

CONTENTS

- 2 Editorial
- 3 Graduate Employability: An Update on Behaviours Prized by Employers
- 5 Responsible Management Consultancy: Old Wine or New Normal?
- 7 The End of Management Consulting as We Know it?
- 11 Lowering Social Desirability Bias: Doing Jokes-Based Interviews
- 16 Using Chinese Wisdom to Rekindle Strategy Consulting
- 21 Researching Practice Areas of Consultancy Firms
- 24 Consulting Advice on Investigations into Possible CEO Misconduct
- 29 Business Models of Consulting Firms: What do their Leaders Need to Know?

EDITORIAL BOARD

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WELCOME TO THIS ISSUE OF THE MANAGEMENT CONSULTING JOURNAL.

I wish everyone a productive International Consultants' Day, recognising the societal value of management consulting is very much at the heart of this journal.

We seek to give a platform for research-based insight into the practice of consulting and the management consulting industry. In this issue we have perspectives on responsible ethics, the digital agenda, CEO mis-conduct and the consulting business model. We have a further illumination of the use of humour as a source of data and research into competencies for early-stage consultants. We are able to go deeper into the understanding of consulting specialisms and also appreciate geo-cultural differences through first-hand perspectives on the possible contribution of Chinese philosophy to strategy consulting.

Thanks go to the Institute of Consulting and FMR Research Ltd for their support in running and publishing the journal. Thanks also, to the editorial board and our academic publishers Sciendo. All of our papers are available for download and academic citation.

Final acknowledgement goes to Calvert Markham who has recently stepped down from our editorial board. Enjoy your retirement and thanks for your significant contribution to the professionalisation of management consulting around the world.

Professor Simon Haslam
Founding Editor

GRADUATE EMPLOYABILITY: AN UPDATE ON BEHAVIOURS PRIZED BY EMPLOYERS

Dr. David Biggs, University of Northampton

ABSTRACT

There is a strong need for MSc occupational psychology courses to produce employable graduates. However, many universities and students want to know what are the skills and behaviours needed by employers? To answer this question, two job analyses were completed in a multinational management consultancy and in a boutique firm specialising in assessment and development centres (Biggs, 2010). This research highlighted eight competencies that could be developed by students making them more employable. Many students have used this competency framework, not only in our successful evening-based MSc in Occupational Psychology at Gloucestershire, but at other universities and on other degrees. As such there was a call by others to ensure that the research completed over a decade ago still had currency today and that the eight consultancy competency framework was still valid. This paper sets out an update to that original research demonstrating that the framework is still relevant today.

THEORETICAL BACKGROUND

Higher Education has gone through a massive change over the last few decades. There are more young people than ever going to university and as such it is important that when they leave, they have employable skills and behaviours (Tomlinson, 2012). Most reputable books or professional guidance on employability will outline the need for consulting skills (Biggs, 2017; BPS, 2021; Hind & Moss, 2011). Skills, nonetheless, can be taught. Developing behaviour is arguably more difficult (Biggs 2018). That is not to say that behaviour cannot be developed; However, there needs to be a systematic method employed (Biggs, 2018). One of the first issues in this process is having a clear competency framework on which the behaviour can be mapped (Bowler & Woehr, 2006). The original eight consultancy competency

framework was primarily developed by Biggs (2010) to create a framework that students could map their behaviours against. While there are other similar frameworks, such as the ICMCI framework for Certified Management Consultant qualification. The eight consultancy competency framework is designed to be used by graduates to get into consultancy or managerial roles. This framework was developed from two job analyses and a meta-analysis of the literature (Woehr and Arthur, 2003). Such frameworks are considered to be essential for improving graduate employability (Dacre Pool & Sewell, 2007).

METHODOLOGY

Four entry level participants were obtained from a boutique consultancy firm. The firm specialised in psychometric assessment, recruitment, and development. The individuals had worked in the organisation at an entry level grade. A job incumbent questionnaire was used to guide the interviews. The design was qualitative and used framework analysis common in research of this nature (Gale, et al. 2013). The eight consultancy competency framework was used as a way of mapping data on to it and using the interview transcripts to confirm the data. The interviews took place within the boutique firm and their purpose was clearly explained ensuring voluntary consent. The interviews were then written up and a framework applied. Points that were outside of the framework were noted and will be discussed in this paper.

RESULTS AND CONCLUSION

The results obtained from the four participants supported the eight consultancy competence framework (see Table A). This broadly demonstrates that this framework is still relevant today. A clear differentiation could be seen in the data between behaviours and skills. Both are essential to master to ensure job success (Biggs, 2018). While all competencies were discussed in the interviews, tolerance for stress/uncertainty was mentioned the least. This was possibly due

to the consultants not being involved in business development winning new contracts like their senior counterparts. Nevertheless, it was still mentioned especially when there was frustration around a client adopting a different approach to what the consultant proposed, as the client “knew best” and that had to be worked with in order to ensure that the work went ahead in a successful manner.

LIMITATIONS

There are limitations to the study. Firstly, only one firm was used for the analysis and there were only a small number of entry level consultants.

PRACTICAL IMPLICATIONS

The practical implication for our study was that it supported the Biggs (2010) eight consultancy competency framework as a means to improve graduate employability.

