

New Trends in Consulting

8 From the European point of view

By Jean-Luc PLACET, IDRH

Summary

- g **New Rules of the Competitive game in a globalized Market**
- g **New challenges and new opportunities for the European Consulting firms**
 - ü **The Boutique Model versus the Industrial Model**
 - ü **Managing Globalization**
 - ü **Rescale the added value of consulting**
 - ü **Meet the new challenge of governance**
- g **New ideas or new products to manage globalization**

New Rules of the Competitive game in a globalized Market

- g **New business models: “Think global, act local”**
 - ü Design and manage globally, sell or recruit locally and manufacture... elsewhere

- g **New governance models: how to attract capital, how to manage relations with investors (rating agencies, analysts, pension funds), and other stakeholders... (from employees and unions to... public opinions)**

- g **New accounting models, new norms,... and new models for value creation and value assessment (sometimes verging on... accounting creativity): the influence of US norms**

- g **New HR models: how to create international leadership ... internally and attract international managers... locally**

New Rules of the Competitive game in a globalized Market

- g **New organizational complexity: matrix-based organizations where functions, countries and product lines make up as many dimensions crossing each other to create... “fuzzy management rules”.**
- g **The new value of intangible assets: brand, R&D, Customer base,... and corporate culture!**
- g **New political games: the role of national flags in Business... and the role of the EU in the Consulting Market**
- g **New international division of labor: technological transfer as a double-edged trading weapon!**
 - ü **Empower your next competitor?**

New challenges and new opportunities for the European Consulting firms

The “Boutique Model” versus the Industrial Model

g Revamp the “Boutique” Business Models

- ü Boutiques are “Small firms” heavily depending on individual performers and a portfolio of high level contacts, with a highly customized & tailor made approach to Consulting
- ü For those Boutiques, the challenge is to be able to partner either horizontally (with other Boutiques form the same “standard” abroad)
- ü ... or to partner vertically (with auditors, investment bankers, pension funds, lawyers) to propose original added value.

g For small Boutiques: propose a competitive offer for Large International Corporation, differentiate through (which kind of?) innovation

- ü *Reminder: when Boston Consulting Group invented the BCG Matrix, they were the size of about 40 consultants*

New challenges and new opportunities for the European Consulting firms

The “Boutique Model” versus the Industrial Model

- g What should be the differentiation between the “big companies” and the boutiques in the future market of Consulting?
- g **Big Companies relying on an industrial model:**
 - ü Dedicated teams by sector and/or by product
 - ü A product based approach
 - ü Heavy knowledge management based on benchmarks
 - ü Big Projects
- g **Big companies: a process / product Business Model**

New challenges and new opportunities for the European Consulting firms

The “Boutique Model” versus the Industrial Model

g The challenges of the Boutique organization

- ü Thrive in niche markets
- ü Be able to implement on a large scale
- ü Attract different talents (challenge the “up or out” model, integrate non consulting skills, propose a new learning model for consultants, develop diversity)
- ü Develop expertise in the behavioral aspects of management, in order to help their clients address a new organizational complexity
- ü Develop cross cultural (national or job-wise) integration skills
- ü Be able to work on practices complementary with the Big Consulting firms

g Small boutiques: a Management Behavior oriented Business Model

New challenges and new opportunities for the European Consulting firms

Managing globalization

- g In a globalized environment, how to help clients develop “sustainable strategy”, with rules differing in different countries?
- g How to help clients master the risks of globalization?
- g How to help the client develop a genuine “international culture” and a genuine “international leadership”?
- g What is the critical mass for a “local consultant” to become a “global consultant”?
- g How to develop a “regional brand” (i.e. supranational) in consulting?

New challenges and new opportunities for the European Consulting firms

Managing globalization

- g The pace of change is accelerating with globalization: how to be focused on implementation and execution...
- g ... how to propose new partnership models to our clients based on results and on measurable value creation? (not just giving advice but empowering the client to implement and deliver the added value)?
- g How to help clients outsource activities abroad, from strategy to implementation?

New challenges and new opportunities for the European Consulting firms

Rescale the added value of consulting

- g How to reposition in the added value chain of the client, who will have a larger critical mass to develop international skills internally?
- g How to climb up in the added value chain of the client and not become a “commodity” service, like the auditors? What will be the competitive leverage of the consultants over his/her client in the next future?
- g How to better empower the client to succeed by himself
 - ü Develop coaching skills
 - ü Develop more participative and pedagogic approach to consulting

New challenges and new opportunities for the European Consulting firms

Rescale the added value of consulting

- g **Should a consulting firm subcontract part of its added value in low cost countries? Should there be more “technological transfer” among consulting firms of different region / countries?**
- g **What kind of consulting services will be outsourced in low cost countries?**
- g **How to remain competitive in the labor market for a consulting firm?**

