

INNOVATION IN CONSULTING FIRMS: WHAT ARE THE FOUNDATIONS?

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ABSTRACT

Innovation inside consulting firms has missed specific attention in academic research. Consulting firms usually are considered to be part of Knowledge-Intensive Business Services (KIBS), Professional Service Firms (PSF) or Project-based Firms (PbF). However, consultancies possess particular characteristics that might affect generalizations made in studies targeting all the categories stated before. Consulting firms usually help other companies to be innovative, but they also need to have innovation within themselves in order to survive in the market, maintain and attract more clients.

The objective of this paper is to explore the theoretical basis and to analyze the emerging literature related to innovation in consulting firms. This may help to understand what characteristics differentiate innovation in consulting firms from innovation in other service organizations. The methodology applied is based on a semi-quantitative literature review involving three main steps: first, we identify keywords to select the articles and create a database; second we make a quantitative analysis on the database using information from Science Direct, Emerald Insight and Google Scholar (journals, citations, type of firms, academic clusters); and finally, we identify the main contributors and research streams on the field.

Our database has 206 publications including journals articles, conference papers, books and working papers: more than 70% of these publications have been published in the period from 2008 to 2014 and 24% (59 articles) focused on service innovation in the context of consulting firms. From these 59 articles, 15 articles have been considered as relevant works according to the methodology used. Some scientific journals stand out with their contribution in the literature: Research Policy, International Journal of Project Management, Journal of Knowledge Management and Scandinavian Journal of Management.

There are three main contributions in this paper. First, it is a service innovation review in the context of consulting firms. Second, we have identified five main research streams: knowledge management, innovation studies, strategic management, services and project management. Each academic cluster emphasizes in a greater or minor way certain aspects (processes, structures, models, characteristics, factors, etc.), resources (clients, consultants, suppliers) and views (internal or external) about innovation in the consulting industry. It seems that the linkage between these different streams is missing. Some recent service innovation models we also identified but none of them focuses exclusively on service innovation in the context of consulting firms. Thus, there is still a field to study

in order to have a clear comprehension on this matter and we make a call for an integrative approach. Finally, we distinguish some further research that needs to be done from the academic and the practitioner perspective.

Key words: Innovation; Services; Consulting Firms; KIBS; Professional Service Firms; Project-based

INTRODUCTION

There is limited research about service innovation and their role and importance for both customers and firms (O’Cass et al. 2013). Innovation inside consulting firms has missed specific attention in academic research. Consulting firms are usually considered to be part of Knowledge-Intensive Business Services (KIBS), Professional Service Firms (PSF) or Project-based Firms (PbF). Consulting firms usually help other companies to be innovative, but they also need to innovate themselves in order to survive in the market. However, consultancies possess particular characteristics that do not correspond to generalizations made in previous studies. Some recent service innovation models have been identified but none of them focuses exclusively on service innovation in the context of consulting firms.

This paper explores the theoretical basis literature related to innovation in consulting firms. This may help to understand what characteristics differentiate innovation in consulting firms from innovation in other service organizations. The methodology applied is based on a semi-quantitative literature review involving three main steps: first, we identify keywords to select the articles and create a database; second we make a quantitative analysis on the database using information from Science Direct, Emerald Insight and Google Scholar (journals, citations, type of firms, academic clusters); and finally, we identify the main contributors and research streams on the field.

First, we present some theoretical background about the views on service innovation and its importance, as well as some recent framework and practical examples. Then, we explore the theoretical basis on consulting firms. Next, we present the research methodology for this paper. Moreover, results and discussion are presented and argued in a further section. Finally, conclusion and future steps are discoursed.

SERVICE INNOVATION AND CONSULTING FIRMS

Consulting Firms

Innovation in consulting firms has missed specific attention in academic research. Consulting firms are usually considered to be part of Knowledge-Intensive Business Services (KIBS), Professional Service Firms (PSF) or Project-based Firms (PbF). Consulting firms are a particular type of service providers characterized to be project-based and knowledge intensive. In project-oriented environments, there is a need to understand how managers are to create new resources combinations and strategically deploy outcomes that leads to service innovation (Salunke et al. 2012).

