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Reconceptualizing Value Co-Creation and Business Model Innovation in Management Consulting: Theoretical Foundations, Client–Consultant Dynamics, and Strategic Implications

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ABSTRACT

The global management consulting industry has undergone profound transformation driven by changes in client expectations, competitive dynamics, digitalization, and evolving conceptions of value creation. Traditional views that framed consulting as an expert-driven, problem-solving activity are increasingly challenged by perspectives emphasizing value co-creation, relational exchange, and business model innovation. This article develops a comprehensive, theory-driven examination of value co-creation within management consulting, integrating insights from service marketing, business model theory, pricing strategy, and the historical evolution of consulting practices. Drawing strictly on the provided literature, the study synthesizes foundational and contemporary perspectives to build an integrative conceptual framework that explains how consulting firms and clients jointly create, perceive, and appropriate value over time. A qualitative, interpretive methodology is employed, relying on systematic literature analysis and theoretical triangulation to explore how consulting business models have shifted from product-centric and expertise-centric logics toward relational, customer-driven, and digitally enabled models. The findings highlight that value in consulting is not embedded in deliverables but emerges through ongoing interactions, reciprocal learning, and mutual adaptation between consultants and clients. Pricing, positioning, and business model design are shown to play critical roles in shaping co-creation processes and client perceptions of legitimacy and trust. The discussion critically examines tensions inherent in co-creation, including power asymmetries, commoditization risks, and the challenges faced by small and medium-sized enterprises in engaging consulting services. The article concludes by outlining theoretical contributions, practical implications for consulting firms and clients, and directions for future research on value co-creation and business model innovation in professional services.

Keywords: value co-creation, management consulting, business model innovation, service-dominant logic, client–consultant relationships, pricing strategy

INTRODUCTION

Management consulting has long occupied a distinctive position within the landscape of professional services. Historically perceived as an elite advisory activity grounded in expert knowledge and analytical rigor, consulting emerged as a response to increasing organizational complexity and managerial uncertainty. Early consulting practices were shaped by industrialization, scientific management, and the professionalization of management itself, positioning consultants as external experts capable of diagnosing problems and prescribing solutions (Laffitte, 2019; McKinsey & Company, 2017). Over time, however, the nature of consulting work and the expectations placed upon consultants have evolved significantly. Contemporary organizations increasingly demand not only expert recommendations but also collaborative engagement, contextual understanding, and shared responsibility for outcomes. This shift has prompted scholars and practitioners alike to reconsider fundamental assumptions about how value is created, delivered, and captured in consulting engagements.

Central to this reconsideration is the concept of value co-creation, which challenges traditional, producer-centric notions of value embedded in outputs and instead emphasizes value as an emergent, interactive process shaped jointly by providers and customers (Grönroos, Strandvik, & Heinonen, 2015). Within the context of management consulting, value co-creation implies that consultants do not unilaterally create value through their analyses or frameworks; rather, value materializes through ongoing interactions with clients, mutual sense-making, and the integration of consultant expertise with client-specific knowledge and capabilities. This perspective aligns with broader developments in service marketing and service-dominant logic, which have redefined services as processes rather than products and customers as active participants rather than passive recipients.

Despite the growing prominence of value co-creation in marketing and service research, its implications for management consulting remain underexplored in a theoretically integrated manner. Existing literature often addresses consulting from fragmented perspectives, focusing separately on business models, client relationships, pricing, or digital transformation. While these strands offer valuable insights, they rarely converge into a comprehensive understanding of how value co-creation operates across different consulting business models and client contexts. Moreover, much of the practitioner-oriented discourse emphasizes tools and methods without sufficiently interrogating the underlying assumptions about value, positioning, and client engagement.

This article seeks to address this gap by developing a holistic, theory-driven analysis of value co-creation and business model innovation in management consulting. Drawing exclusively on the provided references, the study integrates insights from service marketing theory (Grönroos et al., 2015), business model research (Wirtz et al., 2016; Stott, Stone, & Ozimek, 2016), consulting history (Laffitte, 2019; McKinsey & Company, 2017), pricing and positioning (Klein, 2021), and contemporary analyses of consulting transformation (Tavoletti et al., 2022; Kovalchuk, 2025). The overarching aim is to reconceptualize consulting not merely as a knowledge-intensive service but as a dynamic system of reciprocal value creation embedded within evolving business models.

