time and data) of individual outcomes by looking at the type of deliverables that built them. That way it was possible to preliminary perform the execution of the simpler outcome of the two designed – Implementation / feasibility study of new payment channels for receiving donations from public – to evaluate it and eventually disregard it in further solution recommendation developing. Work to be conducted in the execution stage of the project was made more focused.

Process of problem definition and decomposition

All applied forces, their exact selection, their exact order within the problem definition and decomposition part of the initiation stage, and their individual application, were necessary for successful transformation of identified problem of the client to proposal of work-packages to be delivered within the execution stage of the project to deliver the final solution.

Skipping any of the methods applied would result in either incomplete or excessive solution that would not help the client to efficiently acquire additional income. For example, not further decomposing the SMART problem using MECE Issue tree, and applying LFM and WBS directly to the problem would result in a solution recommended by the project not solely focused on the corporations as a source of additional funding and would thus not be efficient as the client did not want, could not, or did not need to use other additional sources, or after considering the outcomes of analyses decided to take some issues under internal initiative.

Following is an illustration of problem definition and decomposition process highlighting the concept of deduction (decomposition) and induction (synthesis).

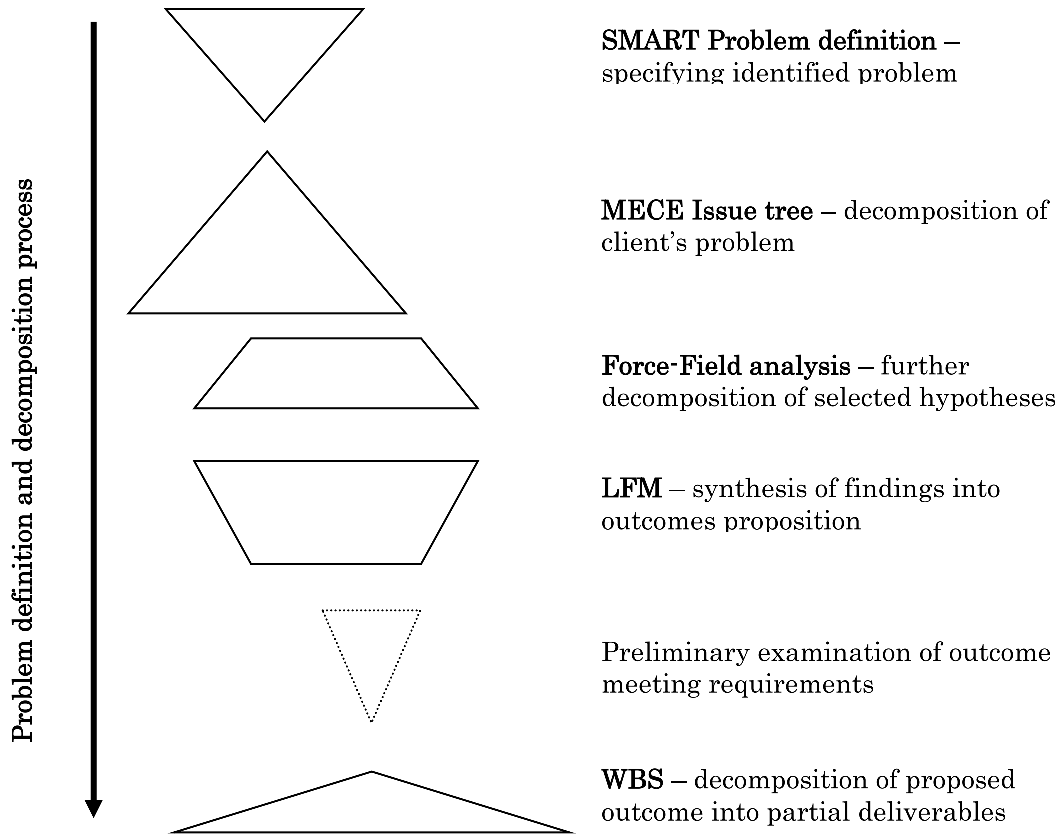

Figure 5.3: Problem definition and decomposition process

The team involved the client in developing the outcomes of SMART Problem definition, MECE Issue tree, and Force-Field analysis and significantly benefited from such decision, mainly in form of narrowing the scope of the project focusing on relevant issues to the client, as well as in form of gained insights and valuable inputs to the analysis.