Most studies on innovation in services have pointed KIBS as the leading sub-sector regarding innovation and cooperation (Trigo & Vence 2012). KIBS can play the role of facilitators, carriers or sources of information; but also a role as co-producers of innovations (den Hertog 2000). KIBS are organizations that use and build knowledge as their primary raw material for their value-adding

(Hidalgo & Albors 2008). Innovation, both incremental and radical, requires the conversion of knowledge into services as well as their successful diffusion into a society and/or market (Bouncken & Kraus 2013). According to Miles (2005), KIBS are locating, developing, combining and applying various types of knowledge to solve the problems of their clients. In general, KIBS literature calls attention of the central role that these types of enterprises play in organizational innovations, making joint use of technological and soft skills (Muller & Doloreux 2009).

Drawing from KIBS to PBS, von Nordenflycht (2010) distinguishes consulting firms from other professional business services according to three variables: characteristics (knowledge intensity, low capital intensity, and no professional workforce), challenges and opportunities (medium cat herding, low opaque quality, low no investor protections, no trusteeship norm, no muted competition), and organizational responses (medium alternative compensation, high autonomy and informality, low no outside ownership, no slack). Consulting firms and advertising are named Neo-PSFs sharing the same features.

Change agents such as management consultants are often characterized as a key source of innovation, promoting “best practices” usually perceived as radical innovations (Wright et al. 2012). Anand N. et al. (2007) argue about the importance of consulting firms for knowledge-based innovation: expertise and competence of their personnel are their main assets; Widespread use of the partnership form of ownership.; inherent imperative for both organic growth and diversification on the context of innovation; and continuous creation of new knowledge-based structures

Service Innovation

Service innovation can be understood in different views. There are many key themes when reviewing service innovation since it incorporates knowledge and offerings co-created by connected resources such as customers, suppliers and employees which impacts sales and costs enhancing competitive advantage. It also differs from manufacturing innovation and there are many theoretical perspectives but little attention to the mechanisms to combine resources in service firms leading to service innovation (Salunke et al. 2012).

Table 1 summarizes some recent perspectives about service innovation stated by diverse authors. Some researchers have a traditional novelty-oriented view (Quintane et al. 2011; European Commission 2012), while others consider service innovation as a result of knowledge (Quintane et al. 2011; Salunke et al. 2011) or a service system (Vargo & Lusch 2004; IfM & IBM 2007; Maglio & Spohrer 2008). There is also a relational approach emphasizing the role of customers and a network of actors as co-creators of service innovation (Chae 2014; Hidalgo & D’Alvano 2014). There was found no customized or exclusive service innovation standpoint in the context of consulting firms.

Table 1: Views on Service Innovation.

Viewpoint	Definition	Authors
Novelty	Service innovation is a duplicable, new or significantly improved service concept and offerings.	(Quintane et al. 2011; European Comission 2012)
Knowledge	Service innovation is the extent to which new knowledge is integrated by the firm into service offerings, which directly or indirectly results in value for the firm and its customers/clients.	(Quintane et al. 2011; Salunke et al. 2011)
Value network	Service value network is a set of activities where suppliers, service provider and customers integrate resources through service, and customer co-creates value in a specific cultural environment with service provider value proposal.	(Salunke et al. 2012; Chae 2014; Hidalgo & D'Alvano 2014)

With the aim to measure innovation in consulting projects, Mandel (2009) applied a score-based assessment taken into account the degree if the improvement (radical or incremental innovation) and the novelty of the innovation from a client's and consultant's perspective. The results showed that almost 50% of consulting projects were considered to add significant improvement and 25% had solutions different form the existing ones (Mandel 2009). From this viewpoint, consulting projects are good source to generate innovation in businesses.

Richter and Niewiem (2009) conducted a study of clients' decisions to involve management consultants. They found out that the relationship between clients and consultants are close with repeated interactions where context, trust and loyalty are built. This interaction can involve both explicit (codified information) and tacit knowledge (practical know-how) because consultants can play different roles from mere deliverers of information to trusted advisors. The results also show that clients involve outside consultants with whom they have had little or no relationship only when projects required functional or industry-specific expertise. In contrast, clients tend to cooperate with consulting firms with whom they have worked before when it comes to strategic and corporate functions (Richter & Niewiem 2009).