The problem addressed in this study is twofold. First, there is a theoretical problem concerning the lack of integrative frameworks that explain how value co-creation unfolds in consulting engagements across different organizational contexts, particularly in relation to business model design and pricing strategies. Second, there is a practical problem related to the increasing commoditization of consulting services, the growing sophistication of clients, and the challenges faced by small and medium-sized enterprises in accessing and benefiting from consulting support (Luenendonk, 2020; Kovalchuk, 2025). Without a deeper understanding of co-creation dynamics, consulting firms risk undermining their strategic relevance, while clients may fail to realize the full potential value of consulting engagements.

By addressing these issues, this article contributes to the literature in several ways. It offers a nuanced theoretical synthesis that bridges service marketing and business model research within the specific context of management consulting. It elucidates the role of pricing as a strategic signal and positioning mechanism within co-creation processes (Klein, 2021). It also provides a critical discussion of the limitations and tensions inherent in co-creation, including issues of power, trust, and mutual dependency. Ultimately, the article aims to advance scholarly understanding while offering conceptual insights relevant to consulting practitioners and client organizations.

METHODOLOGY

The methodological approach adopted in this study is qualitative, interpretive, and theory-driven, reflecting the conceptual nature of the research question. Rather than seeking to test hypotheses through empirical measurement, the study aims to develop a deep, integrative understanding of value co-creation and business model innovation in management consulting by synthesizing and interpreting existing theoretical and conceptual literature. This approach is consistent with established traditions in management and social science research, which recognize theory-building and conceptual analysis as legitimate and valuable forms of scholarly inquiry (Hirsjärvi et al., 2009).

The primary data source for the study consists of the reference materials explicitly provided in the input data. These sources include academic journal articles, books, practitioner-oriented blogs, podcasts, and institutional histories. While these sources vary in format and intended audience, they collectively represent authoritative and influential perspectives on service marketing, consulting practice, business models, and value creation. Importantly, the methodological design adheres strictly to the constraint of using only these references, thereby ensuring conceptual coherence and analytical depth grounded in a defined corpus of literature.

The research process involved several iterative stages. First, a close reading and thematic analysis of each reference was conducted to identify core concepts, assumptions, and arguments related to value creation, client relationships, business models, and consulting practice. This stage emphasized understanding the theoretical foundations and contextual nuances of each source rather than extracting surface-level summaries. For example, Grönroos et al. (2015) were examined not merely for their definition of value co-creation but for their critical reflections on the limitations and misinterpretations of the concept within service research. Similarly, Klein's (2021) discussion of pricing was analyzed as a strategic narrative about positioning and perception rather than as a technical pricing manual.

In the second stage, the identified themes were compared and contrasted across sources to uncover areas of convergence, divergence, and tension. This comparative analysis enabled the identification of underlying theoretical logics, such as the shift from product-centric to customer-driven business models (Luenendonk, 2019) and the reciprocal nature of business model innovation in business-to-business contexts (Stone et al., 2021). Particular attention was paid to how these logics manifest in consulting engagements, where the boundaries between provider and client are often fluid and negotiated.

The third stage involved theoretical integration, in which insights from different strands of literature were synthesized into a coherent analytical narrative. This integration was guided by the concept of value co-creation as an overarching lens, allowing for the examination of consulting history, pricing, and digital transformation as interconnected elements of evolving consulting business models. Theoretical triangulation was employed to enhance analytical robustness by examining each concept from multiple perspectives within the provided literature.

Finally, reflexive interpretation was applied to critically assess the implications, limitations, and future research directions arising from the synthesized analysis. This reflexive stance acknowledges that theoretical frameworks are not neutral but are shaped by underlying assumptions and contexts. By explicitly engaging with counter-arguments and alternative interpretations present in the literature, the study aims to provide a balanced and critical contribution rather than a prescriptive or deterministic account.

Overall, the chosen methodology is well suited to the study's objective of developing an in-depth, publication-ready conceptual article. It allows for extensive theoretical elaboration, nuanced analysis, and the exploration of complex relational dynamics that are not easily captured through quantitative methods alone.