Table A: The Eight Consultancy Competency Framework (Biggs, 2010)

Communication: The extent to which an individual conveys oral and written information and responds to questions and challenges
Influencing others: The extent to which an individual persuades others to do something or adopt a point of view in order to produce desired results and takes action in which the dominant influence is one's own convictions rather than the influence of others' opinions
Organising and planning: The extent to which an individual systematically arranges his/her own work and resources as well as that of others for efficient task accomplishment; and the extent to which an individual anticipates and prepares for the future
Problem solving: The extent to which an individual gathers information; understands relevant technical and professional information; effectively analyses data and information; generates viable options, ideas, and solutions; selects supportable courses of action for problems and situations; uses available resources in new ways; and generates and recognises imaginative solutions
Teamwork and consideration of others: The extent to which an individual considers the needs of others, participates as a member of a group and is aware of the impact and implications of decisions relevant to others
Leadership: The extent to which an individual takes on the responsibility for providing focus to a team and develops members of that team
Drive: The extent which an individual originates and maintains a high activity level, sets high performance standards and persists in their achievement, and expresses the desire to advance
Tolerance for stress/uncertainty: The extent to which an individual maintains effectiveness in diverse situations under varying degrees of pressure, opposition, and disappointment

GRADUATE EMPLOYABILITY: AN UPDATE ON BEHAVIOURS PRIZED BY EMPLOYERS (CONTINUED)

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RESPONSIBLE MANAGEMENT CONSULTANCY: OLD WINE OR NEW NORMAL?

Andrew Sturdy

ABSTRACT

I begin to explore some of the issues involved to help stimulate debate and empirical research on what might be termed (socially) 'responsible consulting' (see also Sturdy 2023). How novel, radical, and comprehensive are these developments and what are the enabling or limiting factors? And finally, what does such a 'normative turn' imply, if anything, for the dominant critiques of consultancy and the need for improved governance?

INTRODUCTION

“...Take up and fulfil your cultural responsibility ... (assess) the direct and indirect effects of decisions ... first on communities, individuals and the environment, and only then on businesses...”
- (Pope Francis, an address to global delegates from Deloitte Consulting in the Vatican, 22nd September 2022)

Climate change and, to a lesser extent, the financial crisis, has woken up some within capitalism to the idea that the planet and people are at least as important as profits, and can even generate them. This has not only fuelled new markets in consultancy (notably 'ESG'), but, with the added impetus of various scandals and the pressure of GenZ employees, has affected consulting firms themselves. Aside from headline grabbing events such as the Pope addressing senior Deloitte staff or the Boston Consulting Group calling on climate change activists to work for them, some seemingly significant changes have occurred. In particular, a more explicitly moral and prescriptive or values-driven stance as advocates and even activists is evident, rather than simply pursuing financial self-/client-interest and/or professional neutrality. But this development has received very little attention.

In this 'short', I begin to explore some of the issues involved to help stimulate debate and empirical research on what might be termed (socially) 'responsible consulting' (see also Sturdy

2023). How novel, radical, and comprehensive are these developments and what are the enabling or limiting factors? And finally, what does such a 'normative turn' imply, if anything, for the dominant critiques of consultancy and the need for improved governance?

DISCUSSION

Certainly, in terms of branding, the big firms are keen to identify with 'social purpose'. This is significant in itself, but also in terms of their status as business role models in shaping the actions of others, both within consulting and more widely. PwC for example, is quite explicit about claiming to be 'purpose led and values driven ... beyond generating profit' and, as noted above, Deloitte is positioning itself similarly. Likewise, KPMG, in France at least, recently became a 'société à mission'. In terms of the 'Big Three', McKinsey has long promoted itself as professional and ethical, but has been affected by a succession of scandals and revised its policies on client vetting. It also now presents itself as a 'values-driven organization' but stops short of 'purpose-led' discourse. Rather, and what was most novel in the latest exposé of the firm was the stance/resistance of junior employees, concerned at the behaviour of their employer (Bogdanich and Forsythe, 2022).

Although a clear discursive departure from market rationality, neo-liberalism, and New Public Management is apparent among these large firms, there is not yet evidence of substantial changes in internal governance. This is more apparent in the growth of certified 'Benefit' or 'B Corporations' (BCorps). There are around 30 of these, mostly small consulting organisations in the UK (e.g. Baringa) and over 500 globally. In general, BCorps are required to make a 'legal commitment by changing their corporate governance structure to be accountable to all stakeholders, not just shareholders' (<https://bcorporation.uk/>). They are also expected to be 'transparent' and publish reports annually on key performance indicators around governance, workers, community, the

environment, and customers. Futerra goes further than most in providing details of governance, including a 'client disclosure report', whereby 90 percent are aligned with keeping global warming to 1.5 degrees (Financial Times 17/2/23), and a mechanism whereby no dividends are taken, but 'profit is shared equally between all staff'. This development hints at a different form of governance to that identified among professional service firms more widely such as collegial (e.g. partnership), managerial, entrepreneurial, and founder models (Harlacher and Reihlen, 2014), although many of the BCorp firms have clear founder input in terms of values. They are also often selling 'purpose' and some seek to show that they 'practice what they preach'. Again however, we know very little about how they are run and research on BCorps more generally suggests that certification can be focused on improving 'external reputation with investors, clients and consumers' rather than being 'strongly driven to reshape internal processes' (Villega et al 2019: 1).

There is some evidence of the tensions and issues faced by purpose-oriented firms from research on social responsibility and business in general where consulting firms are used as cases. Mitra and Fyke for example summarise how 'a deeply motivated purpose-driven consultancy must (thus) act as service-provider, social change advocate, and even activist - a balancing act' (2017, p155). Similarly, Blanchard points to how some clients expect a professional stance of 'neutrality' rather than professional activism (2019). Indeed, clients' values (as well as those of consulting staff) are important as well as dilemmas of change management in general. In the latter case for instance, there can be tensions with consultants' desire for deep, 'holistic', and global change over clients' often more modest aspirations or requirements (Fyke and Buzzenell, 2013), a phenomenon noted over 50 years ago in relation to Organisation Development (OD) change agents (Tichy, 1974).