Consoli & Elche-Hortelano (2010) coincide that services activities are characterized by an information-based nature, close interaction between providers and users and the role of human resources in stimulating innovative outcomes in service firms. As this paper establishes, consultants can also be valuable co-creators with clients when innovating.

Some authors have pointed out that consulting provides management innovation thought standardization (Wright et al. 2012), even when applying a technique that has been developed before, applying this technique in a new company by consultants can also be considered an innovation because it is new from a client's perspective and can even lead to a disruptive change (Mandel 2009). Besides, knowledge can be a driver of clients' decisions that plays in favor or against the procurement of services from external consultants (Richter & Niewiem 2009).

Service Innovation Frameworks

Preliminary literature review has identified different approaches on service innovation, both in the academic and practitioner area, but they all do not focus exclusively in the context of consulting

firms. It has also not been tested if the proposed frameworks apply in consulting when it comes to co-elevate the innovativeness with their employers, customers and suppliers.

Project-oriented firms are characterized by having long project life cycles where the provision of service often involves close collaboration with their clients, reflecting client input to innovation process (Salunke, Weerawardena & McColl-Kennedy 2011). Therefore, it is important that a model suitable for consulting firms considers an internal and external approach for service innovation.

Table 2 compiles some recent frameworks (denunciative but not limitative) on service innovation that could be used as a base for future research about consulting firms. Most of the authors propose a service innovation model based on their own perspective on service innovation. Some authors focus their model according to capabilities and dimensions (den Hertog et al. 2010) or a process (Rubalcaba et al. 2012). In contrast, other authors center their model in the collaboration with networks with customers, suppliers and other institutions (Battisti 2012; D’Alvano & Hidalgo 2012), while others have a co-relational view (Furseth & Cuthbertson 2013) encompassing elements that enable service innovation within and outside the firm.

Table 2: Recent Frameworks for Service Innovation .

Dimensions & Capabilities (den Hertog et al. 2010)	Innovation processes (Rubalcaba et al. 2012)	Attributes (Battisti 2012)	Process (D’Alvano & Hidalgo 2012)	Elements (Furseth & Cuthbertson 2013)
New service concept	Strategic service innovation model Employee-driven innovation Employee involved in user-based innovation	Network Diffusion Strategy	Scan	Value
New customer interaction			Focus	Business model
New business partner			Resource	Service system
New revenue model			Implement	Customer experiences
New delivery system: personnel, organization, culture.			Learn	Technology
New delivery system: technological			Lead Co-operation	Tangible assets Financial assets People Intangible assets

Service innovation demand is increasing due to current global trends including demographic shifts, off-shoring, web-based and self-service technologies, and knowledge-intensive (IfM & IBM 2007).

Examples of Service Innovation from the practitioners

Consulting firms gain their competitive advantage from their ability to create and sustain knowledge resources and institutional capital based on legitimacy, reputation or relationships (Reihlen & Nikolova 2010). It is important when consulting firms realize this matter and incorporate innovation managements into their strategy and operation, not only with their employees but also with the customers and suppliers.

Table 3 lists some real examples about innovation practices that are performed by consulting firms (Bradshaw & Turner 2008). Most of these firms are focusing on innovation co-creation through

collaboration their customers, integrating them into the project activities and having strong team interactions with continuous knowledge exchange. Some companies as is the case of KPMG, Fujitsu, Arup and Steria, have also recognized the importance to see innovation as a long term investment, so working with their clients in the long run will allow them to foster not only the relationship but also the innovation outcomes. It is also remarkable the case of companies that have created their own innovation framework for service delivery, making part of their value, culture and produces the idea of thinking innovative and use it the benefit of the organization, its suppliers and clients.

Table 3: Innovation practices in consulting firms (Bradshaw & Turner 2008).

