



**THE
FUTURE
OF
CONSULTANCY**



In today's volatile and turbulent environment, companies are looking for more than just me-too solutions and business-as-usual processes to remain competitive. It's not enough for consultancies to keep applying "tried and trusted" methodologies that push their clients into inflexible working models.

As emerging technologies and the digital transformation open up new market space and opportunities, consultants need to reconfigure their approach and reject obsolete legacy models if they are to remain relevant to modern business. They must be seen as value creators in genuine partnerships with their clients, rather than just third-party service providers.

Having been at the forefront of innovation since its foundation in 1886, ADL prides itself on being a disruptor – this is a vital part of the company's DNA. We believe the future of consultancy is about embracing disruption. In the following article, we look at some of the ways consulting needs to change in order to create real value for its clients.

SUCCESS DEMANDS GREATER SENIOR-LEVEL INVOLVEMENT

One of the big changes that the consultancy industry must make is to its business engagement model. Traditionally, consultants have engaged with clients via a pyramidal model in which senior partners occupy the narrow band at the top, their involvement in projects often stretching little beyond presenting the initial proposal, turning up at a few key meetings, and summing up the final results. The wider base of the pyramid consists of junior and mid-level consultants, who are not only tasked with carrying out the majority of the actual work, but are also the main day-to-day contact for the client.

THE FUTURE IS ABOUT FORGING PARTNERSHIPS WITH SUBJECT-MATTER EXPERTS AND SPECIALIST SERVICE PROVIDERS THROUGH THE CREATION OF OPEN CONSULTING ECOSYSTEMS.

This model worked – or was at least tolerated – when the consultancy was hired to undertake relatively generic activities, with the assumption that business processes that had been successfully rolled out at one company could simply be applied to another. As such, little senior involvement was required. However, as companies look to embrace new organizational

practices and seek out disruptive ideas to provide competitive advantage, this model is increasingly untenable.

Regardless of how capable a consultancy's junior and mid-level consultants are, they won't possess the same level of industry knowledge and insight as senior partners. The one-size-fits-all approach of legacy consulting is a woefully inadequate model for any business striving to be genuinely innovative. The future of consulting should be predicated on greater senior partner engagement, because increasingly there are no "generic" projects.

Clients can no longer afford to waste time and money on junior consultants data crunching and trying to come up to speed with their business. They want demonstrable value creation, not just analysis and strategy. Increasingly, senior experience and high-level expertise will be demanded to ensure the fast and successful execution of projects.

OPEN CONSULTING IS KEY

There are other ways in which the traditional pyramid model needs to change, particularly in relation to how relevant expertise is accessed. For a long time now, many consultancies have relied too heavily on their own internal expertise to respond to client briefs, or have quickly tried to buy in relevant talent to cover gaps in their knowledge, and in the process, rapidly assembled teams that have often been poorly integrated. This ethos is driven by a desire to maximize margins and keep everything in-house, controlling internal practices by shunning outside inputs.

However, this is a distinctly old-world way of delivering consultancy that can't keep up with the demands of modern business. Rather, the future is about forging partnerships with subject-matter experts and specialist

ULTIMATELY, THE REAL VALUE THAT CONSULTANCIES NEED TO OFFER IS IN ALLOWING CLIENTS GREATER ACCESS TO THEIR EXPERIENCE AND SUBJECT-MATTER EXPERTISE.

service providers through the creation of open consulting ecosystems. For a genuinely client-focused organization, the overriding imperative should be to provide the best possible expertise for each individual project. Given that clients are increasingly looking to exploit emerging

technologies and find new ways to create value, it's unrealistic to expect that all of the relevant knowledge and experience will be housed within one consultancy, no matter how big it is.

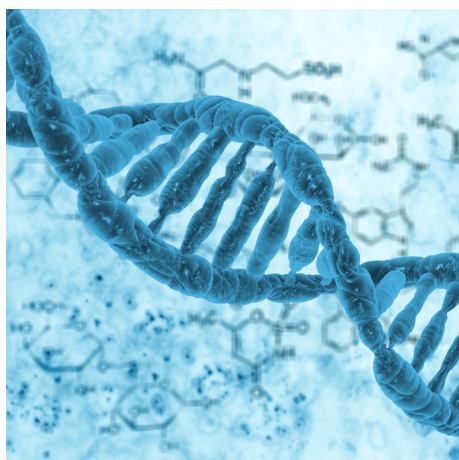
Establishing and nurturing complementary open consulting partnerships should be a key priority for the modern consultancy. For example, ADL is proud to have acquired two leading network-based organizations, digital transformation experts Cutter Consortium and industrial innovation thought leaders Presans. Both organizations and their partner networks add invaluable knowledge and experience to ADL's own expertise. In addition to its extensive in-house digital teams, ADL has also nurtured its own ecosystem of specialist data analytics and digital technology partners.