Indeed, this brings us to our second question of how novel these developments are. Not only

have values been front and centre in a range of consulting fields like OD, but they are a core element of professionalism and ethics in terms of ideal working practices and structures such as the traditional partnership (Empson and Greenwood, 2003) and notions such as society as the ultimate client (Schein, 1997). Also, while such approaches are often seen to clash with market-based logics (like management), these too have a value base - shareholder primacy - even if clothed in objective, technocratic analysis. However, even if values are not new to consultancy, this does not mean that there has not been a significant change in approach. Of course, what constitutes 'responsible' is highly contested and variable. Most purpose-led approaches seem to fit a 'stakeholder' rather than 'radical' view. There is little evidence of significant challenges to economic growth such as 'de-growth' consulting or alternatives to management knowledge (Sturdy, 2021). Indeed, some would argue that 'responsible management' is an oxymoron and even serves to deflect from some of the core problems such as climate change by appearing to address them and dissipating critique (Racz and Parker, 2020). Furthermore, and significantly, there is little evidence of significant changes in the internal governance of firms such as reward systems in particular which lie at the heart of the industry's problems.

It is then easy to be dismissive of the changes occurring - a case of 'cosmetics' (Blanchard, 2021:17) perhaps - but this might be too hasty. It is clear that, in some respects, there are activist and even relatively radical consultancies or consultants operating who are often constrained by the conservatism of their client base. Likewise, there is little evidence of client pressure to reform consulting reward systems and governance. Moreover, a shift towards a stakeholder view, if it has traction, would be a significant change from what has led consulting (i.e. clients) in recent decades, even if it does not fully address the core 'global' challenges. In this sense then, the apparent shift towards active advocacy might be best seen as an adjustment of position to

RESPONSIBLE MANAGEMENT CONSULTANCY: OLD WINE OR NEW NORMAL? (CONTINUED)

continue to serve power, including perhaps, Pope Francis himself?

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THE END OF MANAGEMENT CONSULTING AS WE KNOW IT?

Mostafa Sayyadi, Luca Collina, & Michael J. Provitera

ABSTRACT

The management consulting business model requires new changes in this new era of disruptions. The typical management consulting business mode is based on consultants either training and developing or engaging in actual management consulting. Today, this has been combined due to operational risk management. The reason is that identifying problems and providing solutions to senior managers is not enough today - consultants need to also be able to offer and execute solutions. Artificial Intelligence (AI) has placed consultants in what is known as a dual role. In this article, we examine the challenges of the management consulting business model and provide an alternative way for large consulting companies and those medium to small organizations to re-emerge with sustenance. These challenges were found in our interviews with 81 senior management consultants at McKinsey & Company and Boston Consulting Group, Inc. in the United States, Australia, Hong Kong, and the United Arab Emirates.

INTRODUCTION

Unfortunately, the current management consulting business model has been immune to change for years (Nissen, 2019; Nissen, & Dittler, 2019; Oesterle, Buchwald & Urbach, 2019; Shaw, 2020). The inertia that management consultants have been trying to debunk has hit home (Deelmann, 2019; Deelmann & Nissen, 2019; Nissen & Müllerleile, 2019). This business model, which relies on sending consultants to organizations, finding problems, and providing solutions, has worked in the same way for more than a century (Curuksu, 2018a; Marsh, 2009a; Marsh, 2009b; Weiss, 2019). But now, with the onslaught of disruptions and AI, the tried-and-true business model has seriously endangered the survival and continuity of management consulting organizations (Curuksu, 2018b; Curuksu, 2018c;

Marsh, 2009c; Marsh, 2009d). Our conversations with 81 senior management consultants at McKinsey & Company and Boston Consulting Group, Inc. in the United States, Australia, Hong Kong, and the United Arab Emirates revealed that many senior management consultants still believe in the outdated business model and underestimate the disruption in the management consulting industry. Perhaps the survival and continuity of both large and small companies will be to engage in more agile and adaptable models that offer a full suite of services from human resource management to strategic management consulting.

THE INCREASING RISE OF ARTIFICIAL INTELLIGENCE FOR BUSINESS

By leveraging AI, businesses are able to make real-time decisions, streamline processes, reduce costs, and increase efficiency (Demir, 2022; Enholm, et al., 2022; Davenport, et al., 2020). With a more distributed decision-making process, organizations can empower people to make decisions faster and more accurately utilizing the data available (De Mauro, Sestino & Bacconi, 2022; Sarker, 2022; Sousa, de Barros & Tavares, 2022). Businesses around the world are automating their processes to improve customer relationships, allowing them to respond faster and more efficiently, increasing customer satisfaction, and creating a competitive edge (Choudhary & Karmel, 2022; Itagi, et al., 2022; Sharma & Kumar, 2022).

There is a minimal rate of error in Google's algorithms, which is why Google is regarded as the apex of high-tech artificial intelligence. With AI technology, organizations can move beyond existing limitations and gain access to innovative business models and by utilizing AI and continuous learning, organizations can reach a high level of excellence.