The core work performed within the problem definition and decomposition part of the initiation stage of the project was analytical requiring structuring client's needs and wants and by applying project management and problem solving methods logically connecting them with the appropriate solution. However, the analytical work needed to be complemented by creative work in order to fill the structure with the content, in particular by developing initial hypotheses and identifying relevant forces affecting them. For that reason, the team used exclusively brainstorming. While the team obeyed all main rules of brainstorming: a focus on one issue at one session, no restraints to ideas presented as solutions, limited time to come up with ideas, necessity of documenting individual ideas separately in the process of ideas development (individual part of brainstorming) as well as ideas shared in discussion (group part of brainstorming), and a discussion allowed after all ideas presented[131]; missing expertise and experience of the team resulted in rather superficial ideas developed. Therefore, while the final solution reacts adequately and appropriately to client's problem and addresses all identified issues, it is by no means revolutionary in a sense that it is not an innovative solution.

Overall, key drawback of any method or of its application was not identified. However, weak point in form of linkage between initially proposed hypotheses and proposed outcomes in LFM is a threat to validity of proposed outcome. Brief examination and logical testing that the team performed was not structured sufficiently, and was based on a subjective logic of team members. The same holds true for designing deliverables to appropriately and with the highest effect react to forces (identified by applying Force-field analysis) affecting proposed hypotheses.

[131] KENDRICK, 2010, p.13

5.2 Process improvement proposition

Because the team cautiously pre-selected the list of methods to be used to methods in majority known to the team as well as proposed the selection of a method during the project conduction in a reaction to emerged need, few elements were identified as having room for fundamental improvement.[132] Improvement is proposed to those elements that were evaluated as having a room for it and it is described in following part of the thesis.

5.2.1 Problem identification

In order to determine internal capabilities of the client's organization, it would be preferable to use Resource Based View (RBV)[133] instead of The Value Chain. While The Value Chain analysis considers the organization as a subject conducting number of operations that follow certain order and by doing so they add value to the final outcome of the organization, Resource Based View considers the organization as a subject possessing certain capabilities that influence its position. Moreover, Resource Based View evaluates the capabilities in order to determine competitive advantage of the organization. Detailed view on internal capabilities provided by Resource Based View enables to better describe strengths and weaknesses in SWOT Analysis which makes its outcomes more specific and thus more suitable for further analysis (i.e. the outcome of the Value Chain analysis of the client's organizational infrastructure was that it had well-structured corporate governance and that members of its board were respected individuals; outcome of Resource Based View would progress further by analysing the potential of the members with their expertise, influence and contacts to potential donors) Furthermore, Resource Based View is complementary to the Porter's Five Forces, while The Value Chain and Five Forces overlap in analysis of suppliers (existing and potential donors) and customers (public (residents)).

Since the team performed the problem identification part in a way to be as efficient and effective as possible, it utilized the funnel approach of the methods. What it means is that the areas to be covered by the analysis were determined prior to the analysis (identification of factors causing the client's position). By

[132] This is of course subjective assessment based on the knowledge of the author of the thesis.
[133] BARNEY, CLARK, 2007

doing so, the team concentrated its analysis focus on limited areas and might have overlooked some important, yet not directly related factors. Wider analysis of changes in the surrounding environment might have been applied in order to discover more factors affecting client's position. Another possibility could be to introduce time dynamics into the applied frameworks. It would be then possible to see the surrounding as it is now with its related factors and to see the surrounding as it would be in specified time frame.

In relation to introduction of time dynamics into application of management frameworks, the scenario analysis could be performed. It would allow setting various conditions, comparing them, and phrasing the problem of the client based on the various outcomes. For example, Porter's Five Forces would be applied with different inputs specifications:

a) What is the current position of Transparency International Czech Republic emerged as an effect of five forces;
b) What will be its position in three years if one / more of the forces changes but other do not;
c) What will be its position in three years if it reacts to change in one / more of the forces; or
d) What will be the reaction of the forces to reaction of Transparency International Czech Republic to their changes and how will the position of Transparency International Czech Republic be affected by the changes.