Company	Area	Innovation practices	Focus
Arup	Construction design and business consulting	Arup established a Design Technology Fund for internal research and a core innovation group that leads intra-collaboration and 'ideation'. It has external collaborative projects with other universities, institutions and governments. It works in the planning and design of the world's first eco-city Dongstan in China.	Internal / External
KPMG	Audit, tax and advisory services	KPMG has a Head of Innovation and an innovation process with a system based on 12 pillars: leadership, definition, investment, innovation communities, wider firm, ideas from anywhere, sharing culture, rewards, skills and behaviors, make it real, metrics and brand.	Internal
Fujitsu	IT management and outsourcing services	For Fujitsu, a successful innovation is only possible when it constantly collaborates with its customers through multiple point of contact. It has a culture based on the Fujitsu Services Innovation methodology. It takes a long term approach to innovation and measures several aspects of the services experience provided to customers to ensure this.	External
Steria	IT services and business consulting	Steria strives to close collaboration with customers. It acts as a hub in the innovation supply chain integrating customer needs with software developers to customize systems and software packages.	External

RESEARCH METHODOLOGY

This theoretical background reviews the literature on service innovation and consulting firms, with focus on value co-creation, knowledge exploitation, project-based organizations and innovation management. An overview of the key concepts such as services, consulting firms and innovation is covered as well as a discussion of research gaps to be further researched. The research approach was inspired from the literature review and annotated bibliography in service firms realized by Schilling & Werr (2009) as part of the VINNOVA projects.

This review focuses on service innovation in consulting firms. Thus, it excludes studies from other type of service organizations as well as the primary and secondary economic sectors. Second, the review only considers service innovation in existing consulting firms, so no innovation papers from the entrepreneurial perspective were selected. Third, the review focuses on service development, value co-creation, knowledge exploitation, project-based organizations and innovation management. This leaves out studies that encompass other aspects such as specific type of innovation, a unique service innovation model, no innovative-oriented processes performed in

consulting firms as well as those with a sole focus in organizational, marketing or technological innovation drivers.

The literature review is principally based in academic journals; nonetheless, some books and practitioners' publications have been also included. First, the Science Direct, Emerald Insight and Google Scholar databases were searched, focusing in the period from 1995 to 2014 using the keywords "consulting firms" combined with "innovation", "KIBS" (Knowledge Intensive Business Services), "PSF" (Professional Service Firms), "project-based", "service innovation process", "service innovation model", "service innovation strategy", "innovation in services", "service innovation management", "knowledge", "projects" and "services".

Second, from the articles obtained in the last step, some quick skimming was applied in order to ensure relevance for the scope of the review; having as main filters that the article addressed results related to service innovation in consulting firms, consistency of the theoretical background, rigor in the employed research method (either qualitative, quantitative or both) and identification of limitations and further research.

Third, from the relevant selected publications, a few articles were identified as seminal works or most cited among the rest, and the references were checked in order to complement the search with related relevant articles that were from a previous time period or were not listed in the scientific databases utilized.

Fourth, 15 articles were identified as relevant ones in context of consulting firms and classified in five clusters according to the theories that use to ground their research.

RESULTS AND FINDINGS

The research in service innovation related to consulting firms has increased from 2008 (Figure 1). The field is still in development and there is no mature understanding about how the phenomena of service innovation in consulting firms works, how it should be managed and all the related variations such as co-creation with clients and suppliers, innovation-lead by knowledge exploitation, characteristics of innovation in a project-based environment, and so on.

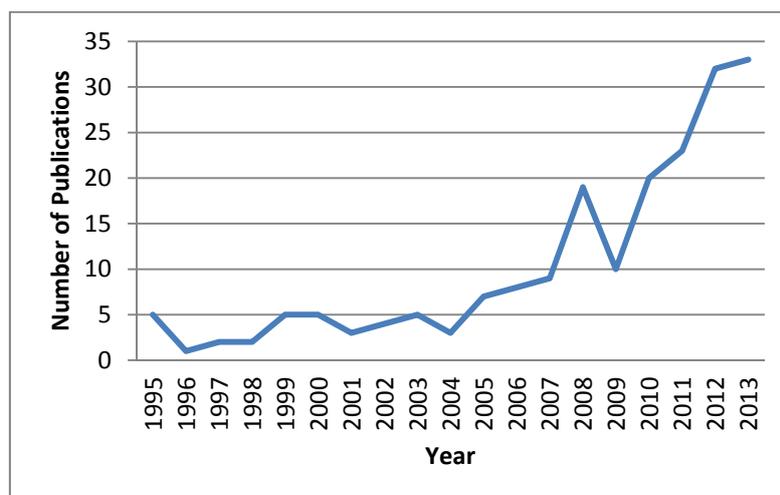


Figure 1. Selected articles timeline.