Alibaba's success serves as an inspiration to other businesses looking to leverage the power of AI for their own success. Algorithms,

by introducing consistency and accuracy, allow businesses to reduce mistakes, optimize processes, and ultimately reach the ambitious goals of Six Sigma: having few errors. AI programs are not considered in most corporate strategies by top executives. A company without an AI strategy, while its competitors are quickly advancing in the market, is like a Formula One (F1) race where all the competitors are driving high-tech F1 cars, but one team is driving a fast but regular streetcar. Just as the streetcar cannot compete with the advanced technology of the F1 cars, the company without an AI strategy will fall behind its competitors who are leveraging AI (Barriga, Rutle & Heldal, 2022; Belhadi, et al., 2021; Kersting, 2018). Are CEOs at risk to be replaced if they do not consider AI-powered strategy? We don't have the answer, but what is more than reasonable is realizing that AI is needed to enable businesses to gather and analyze data, to make better and quicker decisions.

What are the actions to be undertaken?

- Identify dynamic capabilities to support continuous growth through exploiting competitive advantages and being agile, considering limited or not full availability of strategic resources. (Fabrizio, Kaczam, & De Moura, 2021)
- Design, develop, and align people and IT / Digital systems through a digital mindset embedded into organisational culture. (Neeley & Leonardi, 2022)
- Create a flexible and resilient workforce
- Implement an effective knowledge management system to ensure that companies have the experience retained to adapt and perform in a changing environment and use double-loop learning to augment the experience (Gribbin, Aftab, Young, & Park, 2016)

Ineffective knowledge management leads to the loss of expertise and knowledge, delays, and

inefficiencies in communications, which limits innovation and collaboration, resulting in lower productivity and success. RPA, chatbots, and AI will allow the creation of data supported by a data culture that can be coupled and enhanced by AI for strategy development. (Neeley & Leonardi, 2022).

Digital core knowledge includes technical and digital literacy skills that are essential to using and interacting with digital tools and technologies effectively and efficiently. This is how digital core knowledge enables data-driven decisions that are more accurate and reliable than ever before. CEOs must consider cost benefits and determine if and what AI-enhancing software is the most effective and efficient solution for their business needs. Otherwise, any further development of AI-powered strategies can be hampered if the software is not efficiently evaluated and implemented. Additionally, in order to streamline and automate many processes, organizations must redesign their current processes.

To ensure buy-in and successful implementation, CEOs should emphasize the importance of leveraging AI and other automation tools to augment and enhance human capabilities. This can help to foster a culture of collaboration between human resources and technology, allowing for greater efficiency and innovation.

FROM BIG TEACH TO DISRUPTIVE MANAGEMENT CONSULTING IN THE AI AND AUTOMATION ERA

Issues facing clients of management consulting companies include the exorbitant fees they have to pay for features that don't add tremendous value for them (Chowdhury, 2019a; Chowdhury, 2019b; Crişan & Stanca, 2021; Czerniawska, 1999a; Czerniawska, 1999b). Successful management consulting companies such as Business Talent Group (BTG), which rely on providing special consulting packages for each client, challenge large companies such as McKinsey and Boston Consulting Group (BCG) that provide an integrated business model for all

THE END OF MANAGEMENT CONSULTING AS WE KNOW IT? (CONTINUED)

their clients. Even the big consultant companies are getting on board with this new model which is more compatible with the emergence of AI in organizations. AI coupled with data analysis and digital core transforms every organization into an identity, in that decisions rely on data analysis instead of relying on intuition (Curuksu, 2018d; Curuksu, 2018e; Muzio, Ackroyd & Chanlat, 2008). The business model used in BTG management consulting company has made management consulting more dependent on data analysis and has increased the possibility of more cooperation with companies and start-ups related to these new technologies.

Management consulting firms like KPMG, Deloitte, PwC and BCG, use a variety of automation and AI. The technologies are based on data analytics, intelligent automation, machine learning, natural language processing, computer vision, and chatbots to business process optimisation, trend identification, forecasting and strategies related, enabling micro-decision making (Ross & Taylor, 2018). On a different level than the Big 4, the application of artificial intelligence for management and strategy purposes seems to be nearer than from a conceptual perspective only, e.g. "Robo-advisors" (RAs) (Davenport et al., 2020). In fact, the utilization of RAs is a trend which brings a low level of disruption based on the trust in algorithm as authority aids in legitimating RAs as innovation, thus guaranteeing and protecting the consulting knowledge domain. It is worth bringing two other examples of disruption of the classic management consulting business model supplied by AI services providers for consulting.

Praioritize¹ can be allocated in a middle level between pure RAs and standardised knowledge. It is a SaaS (Software as a Service), company owned and operated by the Dutch company Transparency Lab, who started with generative A.I. in 2020. They present digital consulting solutions (AI empowered) very close to RAs. Their technical proposal disrupts the classic consultancy business model as AI draws

knowledge from a huge database of white papers (11,000) and real case studies (23,000) to solve problems. The first disruption is related to standardized knowledge while AI does assessments and generates proposals utilizing RAs. The second disruption is related to the company's targets which are both consultants and companies, thus creating a possible way to cut-off consulting starting from their knowledge management for clients (Libert & Beck, 2017)

On another side, AI solutions allows for knowledge domain protection and partial utilisations of automation. The disruption is evident when automating certain tasks, such as the consulting lifecycle, while maintaining and improving the engagement based on client-consultant relationships. Mindset.ai² uses AI to deliver property knowledge and services such as consulting, change management, and coaching, with a dedicated machine learning repository for each professional, utilizing the AI model ChatGPT 4. Here knowledge is delivered by AI according to customised and tailored services for specific client needs.