To further improve the efficiency of the problem identification and to foster eventual scenario analysis, all relevant stakeholders (the client in particular) should be thoroughly interviewed for two reasons. First, even if the client did not know the actual problem he was facing, he had certain expectations from the outcomes of the project. And, second, relevant stakeholders have always more insights and expertise within the topic related to their practice. The team neither did conducted thorough analysis of stakeholders' expectations, nor acquired inputs from the client during problem identification part of the initiation stage of the project. It is important to realize that the aim of the project is satisfaction of client's needs and requirements, not so much solution of the exact and true cause of his problem. By performing stakeholder analysis (related not only to the client), the area to cover in problem identification usually becomes narrower and the process thus more efficient.

5.2.2 Problem definition and decomposition

To address the issue of missing creativity that was not sufficiently stimulated by using brainstorming as a method, the team could have helped the creative process by using different solution developing method. One of the most effective methods used by many corporations not only in their research & development departments is a parallel thinking process – The Six Thinking Hats.[134] Using The Six thinking hats method for solution development "suggest the use of different thought processes for different purposes. Each hat has a different colour and is used as a symbol for a particular way of thinking"[135]

It is applicable throughout the whole consulting project, particularly in situations where there is need for creative inputs, where there is non-unified agreement on proposed solution or progress and in situations where it is required to make a decision (choosing from a list of potential solutions).

Six thinking hats represent following list of thinking approaches (perspectives on particular issue):

1) White hat – proposing information gathering for further analysis of an issue (problem / solution);
2) Yellow hat – proposing only advantages and benefits of solution;
3) Black hat – proposing only constraints, disadvantages, possible failures, threats, and critics to proposed solution;
4) Red hat – proposing feelings about proposed solution[136];
5) Green hat – proposing creative / new possibilities of proposed solution; and
6) Blue hat (managing process) – proposing adjustments to thinking process, proposing further steps in process, proposing decision.

[134] Partial list of major international corporations as well as agencies using the method is provided on the main page of website of the creator – The de Bono Group: http://www.debonogroup.com/six_thinking_hats.php

[135] KUBR, 2001, p.219

[136] Red hat in The Six thinking hats is one of the strongest advantages of applying The Six thinking hats as it is one of very limited situations deliberately intended to stimulate emotions during the consulting project. "Wearing the hat" enables team members to exclude outcomes of possible emotional argument from other parts of the project.

Conclusion

Final delivery (solution recommendation) in form of Systematic activities related to acquiring income from corporations in form of long-term relationship resulting in long-term periodical contribution from corporation, ad-hoc financial contributions (donations), involvement of corporations into projects conducted by the client, and granting right for using the client's brand in co-branded products and services is a step-by-step development stemming from the outcomes of individually applied methods.

Each method applied in the course of the initiation stage of the problem and described in the thesis ultimately formed the final solution.

Applying The Value Chain, the team was able to identify number of internal weaknesses of the client, one of which was its presentation to relevant stakeholders and fund-raising strategy activities. Applying Porter's Five Forces, it became apparent that the surrounding environment of the client is changing and the forces shaping its position are strengthening and would eventually cause danger to client's prime position as an anti-corruption contender in the Czech Republic as well as cause problems to its current existence / operations. Applying SWOT analysis, the team got insights into what drives and what is weakness of and threat to the client. Threat in form of increasing competition and decreasing current sources of funding and the weakness of not possessing the skill and capability to react to the threat, while drive in form of strong identity were identified. Applying Ishikawa diagram (inversely), the possible causes were compared and based on their collective effect the client's problem was identified. The outcome of the problem identification part of the initiation stage of the project, the area to be covered in further analysis – Fund-raising strategy enabling diversified financing sources needs to be developed and implemented in order to retain current budget for organization's operations. Marketing communication needs to be improved so that the loyal audience is created and activity is understood and appreciated – was core to further problem decomposition.

Within the problem definition and decomposition part of the initiation stage, applying SMART Problem definition – How to increase income from public and corporate sources, and by conducting business activity, to 20 % of average total income of years 2007 and 2009, within 1 year? – enabled the team to transform observation finding described by identified problem into actionable project's problem (solution of which became the objective of the project).

Consequently, applying MECE Issue tree, the problem was in primary cut decomposed into four main areas (increasing income from conducting business activity, increasing income from public (residents), increasing income from cooperation with public institutions, and increasing income from corporations). They were decomposed into further two levels. Third level of decomposition was general activities that the client could conduct in order to meet the objective. Hypotheses (detailed description of the activity with qualified / quantified result) were assigned to them. Based on the discussion over and the analysis of (preliminary examination of hypotheses) them, limited number was selected for further analysis.