Service innovation studies have focused research in different types of service firms (Table 4). Only 59 articles (29%) of the total sample have considered in their sample consulting firms, either a purely consulting paper or included in other service firm classifications such as PSF, KIBS or PbF. The rest of the papers contain data from other types of service firm and in many cases this is not defined.

Table 4: Number of articles focusing on different types firms.

Type of Firm	Number of Papers	Percentage
Consulting	28	48%
PSF	13	22%
KIBS	11	19%
PbF	7	11%
Total	59	100%

The 59 articles focusing in consulting firms (Table 5) have been classified in different academic clusters according to the basis theory that they use: knowledge management, strategic management, innovation studies, and others (services, project management, and so on). Only 15 of these 59 articles have been identified as relevant papers according to the methodology used. From this group, the majority come from the academic side, considering a balanced view about if innovation happens inside or outside the consulting firm (Table 6).

Table 5. Academic Cluster of articles focusing in consulting firms.

Academic Cluster	Number of Papers	Percentage
Strategic Management	21	36%
Knowledge Management	19	32%
Innovation Studies	13	22%
Others	6	10%

Table 6. List of relevant articles focusing on innovation in consulting firms ordered by citations.

Authors	Year	Cites	Publisher	Paper Name	Academic Cluster/Stream
(Anand et al. 2007)	2007	236	Academy of Management Journal	Knowledge-based Innovation: emergence and embedding of new practice areas in management consulting firms.	Knowledge Management
(Tether & Tajar 2008)	2008	177	Research Policy	Beyond industry-university links: Sourcing knowledge for innovation from consultants, private research organisations and the public science base	Innovation Studies
(Leiponen 2006)	2006	144	Journal of Product Innovation	Managing Knowledge for Innovation: The Case of Business-to-Business Services	Innovation Studies

Authors	Year	Cites	Publisher	Paper Name	Academic Cluster/Stream
			Management		
(Wood 2001)	2001	129	Routledge	Consultancy and Innovation: The Business Service Revolution in Europe.	Innovation Studies
(Blindenbach-Driessen & van den Ende 2006)	2006	79	Research Policy	Innovation in project-based firms: The context dependency of success factors.	Innovation Studies
(Heusinkveld & Benders 2005)	2005	77	Human Relations	Contested commodification: Consultancies and their struggle with new concept development.	Knowledge Management
(Mors 2010)	2010	50	Strategic Management Journal	Innovation in a Global Consulting firm: when the Problem is too much Diversity.	Knowledge Management
(Taminau et al. 2009)	2009	48	Journal of Knowledge Management	Innovation in management consulting firms through informal knowledge sharing.	Knowledge Management
(Swanson 2010)	2010	28	Journal of Strategic Information Systems	Consultancies and capabilities in innovating with IT.	Strategic Management
(Salunke et al. 2011).	2011	27	Industrial Marketing Management	Towards a model of dynamic capabilities in innovation-based competitive strategy: Insights from project-oriented service firms.	Strategic Management
(Hogan et al. 2011)	2011	15	Industrial Marketing Management	Reconceptualizing professional service firm innovation capability: Scale development.	Strategic Management
(Wright et al. 2012)	2012	14	Research Policy	Management innovation through standardization: Consultants as standardizers of organizational practice.	Innovation Studies
(Sandberg & Werr 2003)	2003	7	European Journal of Innovation Management	Corporate consulting in product innovation: overcoming the barriers to utilization.	Innovation Studies
(Salunke et al. 2012).	2012	5	Journal of Business Research	Competing through service innovation: The role of bricolage and entrepreneurship in project-oriented firms.	Strategic Management
(Fischer 2011)	2011	0	Journal of Knowledge Management	Recognizing opportunities: initiating service innovation in PSFs.	Knowledge Management