Recently, ChatGPT has started dominating the scene for multiple businesses. At a lower level, based on the research of O'Mahoney (2023), consulting packages should stand on the assumption that AI ChatGPT should be:

- Used to interrogate clients' documents.
- Connected to the internet and clients' documentation.
- Used to improve clients' marketing operations.
- Used with bots to answer common questions from clients.
- Used to process large amounts of data to recognize patterns and trends; and
- Finally, used to analyse consulting data better and faster.

From these examples a major disruption in

the management consulting industry can be predicted with big changes that will impact many aspects of the industry. This disruption will cause the separation of management consulting companies from the integrated model and will result in their using more adaptive management consulting packages for clients. This is "the end of management consulting as we know it" (Garcia, 2021). The integrated model will invite managers and staff to learn about AI and will highlight the importance of intellectual property and human capital.

AI also raises new needs for clients (Bankins & Formosa, 2023). These new needs manifest themselves in using AI to provide more accurate data analysis and make more accurate forecasts for clients (Weber, 2023a; Weber, 2023b). Thus, disruptive management consulting in the AI era needs to offer more adaptive management consulting packages for clients to meet these new needs. Following the predictions of Christensen, Dina, and Derek (2013) the impact of DT on the MC services have received an increased level of analysis (Deelmann, 2019) even if it is not possible to speak yet about maturity models (Crişan & Stanca, 2021).

The number of startups will increase as the great resignation persists along with quiet quitting and quiet firing (Bala Subrahmanya, 2022; Cavallo, Ghezzi & Rossi-Lamastra, 2021; Hura, et al., 2022; Savin, Chukavina & Pushkarev, 2022). The dependence on outside consultants will increase and cause management consulting companies to focus on the intersection of knowledge management and innovation. This huge disruption will cause a close relationship between management consulting companies and startups related to artificial intelligence as showed above for Praioritize and Mindset. Thus,

management consulting companies will turn to using artificial intelligence to serve clients and advise them more effectively to better understand environmental threats and respond to them better in real-time. Recurring to AI will be a huge pill to swallow for consulting industry (Libert & Beck,

2017) anyway. In addition to this, the increase of automation, both partial or total, will assist the evolution of the trust models and client-consultants' relationships, for virtual and digital consultancy along the consultancy life-cycle (Collina, 2021), and the additional trust element for AI and automation adoption for innovative technology (Bedué & Fritzsche, 2022).

CONCLUSION

If you dismissed the possibility of disruption in the management consulting industry, then turn to the corporate life cycle and find your position on that chart and prepare your organization for a new workplace that is technologically challenged and prone to use AI to do the work. If you keep doing what you always have done, then you will continually get what you always got and if that is not working then inertia has set in. Since management consulting impacts every industry, every business will eventually be realizing some form of disruption. Do not ignore the beginning signs of this disruption because they are visible to many.



¹ <https://praioirize.com>
² <https://www.mindset.ai/product>

THE END OF MANAGEMENT CONSULTING AS WE KNOW IT? (CONTINUED)

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THE END OF MANAGEMENT CONSULTING AS WE KNOW IT? (CONTINUED)

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LOWERING SOCIAL DESIRABILITY BIAS: DOING JOKES-BASED INTERVIEWS

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ABSTRACT

Jokes-based interviews can help to reduce social desirability bias of responses on sensitive topics, such as unethical business behaviour or other norm transgressions. The jokes-based interview method is relevant for academic researchers, as well as for practitioner researchers such as consultants, or journalists. The method uses public jokes as invitation to reflect on work experiences related to the jokes, such as pressuring leadership, dirty work, or work-life conflict that tend to be normalised. Illustrated for a critical leadership cartoon, the interview method triggers junior consultants' memories of experiences with pressuring managers, and managers' memories of how their juniors deal with overly high leadership demands. The method creates rapport, as the business jokes not only introduce the topic, but also serve as an icebreaker. When applying the method, joke selection is key, as some jokes introduce the topic better than others. Cartoons are especially good at inviting an open conversation on norm transgressions relating to ethics, aesthetics, or social norms. Interviewees also need sufficient room to freely interpret, associate, and elaborate. Next, follow-up questioning is important, and preparing a topic list may help to do so. Some limitations to this method are that jokes can become leading, and that interviewees do not give authentic answers. Therefore, it is important to use public jokes and to keep distance as a researcher: do not make these jokes yourself. Also consider that business jokes are critical, and that jokes-based interviews initially do not invite reflection on the positive side of business life. However, in the follow up conversations this may very well happen.

INTRODUCTION

Social desirability bias is an obstacle in many interview studies. Investigative journalists, policy researchers, consultants, and academics all experience interviewees not opening up, staying defensive, or being unable to reach their

memories and talk about relevant details. Creating rapport, and an atmosphere of trust by asking open questions can help (Hermanowicz 2002). Schein (2009) emphasises humble inquiry as a way for consultants to invite clients to talk about what concerns them, instead of suggesting early answers as an "expert" consultant. Alternatively, a journalist might try to provoke answers by asking leading or provocative questions. However, an academic researcher might doubt the truthfulness of the answers that then follow.

Still, despite these approaches, when topics are sensitive, and social judgement is expected to be negative, respondents can be reluctant, or even unable to share, as their memories are blocked. Examples of such sensitive topics are ethical malpractice, or norm transgressions related to aesthetic, social, or habitual norms. Sharing your own role in ethical malpractice, or the role of your organization is difficult, often due to feelings of shame. Likewise, talking about behaviour or characteristics experienced as stigmatized is difficult, such as some forms of work-related illness or extreme workaholicism. Talking about failure and your own role in this can be hard too, for instance with work-life conflict, when the failure to keep balance is yours.