Although ADL takes full responsibility for project deliverables, it doesn't hide the fact that it works with consulting partners. Clients like the fact that the best people for the job have been brought in, yet they don't have to deal with multiple stakeholders. Provided that there is a lead consultancy that really understands how to run partner networks, working collaboratively with the most appropriate talents always produces the most innovative solutions and the best results.

MORE SKIN IN THE GAME

The strength of the client relationship is paramount for a successful consultancy, and by involving seniors more deeply throughout projects, working peer-to-peer with client executives, a much stronger and potentially more value-adding bond can be formed. Rather than remaining at the strategic advisor level, the consultancy has increasing opportunities to become a business creation partner on specific projects.

The notion of putting more “skin in the game” to reflect a true partner relationship, rather than a client-contractor relationship, is not new, but in practice this has been limited by the extent of the consultancy’s role.



If the consultancy is only providing advice, then despite assertions to the contrary, the consultancy is not really sharing the same commercial risks and rewards as the client. For this reason, fee models that sought to share risk and reward have not always worked well for either party. However, by collaborating on the creation of real products and services, risk/reward sharing works much better. Consultancies can not only develop new revenue streams, but also better understand clients and how to create much greater value for them.

To become co-creators, consultancies themselves need to develop new skills and partnerships in areas such as design, manufacturing and marketing. At the very least, they need to go beyond offering just strategic advice and insight to clients, and instead be ready to get involved in the actual creation and implementation of new products and services.

This type of role was beyond the scope of most consultancies in the past – for example, how does a consultancy put in place a new manufacturing line for a novel product, set up a new sales and marketing team, or run a global product launch? Yet what might have seemed impossible a decade ago is now readily achievable due to the evolution of sophisticated partner ecosystems powered by digital tools and technologies, which have vastly lowered the “cost-to-market”. This is exactly how a start-up can rapidly develop a virtual value chain and launch a new business at scale in a matter of weeks, not months or years. By building, operating and then transferring new de-risked businesses, consultancies can multiply the value they offer to the client.

Even if the project is mainly advisory, it's likely that value creation will increasingly become the metric against which consultancies are judged and paid, rather than hours or deliverables. Value is more difficult to define, but represents a more meaningful benchmark for how successful a project has been, and could potentially lead to greater rewards on both sides. Provided that value metrics are simple and measurable and do not involve an excessive time lag before they can be invoked, this type of fee model can be an effective way to underpin a genuine client-consultant partnership.

CONNECTORS AND NAVIGATORS

Of course, it's not just connections to partners or potential customers that a consultancy's network provides – it's depth of perspective as well. Being able to offer an "outside view" of a problem is one of the original reasons companies began working with consultancies in the first place – as the challenges clients face grow in complexity and the choices before them become myriad, having an organization at hand to help make sense of the world will be more important than ever.

The value that consultancies offer clients, particularly those looking to gain competitive advantage via innovation, will increasingly be based on the size and diversity of their global networks, and the power of the knowledge they contain. Disruptive change and breakthroughs occur when different perspectives and experiences from multiple industries are brought together in the context of problem solving. Going forward, clients will look to work with consultancies that can provide access to

novel perspectives via depth of partnership expertise.

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Consulting's role as a trusted guide through confusing territory will also be more important than ever. The ubiquitous availability of data and opinions online – in tandem with the proliferation of new technologies – has created an information fog

that clients have to wade through in search of a solution that's right for them. Consultancies have a critical role to play in this process as navigators through this fog on the client's behalf, shining a light on new processes and technologies that genuinely address their needs while rejecting blind alleys and dead ends.