DISCUSSION

From literature review, we identify five main streams or clusters that have performed research in service innovation including at least one consulting firm in their study sample or as a generalization for KIBS, PBS or PbF. Some studies have a multi-stream perspective that enables cross-fertilization of academic fields. These five streams are:

Innovation studies. They are based on innovation management and new product/service development theories (Bessant & Rush 1995; Tidd 2001; Chesbrough 2003; Tidd 2006; Leiponen 2006; Fagerberg & Verspagen 2009; Fagerberg et al. 2012; D'Alvano & Hidalgo 2012; Tidd & Bessant 2013). According to Wood (2001), consultancies are able to experience an issue many times, while their clients one experience it once, which makes possible for them to innovate in solutions from their gathered expertise. He claims that management innovations such as Total Quality Management (TQM) or Business Process Reengineering (BPR) were born this way. Sandberg and Werr (2003) analyses corporate consulting from a innovation process perspective in a telecom company trying to go from a product-centered logic to a customer-centered logic. Success factors for innovation in project-based firm are identified by Blindenbach-Driessen and van der Ende (2006) grounded in new service development theory. They found that factors such as planning of work, project selection and support from senior management, expertise, pre-developing, testing and launch are more important to enhance innovation in project-based organizations than in functional ones. Tether and Tajar (2008) identify consulting firms as sources of information for innovation activities in service firms. They point-out that most of these innovation are not new to the world but new to the firm, no matter whether the type of innovation model is closed, outsourced or open. Wright et al. (2012) explore the ambiguity of consulting practice, in a sense that consulting work can be innovative, but at the same time it has an standardizing component that plays a role against. However, this contradiction needs to be managed inside consulting firms to maintain a balance.

The knowledge management cluster emphasizes the important role of knowledge as the key detonator for innovation in consulting firms (Nonaka & Takeushi 1995; Leiponen 2005; Anand et al. 2007; Hidalgo & Albors 2008; Taminou et al. 2009; Reihlen & Nikolova 2010; Quintane et al. 2011; Fischer 2011). Authors in this stream view innovation in consulting firms as internal. Consultants have interaction outside the company with clients and suppliers, but this seems to be taken as part of the operation, not the source of innovation. Innovation is regarded as a result of inner characteristics of the firm, such as structure, processes and human resource profile. Heusinkveld and Benders (2005) label innovation in consultancies as new concept development. Knowledge commodification is the basis to explain how knowledge is exchange by consultants within the organization for new concepts to arise. Anand et al. (2007) explore innovative knowledge-based structures in consulting firms as, especially when a new practice area is open in order to satisfy client demands and channel employee expertise and professional growth. Opposite to the latter perspective, Taminou et al. (2009) discuss that innovation in consulting firms is not mainly enabled through formal structures but through informal knowledge sharing among consultants. For example, a conversation by consultants during lunch time is more likely to bring new ideas in order to innovate. Mors (2010) argued about knowledge networks and how it is difficult to access information inside consulting firms and to integrate information from outside the organization, playing both factors against innovation by consultants. A different approach is used by Fischer (2011) who proposes that innovation in consulting firms depends on the entrepreneurial behavior that

consultants have in their daily activities. He performed a case study in PricewaterhouseCoopers, a leading consulting firm, finding out that the application of knowledge management can help consultants to recognize opportunities for triggering innovation.

Scholars in the strategic management field mostly view innovation based on resource and capability-based view of competitive advantage (Teece et al. 1997; Eisenhardt & Martin 2000; O'Reilly & Tushman 2008; Teece 2010; den Hertog et al. 2010; Gebauer et al. 2012; Plattfaut 2012). Consulting firms harmonize their resources (i.e. physical, human, financial and knowledge assets) to deliver value for themselves and their clients in order to be competitive in the market. Salunke et al. (2011; 2012) attempt to provide a service-based innovation model for competitive strategy in project-oriented firms. This model has 4 key activities that need to be undertaken to create these dynamic capabilities: episodic learning capability, relational learning capability, client-focused learning capability and combinative capability. Similar to Fischer (2011), these authors also identified in a complementary study that entrepreneurship is a distinctive characteristic in consulting management in order to enable innovation capability. In the same line, Hogan et al. (2011) identified that innovation capability can show three different dimensions: client-focused, marketing-focused (the most prominent one) or technology-focused. Swanson (2010) also argues that consultancies possess capabilities and roles that enables IT innovation in their clients.