RESULTS

The results of this theoretical and interpretive analysis are presented as a set of interrelated findings that collectively illuminate how value co-creation operates within management consulting and how it is shaped by business model design, pricing strategies, and historical evolution. Rather than numerical outputs, the results take the form of conceptual insights derived from systematic engagement with the literature.

One of the central findings is that value in management consulting is fundamentally processual rather than object-based. Traditional consulting models often implied that value resided in deliverables such as reports, frameworks, or strategic recommendations. However, the analysis of service marketing theory reveals that such a view is increasingly untenable. Grönroos et al. (2015) argue that value emerges in use, meaning that it is realized when clients integrate consulting inputs into their own practices, decisions, and organizational contexts. In consulting engagements, this implies that even the most sophisticated analysis holds little intrinsic value unless it resonates with client realities and is actively utilized by client actors.

A second key finding concerns the relational nature of value co-creation. The literature consistently emphasizes that consulting relationships are characterized by mutual dependency and reciprocal learning. Consultants rely on clients for access to contextual knowledge, data, and organizational legitimacy, while clients rely on consultants for external perspectives, methodological rigor, and symbolic credibility. Stone et al. (1997) and Stott et al. (2016) highlight that effective relationship management in business-to-business contexts involves ongoing interaction, trust-building, and adaptation rather than transactional exchanges. In consulting, these relational dynamics are intensified due to the intangibility and uncertainty inherent in advisory work.

The analysis also reveals that business model design plays a critical role in enabling or constraining value co-creation. Wirtz et al. (2016) conceptualize business models as systems of interdependent elements that define how organizations create, deliver, and capture value. Applied to consulting, this perspective suggests that co-creation is not merely a behavioral phenomenon but is embedded in structural choices such as service portfolios, pricing mechanisms, and engagement formats. Tavoletti et al. (2022) demonstrate that digital transformation has prompted consulting firms to experiment with new business models, including platform-based services and data-driven offerings, which alter the nature of client interaction and co-creation.

Pricing emerges as a particularly salient dimension of value co-creation. Klein (2021) argues that pricing is not simply a reflection of costs or market rates but a powerful signal of positioning and value perception. In consulting engagements, pricing structures such as fixed fees, performance-based fees, or retainer models communicate implicit assumptions about risk-sharing, responsibility, and partnership. The analysis indicates that pricing decisions can either reinforce co-creation by aligning incentives and expectations or undermine it by fostering adversarial or transactional mindsets.

Another important finding relates to the differentiation between product-driven and customer-driven logics. Luenendonk (2019) contrasts organizations that prioritize internally defined offerings with those that orient themselves around customer needs and experiences. The consulting literature suggests a gradual but uneven shift toward customer-driven approaches, where consultants seek to understand clients' underlying "jobs to be done" rather than merely selling predefined solutions (Jordan, 2020). This shift enhances the potential for co-creation by framing consulting engagements as collaborative problem-framing and problem-solving processes.

Finally, the analysis highlights the distinct challenges and opportunities associated with consulting for small and medium-sized enterprises. Kovalchuk (2025) emphasizes that SMEs often lack the resources and absorptive capacity of large organizations, making traditional consulting models less effective. Co-creation in this context requires greater flexibility, contextual sensitivity, and methodological adaptation. This finding underscores that value co-creation is not a one-size-fits-all concept but must be understood in relation to organizational size, maturity, and strategic intent.

Collectively, these results suggest that value co-creation in management consulting is a multifaceted phenomenon shaped by relational dynamics, business model choices, pricing strategies, and historical legacies. Rather than a managerial slogan, co-creation represents a fundamental reorientation of how consulting value is conceived and enacted.

DISCUSSION

The findings of this study invite a deeper discussion of the theoretical and practical implications of value co-creation and business model innovation in management consulting. At a theoretical level, the analysis reinforces and extends service-dominant perspectives by demonstrating their relevance to professional services characterized by high knowledge intensity and relational complexity. Grönroos et al. (2015) caution against superficial or normative uses of the co-creation concept, arguing that it must be grounded in a clear understanding of roles, responsibilities, and value processes. The consulting context exemplifies this caution, as co-creation can easily be invoked rhetorically without meaningful changes in practice.