Recently a jokes-based interview method has been developed in academia that can be used by other professions as well (see Bouwmeester 2023, CH 3). Instead of only using a traditional topic list in the interview, jokes, memes, or cartoons on the topic are used to guide the conversation on sensitive topics such as pressuring leadership (cf. Bouwmeester and Kok 2018), dirty work (cf. Bouwmeester et al. 2022), or work-life conflict. There are many business jokes about these topics. When shared in an interview, they invite reflection, and when used appropriately, jokes not only introduce the topic, but neutralize social desirability bias at the same time. Still, much depends on the presentation of the jokes in the interview, the selection of jokes, and the follow-up questions. Therefore, I will focus on the question: how can business jokes be used in interviews on sensitive topics in a way that reduces social desirability bias?

To make the jokes-based interview method assessable to researchers outside academia such as consultants or journalists, I first describe the jokes-based interview method in more detail. The following section illustrates the kind of answers the method generates for an example study in the context of consulting. Typical answers can confirm, add nuance, or provide further elaboration and association. Then I address how social desirability bias has been reduced, and what it means for the kind of answers. The paper concludes with some suggestions on how to realize the possibilities of the method, as well as some limitations the researcher should be aware of, such as humour bias.

HOW TO STUDY SENSITIVE TOPICS WITH JOKES-BASED INTERVIEWS

Studying ethical transgressions of investment bankers (Luyendijk 2015) is a typical example of a study where social desirability bias is an obstacle. When doing interviews, researchers such as the investigative journalist Luyendijk have experienced how interviewees do not easily open up. It is hard to share unethical practices that relate to you, or to your organization. We know creating rapport when discussing such sensitive topics is very important, but it is also very challenging to realise (Hermanowicz, 2002). This is how the jokes-based interview method can help.

To break through social desirability bias in a business context, a jokes-based interview starts with displaying critical business jokes as an icebreaker. Jokes help to open up the conversation and to introduce the relevant topics in a semi-structured but rather open interview. To make this work, jokes need to be selected carefully. To illustrate the method, I draw as an example on the study on pressuring leadership by Bouwmeester and Kok (2018). The method has also been used to study other dirty work experiences in consulting (Bouwmeester et al., 2022), and is discussed in more detail in Bouwmeester (2023, CH 3).

Selecting Business Jokes on the Topic

The purpose of the jokes-based interviews in the example study is to steer the conversation to morally tricky leadership issues in ways that engage and trigger memories. To do so, we selected two cartoons that illustrate different aspects of unethical leadership behaviour, which were found on the Internet. We also selected a text joke that indicated a more general dirty work experience due to working as a consultant. Such variation within the scope of the topic gives interviewees room for choosing to talk about a joke that resonates best with their own experiences or feelings. The text and the web addresses of the selected jokes can be found in Table 1.

Table 1: Jokes Used to Start Interviews on Sensitive Leadership Issues

Cartoon 1: Manager A standing in the office of manager B: 'What are they complaining about... The work is challenging, interesting, demanding!' Manager B, sitting behind desk: 'AND we let them do it 80 h per week!' Fran (06/07/2009)

- Retrieved from: <https://www.cartoonstock.com/cartoon?searchID=CS167077>
- Last accessed: 26 April 2021

Cartoon 2: Male manager A to female manager B when walking through the office: 'Naturally our workers look happy. The penalty for not being happy is instant dismissal.' Financial Times, 20 May 2013.

- Retrieved from: <https://www.ft.com/content/41f990f0-b955-11e2-bc57-00144feabdc0#axzz2U2zMvxmp>
- Last accessed: 26 April 2021

LOWERING SOCIAL DESIRABILITY BIAS: DOING JOKES-BASED INTERVIEWS (CONTINUED)

Text joke: 'Please don't tell my mother I'm a consultant. She thinks I play guitar in a strip joint.'

- Retrieved from:
<https://ronspace.org/consult.htm>
- Last accessed: 26 April 2021.

Using the business jokes in the interview

The first cartoon generated the liveliest discussions, taking up more than half of the time of the entire interview in most cases. The second cartoon also resonated well, but interviewees came up with fewer illustrations. The text joke inspired only little discussion and was not recognized as being very illustrative for most consultants. Both junior and senior consultants indicated they were willing to share or tell their family and friends about their work, and were even proud to do so.

All interviews started with a brief introduction to explain that the interview topic would be about the manager/employee relationship, but without sharing the leadership issues we knew already from the literature, our experience, or the jokes. After this short introduction we showed the three jokes, and interviewees could indicate if they recognized the messages of the jokes, or how well they illustrated what happened in their own work context, given that jokes may exaggerate or include irony etc. Next the interviewer facilitated a broad discussion related to the jokes, including questions regarding experiences with over-demanding managers as in the first cartoon and what it means being employee or manager in such a work context. Starting point for the conversation were the leadership topics addressed in jokes. The jokes partly replaced the topic list, which we had prepared as well for asking follow-up questions.

To prevent the jokes-based interview questions become leading (Alvesson, 2003, p.20), interviewees could talk about the cartoon they considered most relevant in their work context, and they could freely associate, illustrate with

related experiences, or elaborate and add nuance. The interviewer asked follow-up questions related to the experiences and memories that were shared. If a joke got little attention, it was not sufficiently related to relevant experiences on the topic that could be shared.