Applying Force-field analysis, the team was able to identify factors influencing realization of selected proposed hypotheses. Based on the type, forces were divided into driving forces that need to be utilized and restraining forces that need to be dampened.

Applying Logical Framework Matrix steered the problem analysis process. While previous methods helped mainly in decomposing the problem into more solvable parts, the LFM helped to synthetize decomposition. Based on the evaluation of forces in Force-field analysis (that narrowed the number of hypotheses to be further analysed from eight to five), it was possible to develop an outcome that would react simultaneously to four of five proposed hypotheses (to forces affecting the realization of the hypotheses). The Logical Framework Matrix also offered platform to set the success criteria for proposed solution.

Concluding application of Work-Breakdown Structure structured the outcome of the LFM (the final delivery) into deliverables (with their work-packages) that were possible to assign to individual team members to work on. Connection of performed tasks within the work-packages (to design deliverables) brought the specific form of final delivery.

Execution stage played role in setting up the solution to exact client's needs, time and personnel resources and his willingness, as well as in creating detailed design of the process. Overall, the execution stage only extended the outcome of the initiation stage in detail. The core properties of the solution were all remained in the form proposed in the initiation stage.

The final solution recommended to the client was received positively as the client found it realistic, feasible, and probable of achieving its objective – to acquire additional income from corporations. The client started with the implementation of the recommendation several weeks after the final delivery exclusively within internal agenda. The team was requested for minor detail consultations in the process. The real benefit and added value of the problem solution proves time and will be evaluated based on the financial statements of client's fiscal year 2012.

The project was successful since the outcome was received by the client, its success does not directly relate to the success of the solution recommended.[137]

Therefore, the primary objective of the thesis to support the assumption that performing initiation stage correctly using the right methods is a key to successful project delivery was achieved.

Referring to two secondary objectives of the thesis to describe the role, importance and benefits of project management and problem solving methods in management consulting, and to further analyse the methods applied, to look at its imperfections, limitations and possible improvements; I conclude that they were achieved even though second secondary objective was achieved partially as I had the expectations of revelations of more imperfections of the process prior the its conduction. To some extent however, this might be the result of my limited expertise with the management consulting practice and the methods applied.

The biggest optimization of the methods was their interpretation itself. The team was able to utilize not only the intended purpose of the methods, but

[137] This is the appropriate and most likely evaluation of the project's success within the management consulting practice.

frequently capitalize on their conceptual logic.[138] In addition, conceptual logic of Fishbone / Ishikawa diagram was reversed. That can be considered as adjustment to method's logic.

The most critical decision points were related to syntheses of value adding outcomes and elimination of outcomes of applied methods that were assessed as not adding value. The client himself supported those decisions significantly by providing further comments and insights.

Concluding, hypothesis 1 of the thesis – Application of the methods substantially increases performance and effectiveness of project conducting, and satisfaction of a client – was confirmed – the process was effective, reaching consensus on solution proposal before the execution stage of the project was initiated, and the client was satisfied as he not only received the recommendation, but ultimately implemented it.

Hypothesis 2 – It is possible to apply project management and problem solving methods in management consulting to non-profit organizations – was confirmed – none of the methods applied were specifically designed for non-profit organizations, yet their application resulted in project success.

Hypothesis 3 – It is possible to deliver problem solution adding value to a client by using limited number of project management and problem solving methods. Important is their appropriate application and adherence to their logic, eventually adjusting their parts – was indeed confirmed – nine methods were applied within the initiation stage, all of them standard to management consulting practice, and they enabled the team to come up with rather detailed form of the final solution prior to the execution of actual solution development.

Hypothesis 4 – Using methods correctly, the final solution is meeting client's needs and is identified prior to execution stage (solution development stage) within the initiation stage of the project – was confirmed. Proper identification, definition and decomposition of the problem produce solution to the problem as an effect of analysis.

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[138] Specific examples are described in the evaluation part of the thesis.

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3) Meeting deliverable #3: Workshop with the client – preliminary outcome decomposition [A3_P3.pdf]
4) Meeting deliverable #4: Final solution recommendation delivery [A4_P4.pdf]
5) Transparency International Czech Republic brochure: presentation material [A5_Finalni verze prospektu.pdf]
6) MECE Issue tree; Force-Field analysis; LFM in chart form [A6_Chartbook.xlsx]

All appendices are attached in electronic form on the CD.