New challenges and new opportunities for the European Consulting firms

Meet the new challenges of governance

- g **Should the Consulting Firms be the clients of other advisors of their own client (Investment banking, auditors, Pension funds)?**
- g **What should be the role of the Consulting firms in the new governance rule of their clients? (advisor of the CEO, of the managers, of the Board, of the investors, of the unions?...)**
- g **With the evolution of the Agency theory (role of the CEO versus role of the investor), and the emergence of pension funds as key investors, how to revamp the strategy consulting business?**

New ideas or new products to manage globalization

- g The “Management Book” or how to define the user’s manual of an organization, focusing on the decision system as the key backbone for culture integration and strategic alignment
 - ü Demonstrating on key business processes the impacts of behavioral skills to smooth out organizational complexity and deliver extra added value from industrialized processes

- g The “Leadership Style”: how to develop better motivation across the organization by better management style and better alignment of management style with strategy
 - ü Rules of alignment with strategy, subsidiarity and empowerment rules
 - ü Collective Management behaviors (tune Culture Model with Business Model)
 - ü Align Business & HR vision (new models to assess and reward the “behavioral skills”, new career paths to manage cross cultural integration)

New ideas or new products to manage globalization

- g The “internal client-supplier relationship”: the rules of “concurrent engineering”
 - ü The Matrix is an illusion: when you have more than “one boss”, the hierarchical report is always prevailing
 - ü The Matrix organization is more a matter of how you handle “internal customer-supplier relationship”, and how you assess “behavioral performance”
 - ü Successful internal client supplier relationship is the challenge of “concurrent engineering”

- g The Culture Deal: help merge a Large Corporation with a Start Up (i.e. being able to merge mature products with innovative ones):
 - ü What kind of Culture Deal between Executive Officers and “Entrepreneurs”?

Recent Achievements by IDRH

How culture connects with business: The French - Belgian “Culture Deal” Matrix

	BELGIUM		FRENCH		BUSINESS CHALLENGE FOR SUEZ	LEVEL OF SYNERGY	LEADERSHIP
	(+)	(-)	(+)	(-)			
Identity	INVOLVED WITH LOCAL ENVIRONMENT	WEEK GROUP IDENTIFICATION	UNIVERSALIST	AUTHORITATIVE	BUILDING GROUP AWARENESS	-1	F
Governance	CONCERN WITH INFORMAL & LOCAL POWER STRUCTURE	WEEK ON DEFINING GROUP CORPORATE POLICIES	POLITIC & FORMAL	OVERINDULGING IN POLITICS	RULES OF SUBSIDIARITY	-1	B
Alignment	GOOD OPERATIONAL ALIGNMENT, FLEXIBLE	WEEK ON GROUP CORPORATE POLICIES ALIGNEMENT & CHALLENGE	CHALLENGING	TOO MUCH CHALLENGING	CO-ACTIONS	1	F/B
Operating Modes	TEAM BUILDER	SOMETIMES TOO MUCH FLEXIBLE, WEEK ON PRIORISATION	STRONG IN FORMALISATION	POORLY COMMUNICATIVE, CLANISH, INTELLECTUAL	BUILDING MULTICULTURAL TEAMS	2	B
Motivation	PRAGMATIC, GEARED TOWARDS IMPLEMENTATION	POORLY INNOVATIVE	VISIONARY & INNOVATIVE	WEEK ON IMPLEMENTATION, UNIVERSALIST BUT NOT MULTILINGUISTIC	BUILDING THE FUTURE	4	F

AVERAGE MARK

1

	-2
	2
	0
	+/-1

(negative feature redeemed by cross fertilisation)