ANSWERS TRIGGERED WHEN DISCUSSING A CRITICAL LEADERSHIP CARTOON

Interviewees in the Bouwmeester and Kok (2018) study involved 12 managers and one of their junior employees for each. This dyadic approach secured we could hear the story from two sides. The 24 interviews lasted an average of 45 minutes, ranging from 30 to 60 minutes. We offered anonymity, requested permission to record, and transcribed all interviews. Interviews have been analysed based on open and axial coding (Corbin and Strauss, 1990; Gioia et al., 2013). For more method details see the published article (Bouwmeester and Kok, 2018). The next section illustrates typical answers generated when interviewees were interpreting cartoon 1 (see Figure 1).



Figure 1: Cartoon Illustrating Pressuring Leadership www.cartoonstock.com

Confirming and Nuancing Answers

When interviewees reflected on cartoon 1, the interpretations from both junior 7 and manager 12 indicated it was quite common in consulting to be asked to work up to 60h a week and incidentally also up to 80h a week:

“Yes, juniors work long hours. There are projects where they work for longer periods of about 60h a week.” - Manager 12

“Consulting is working from deadline to deadline. And if a deadline requires a lot, then working 80h occurs easily.” - Junior 7

Most responses indicated that consultants work substantially longer than the Dutch legal maximum of 40h a week, but also less than 80h on average. The cartoon requires interpretation to understand that the 80h is common, but not average:

“I understand that cartoon saying we work 80h, but it is exaggerated. Who is working 80h...?” - Junior 1

We can thus see respondents don't feel pushed to agree with the cartoon. They seem to know the genre invites interpretation. Still, because projects have overlapping deadlines, and consultants face pressuring managers and demanding clients, junior 11 confirmed the message in the cartoon by comparing his work environment to a “pressure cooker”:

“Working here is working in a pressure cooker. It is just hard work. You have deadlines.” - Junior 11

Managers make the pressures as high as the juniors indicate. Junior 10 for instance laughed while looking at the cartoon:

“This is anonymous? Yes, this applies to my manager! This is quite bad indeed. But I need to add some nuance. I recognize this, but it is also something I want to do. I chose to work the 60, 70, 80h. And I seek challenges, new clients, personal development, etc. This works bi-directional.” - Junior 10

The manager rhetoric in the cartoon was thus taken up on by junior 10. The challenges and the interesting work were seen as motivating as suggested in the cartoon, whereas at the same time the long workweeks up to 80h were also felt as something quite bad.

Further Elaborations

The cartoon sparked recognition and some nuancing, but also inspired further associations beyond the direct message. For instance, in what way leadership is demanding is not only a matter of work hours. It also comes with a competitive work culture:

“Consulting is a hard environment. As a junior you have to satisfy your project managers. Failing to satisfy your manager can only happen 1 or 2 times. Then they look for someone else.” - Manager 9

Not only do managers need to be satisfied, so do clients. That is what managers try to accomplish when juniors feel they are overly demanding:

“The key rule is: as long as the client is happy. And that can be a really dangerous criterion, in which you can easily go too far.” ... “If you ... want to do everything perfectly, working as a consultant is not sustainable. And that's what happened to me. I made myself sick.” - Junior 10

When consultants get sick for a longer period like junior 10, it often means a burnout. Not only did junior 10 report illness when reflecting on the leadership style illustrated in the cartoon, managers also recognized this is happening increasingly:

“What I do see, is the age at which people come down with long-term illness is rapidly declining. I have an increasing number of people under 30 coming to me with such symptoms.” - Manager 3

Next to burnout, there are other health effects indicated like lowered wellbeing and lowered motivation, both impacting performances.

LOWERING SOCIAL DESIRABILITY BIAS: DOING JOKES-BASED INTERVIEWS (CONTINUED)

Manager 5 illustrated what happens when leadership becomes over demanding, and how consultants lose motivation:

“If you are not handling them [the stressors of consulting] well, you see that in your performance. Then you don't even like working here, and you couldn't care less about performance.”

- Manager 5

What makes the problem bigger is that managers do not notice overload problems often, and juniors do not share:

“Often juniors are ashamed, like, I am so young, why does it happen to me? As a manager you often discover it [overload struggles] later than their direct environment, and that it does not go well.”

- Manager 3

“I know myself. I sure have my issues here. But I would never go with those to my boss... opening up could be seen as a loss of face.”

- Junior 4

Ultimately consultants make choices. Both managers and juniors reported that management requiring 80 hours of work and high levels of commitment is not sustainable in the end. It only works over a shorter period of time:

“In the moment you are like ‘Okay, we have to get through this’. But you know it's not sustainable. You can't let juniors work that many hours for several weeks on projects. You know that they will leave after a year or so. It's not sustainable.”

- Manager 12

Further elaborations thus go into health effects like burnout, the competitive work culture, the problem of not feeling you can share your struggles, the problem of losing motivation, and people drawing conclusions like leaving consulting. These associations all go beyond the direct content of the cartoon. They are invited, or triggered.

While the first interpretative answers focused more on what the cartoon tells, and to what extent it illustrates consultants work practice and experienced leadership, that is only the beginning

of the conversation. During the interviews consultants not only confirmed, added nuance, or explained how the cartoon covers their daily reality. They also discussed what comes before the cartoon by detailing the work culture, the client demands, and the high standards. They also illustrated what happens next, like the effects for their health and wellbeing, not directly covered in the cartoon, but clearly related in the experience of the respondents. Leadership responses to support juniors were discussed as well, and the coping strategies of juniors (see Bouwmeester and Kok, 2018).