One of the key theoretical implications concerns the role of power and asymmetry in co-creation. While the literature often presents co-creation as a harmonious collaboration between equals, consulting relationships are frequently marked by unequal power dynamics. Consultants may possess symbolic authority derived from their expertise and brand reputation, while clients control access to resources and implementation contexts. These asymmetries can both enable and constrain co-creation. On one hand, consultant authority may facilitate change by legitimizing difficult decisions; on the other hand, it may discourage genuine client participation and ownership. Recognizing and managing these dynamics is therefore essential for authentic co-creation.

Another important discussion point relates to the tension between standardization and customization. Business model research highlights the efficiency benefits of standardized offerings, particularly in the context of digitalization and scaling (Tavoletti et al., 2022). However, value co-creation emphasizes the importance of contextualization and client-specific adaptation. Consulting firms face a strategic dilemma in balancing these competing demands. Excessive standardization risks commoditization and undermines perceived value, while excessive customization can erode profitability and scalability. The analysis suggests that successful consulting business models are those that standardize underlying processes and tools while allowing flexibility in client interaction and application.

Pricing as positioning emerges as a particularly rich area for discussion. Klein's (2021) argument that pricing communicates strategic intent aligns with the co-creation perspective by highlighting how monetary exchanges shape relational expectations. Performance-based pricing, for example, can signal partnership and shared risk, potentially enhancing trust and collaboration. However, it can also introduce measurement challenges and conflicts over attribution of outcomes. Fixed-fee pricing may provide clarity and predictability but can incentivize minimal compliance rather than deep engagement. These trade-offs underscore that pricing is not merely a technical decision but a relational and strategic one.

The discussion also raises questions about the limits of value co-creation. While co-creation is often presented as an ideal, it may not always be desirable or feasible. Some clients may prefer directive expertise, particularly in crisis situations or highly technical domains. Moreover, co-creation requires time, trust, and mutual capability, which may be lacking in certain contexts. A critical perspective therefore recognizes co-creation as a contingent strategy rather than a universal prescription.

From a practical standpoint, the findings suggest that consulting firms must invest not only in analytical capabilities but also in relational competencies such as communication, empathy, and facilitation. Training consultants to engage clients as partners in sense-making and decision-making is essential for realizing the potential of co-creation. For clients, the analysis highlights the importance of active participation and internal readiness. Value co-creation is as much a client responsibility as a consultant one, requiring openness, resource commitment, and willingness to engage in reflective dialogue.

The limitations of this study must also be acknowledged. As a conceptual analysis based solely on existing literature, the findings are interpretive rather than empirically validated. While this approach allows for deep theoretical integration, it cannot capture the full diversity of consulting practices across industries and regions. Future research could build on this framework through empirical studies examining specific co-creation practices, pricing models, and business model configurations in consulting engagements.

CONCLUSION

This article has developed a comprehensive, theory-driven examination of value co-creation and business model innovation in management consulting. By synthesizing insights from service marketing, business model theory, consulting history, and pricing strategy, the study reconceptualizes consulting value as an emergent, relational process rather than a static output. The analysis demonstrates that value co-creation is embedded in the structural and strategic choices of consulting firms, including their business models, pricing mechanisms, and approaches to client engagement.

The findings underscore that effective consulting in contemporary contexts requires a shift from product-centric and expertise-centric logics toward customer-driven, relational, and adaptive models. Pricing is shown to function as a critical signal of positioning and partnership, shaping client expectations and co-creation dynamics. At the same time, the study highlights the tensions and limitations inherent in co-creation, including power asymmetries, standardization pressures, and contextual constraints.

In theoretical terms, the article contributes to a more nuanced understanding of value co-creation by situating it within the specific institutional and historical context of management consulting. In practical terms, it offers conceptual insights that can inform the strategic choices of consulting firms and the engagement strategies of client organizations. Ultimately, the study suggests that the future relevance of management consulting depends not on the accumulation of ever more sophisticated tools but on the ability to engage clients as active partners in the joint creation of meaningful and sustainable value.

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