The service science cluster view services as a way to innovate, having a customer-oriented perspective and a service-dominant logic (Sundbo & Gallouj 1998; Vargo & Lusch 2004; Hipp & Grupp 2005; Vargo & Lusch 2007; Vargo et al. 2008; Toivonen & Tuominen 2009; Gebauer et al. 2010; Tuominen & Toivonen 2011; von Hippel et al. 2011; Gebauer 2011; Rubalcaba et al. 2012; Sørensen et al. 2013; Hidalgo & D'Alvino 2014). Rubalcaba et al. (2012) propose a multidimensional framework for service innovation identifying three dimensions: sectorial (innovation in service industries), activity (service-oriented innovation in any type of business) and agent dimension (service innovation in network among different players). They also identify a model of innovation processes in service firms with 3 process variations: strategic service innovation model, employee-driven innovation and employees involved in user-based innovation. Recently, Hidalgo and D'Alvino (2014) investigate the inward and outward innovation process in service organizations in order to develop an innovation capacity.

Authors in the project management field mostly view innovation as a type of project to be managed. Keegan and Turner (Gann & Salter 2000; Keegan & Turner 2002; Blindenbach-Driessen & van den Ende 2006; Bygstad & Lanestedt 2009; Kapsali 2011; Artto et al. 2011). Keegan and Turner (2002) conducted a study in project-based firms finding that companies are dominated by ideas about how to manage projects instead of how to manage innovations. Therefore, innovation is not foster nor encourage is the best manner to rise smoothly. Blindenbach-Driessen and van den Ende (2010) compare innovation management practices among different types of project-based firms finding that these firms do not manage innovation projects different than other firms, however, project management practices differ in order to ensure performance.

CONCLUSION

Consulting firms have a predominant role in service innovation research among other KIBS and PSF because these types of organizations have proven to be innovative and foster the economy. Besides, it is believed that consulting firms have a nurturing environment for service innovation since the

consulting service delivery is distinguished by being project-based, process-oriented, as well as intensive knowledge exchange and value co-creation among the consultants, customers and suppliers.

We contribute with this paper with a service innovation review in the context of consulting firms, identifying five main research streams: knowledge management, innovation studies, services, project management and strategic management. Each academic cluster emphasizes in a greater or minor way certain aspects (processes, structures, models, characteristics, factors, etc.), resources (clients, consultants, suppliers) and views (internal or external) about innovation in the consulting industry. It seems that the linkage between these different streams is missing. There were also identified some recent service innovation models but none of them focuses exclusively on service innovation in the context of consulting firms. Thus, there is still a field to study in order to have a clear comprehension on this matter and we make a call for an integrative approach. Next, we distinguish some further research that needs to be done from the academic and the practitioner perspective.

From the academic perspective, it needs to be examined if consulting firms follow the same patterns as other service organizations, especially PSF and KIBS. Another interrogation is whether the frameworks developed for services innovation can be completely applied to consulting firms or if they need some customization in order to be more accurate. It is also important to understand the role of the consulting projects stakeholders in the innovation process (consultants, clients, suppliers, etc.). Finally, it would be relevant to understand how consulting firms manage innovation: strategy, structure, process, culture, learning and metrics.

From the practitioner side, consulting firms usually help their clients to innovation, but sometimes they do not apply the same approaches for service innovation within their own organization. From the real case examples, we can infer that most of consulting firms have acknowledge the importance of co-innovation while working with their clients, but only few have immerse innovation into their strategy, structure, culture and process. It could be useful for consulting firms to take a look into current service innovation models and try to implement the best practices that they think that are suitable for their own company.

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