The Consulting Conference
ATHENS 2004



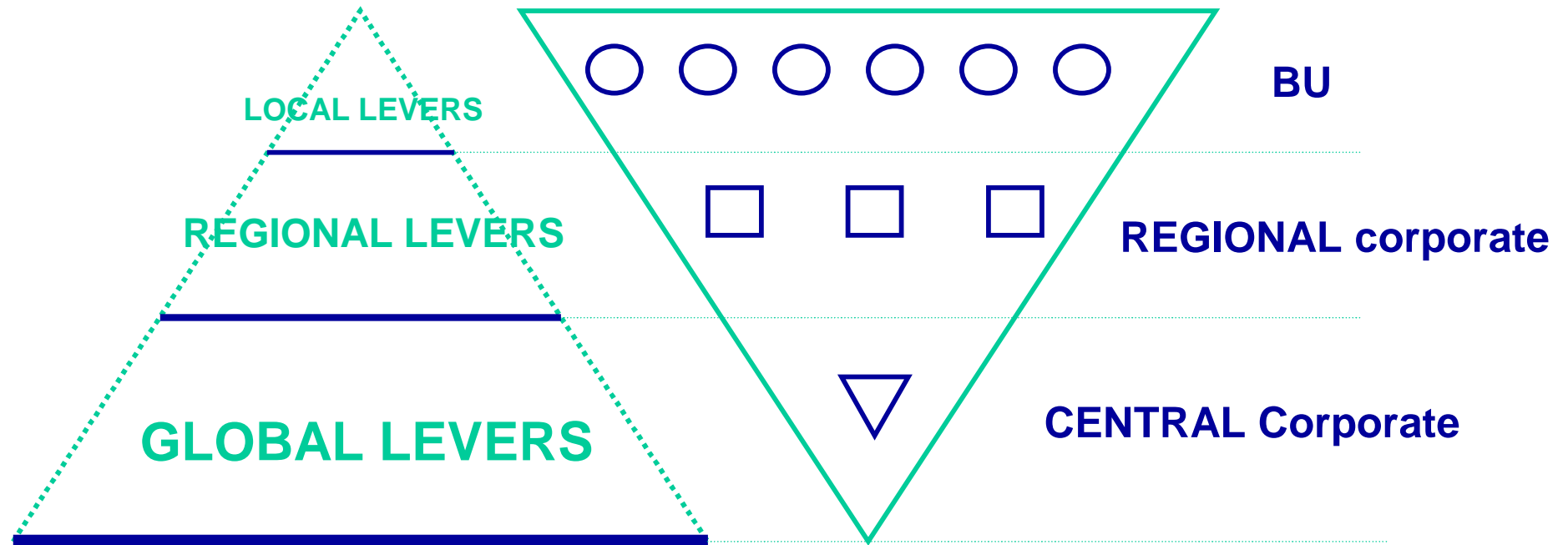
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Building a Competitive
Knowledge - Based
European Economy:

The Role of the
Consultant

Recent Achievements by IDRH

Corporate vs. operational: the reverse pyramid



The Consulting Conference
ATHENS 2004

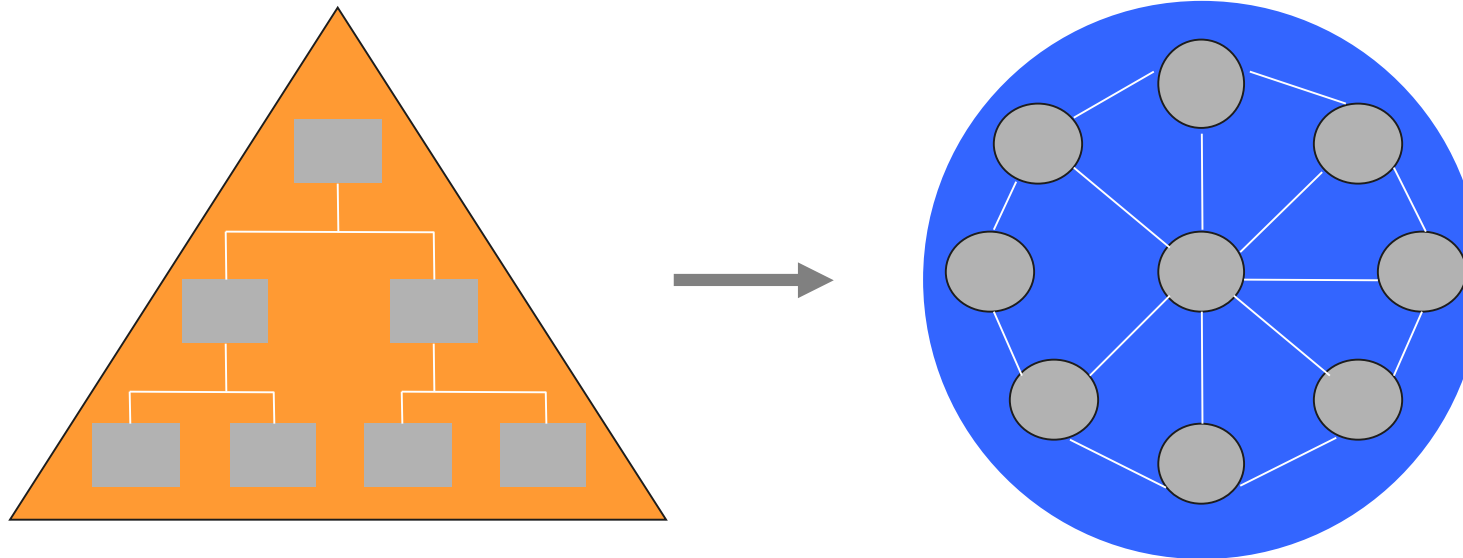


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Building a Competitive
Knowledge - Based
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- g **New Management behaviors & Leadership style: The corporate functions have “Added Value Contract” to support the Business Units**

Recent Achievements by IDRH

*When changing the organization is first changing behaviors
(a change management case in a global Food Company)*



FROM

**Hierarchy
Command
Experience
Competing
Discipline
National - Fonctional**

TASK ORIENTATION

To

**Network
Alignment
Insight
Co-operation
Initiative
Cross-border/Cross-functional**

ORIENTATION RESULTATS