Of course, not all consultancies are as agile as others. ADL was founded on this idea of applying the latest scientific innovations to business, and continues to engage with technology at the cutting edge. Meanwhile, other consultancies force-fit clients into standardized workflow models that nearly always stifle innovation. Legacy consulting's desire to put clients into neat boxes, regardless of the market dynamics at play, can be seriously counterproductive and impede rather than promote progress.

For today's companies, moving rapidly to launch a new product or service to market, even if it's only partly proven, could be much more important than spending six months perfecting it internally. This type of rapid workflow requires the consultancy to be firmly embedded with the client rather than operating at arm's length – again, more like a partner than a third-party organization. This is also another entry point for consultancies to become co-founders and co-creators of new products and services.

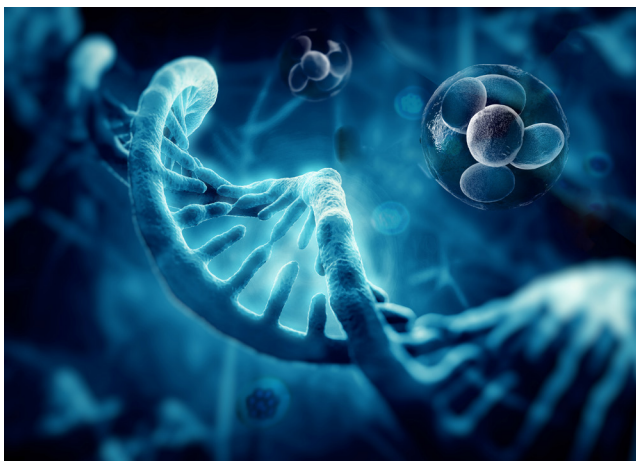
EMBRACING NEW TECHNOLOGY IS VITAL

One of the biggest changes affecting the future of consultancy is the application of technology to the research and analysis process. Traditionally, a lot of time and money has been expended on data handling and number crunching – gathering raw information, putting it into the correct format, and then producing facts and figures from it. This is one of the reasons junior consultants and data analysts have featured so heavily in projects – this work is vital, but it is process-driven and laborious. It also increasingly seems like a waste of young talent.

Data mining and analysis has undergone a revolution over the past few years, thanks to artificial intelligence (AI). It is vital that consultancy takes full advantage of the latest developments in AI and machine learning to make its research and insight generation processes quicker and more accurate, while freeing up junior consultants to do more meaningful work. Consultancies that fully integrate AI into their

activities will reap the most benefits, not least because clients that are already using digital data analytics internally will rightly expect it. Clients want to pay for the experience and insights of subject-matter experts and senior partners, not manual research processes that could be more efficiently performed by algorithms.

New technology is not only relevant for the research and analytics activities of a consultancy. Digitally



enabled functionalities are increasingly integrated into almost every process, product or service, from human resources to manufacturing and from aero engines to drug therapies. Consultancies need to be able to draw on leading-edge digital technology expertise to add value for clients, in both improving operations and pursuing new growth.

Another important way in which technology will change consultancies' business practices is its enablement of remote working. One of the biggest impacts that the COVID-19 pandemic has had on the corporate world is the accidental creation of a mobile, distributed workforce at mass scale. It has forced the hand of every company that has previously hung back from adopting remote practices. It's not only possible to work this way, but also often desirable, with international, multi-participant Zoom calls much easier to organize – not to mention cheaper and more environmentally friendly – than meetings conducted face to face.

However, while it is possible for more work to be done virtually and outside the office, it is unlikely that consultancies will go completely remote. For instance, the nature of consulting work has always involved substantial time out of the office at client premises anyway, but it isn't tenable to try to shift this part of the job completely online – face-to-face relationship building with clients will still be an important aspect of what consultancies do. Instead, it is likely that a shift will occur towards more collaborative in-office arrangements – such as hot-desking – combined with home working.

THE FUTURE IS DISRUPTED

Ultimately, the real value that consultancies need to offer is in allowing clients greater access to their experience and subject-matter expertise, whether that's through more involvement from senior partners and sector specialists or via an open consulting ecosystem and partnership

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network. The intelligent and agile sharing of knowledge from across markets and practices, coupled with an approach that understands both the global picture and regional specificities, as well as the ability to understand and integrate new technologies, should be central to the transformation of consulting's operating model.

The consultancy of the future needs to be an entrepreneur as well as an advisor, helping clients to realize new growth in practice, not just plan for it.