SIGNS OF LOWERED SOCIAL DESIRABILITY BIAS

When discussing the cartoon, leadership in the context of consulting was indeed assessed as problematic due to overly high work demands. The cartoon sparked such a discussion, invited various responses, and fostered exploration of relevant experiences with such unethical practice. Criticisms apply consequentialist, deontological, and virtue ethical logics. First, while the cartoon suggested ironically only positive wellbeing consequences, when asking consultants, they instead mentioned negative health and wellbeing consequences. For the respondents the irony was not difficult to see, and it triggered a contrasting response. Second, responses included reflections on rules, ethical principles and laws that were not respected. Working 80 hours does not fit within the limits of labour law. Labour law is designed with the intention to keep people healthy by keeping work hours reasonable. Interviewees discussed how staying within these normal limits has a low priority at consultancies. Instead, serving clients and making money were mentioned as the more central management priorities. Third, the management cartoon inspired reflection on virtues and vices. The presented over demanding manager is no virtuous leader. Compassion and being considerate are missing qualities in the managerial character depicted. It is very illustrative that the boss in the cartoon does not understand the complaints. This

triggered several associations, memories of similar experiences, and evaluations of the work situation among the respondents.

Starting the conversation with reflection on carefully selected jokes invited deep conversations on unethical business practice related to leadership, covering ground that otherwise may have been clouded by social desirability bias. Most ethical judgements in the cartoon are somewhat implicit or ironical and need interpretation. That is what a reader needs to do when reflecting on the realities illustrated in the cartoon, and this is what happened in the conversations between interviewee and interviewer. The process of interpretation that makes the ethical criticism explicit, entails much more than repeating what the cartoon tells. Interpretation means activating the implied norms and visualizing the consequences. An important process for the method is the association towards the wider realities connected to the situation addressed in the cartoon: the stress, examples of lowered wellbeing, burnout, and consultants leaving as results of the leadership and performance culture experienced. Such observations received a negative moral assessment from most of the interviewees. Overall, there was a shared assessment that work pressures are too high too often. But instead of only sharing this abstract judgement, the various illustrations and stories are what the interviewer was looking for. They substantiate the judgement.

Based on the explorative jokes-based interview method, various sensitive topics could be studied. Recently the method was tested in a study on consultants' work-life conflict experiences with one of my MSc students, by first asking questions based on a normal topic list, and subsequently by showing cartoons and memes to deepen the discussion. In several interviews the cartoons revealed stories that were more truthful. For instance, first a respondent said something like: “I never work over the weekend. There I draw the line.” When looking at a couple of work-life balance cartoons and memes, more memories

were triggered, and the respondent confessed: “Yes, that is funny, and indeed, last month I did work over the weekend”. Barriers of social desirability become weaker by the laughs, and memories hidden behind these barriers become more accessible.

I had a similar experience when teaching my 2023 business ethics course at Vrije Universiteit Amsterdam. Students were asked to apply the jokes-based interview method to generate an ethics case based on mapping the most challenging ethical consulting experience of their respondent. Compared to the years before where only a couple of students wanted to experiment with this approach, case descriptions were much more detailed overall. In previous years students that did jokes-based interviews had rich case descriptions as well, while many of the other students struggled to provide detailed case narrative. Only some could, who were able to create sufficient rapport and detail with other means. These experiences signal that the jokes-based interview method has the potential to open up the interviewee, that more memories become assessable during the conversation, and that the willingness to go down the abstraction ladder improves, and that more details are shared. Like the academics and student researchers who applied the method already, many others involved in studying sensitive topics that have generated public jokes, could benefit from doing jokes-based interviews.



LOWERING SOCIAL DESIRABILITY BIAS: DOING JOKES-BASED INTERVIEWS (CONTINUED)

POSSIBILITIES AND LIMITATIONS OF JOKES-BASED INTERVIEWS

Possibilities of Business Jokes to Trigger Reflections on Sensitive Topics

Starting interviews by showing a business cartoon offered a strong statement to start the conversation. The message of the cartoon was initially confirmed or denied, but such responses were only the beginning. What happened next was that the cartoon was nuanced, as such jokes mostly somewhat exaggerate or distort reality. Secondly, when the joke was sufficiently spot on, as with the cartoon indicating 80 h workweeks, it triggered memories and released energy to talk about issues related to the implied criticism. These were the causes and effects of the illustrated situation, but also moral leadership responses not indicated in the cartoon. To get such associative responses, interviewers have to encourage the interviewee to go on and elaborate more by asking open follow-up questions related to the given answers: how did you do it and when, what happened next, who were involved and how, etc.

How Cartoons Become Trigger and Starting Point

Cartoons are very condensed in how they communicate, and thus leave a lot of the message implicit. Therefore start a conversation by letting the interviewee look at the jokes, and then let them interpret by relating to their own experiences. The cartoons are a powerful icebreaker to start an exchange on sensitive topics as addressed in the joke, but then they also need a follow-up conversation. Starting a discussion on ethical transgression in work life is an example of crossing the line of social desirability, and here denial is a common coping strategy. Cartoons can help to get beyond this initial denial by their humorous touch. Next, they stimulate topical associations and memories that create opportunities for further exploration in such areas. Another way to move on is to ask for relevant workplace jokes the respondents know themselves, and that they feel are relevant to share and discuss.

How to Move on to the Respondents' Experiences

In the case of confirmation, nuancing, or association, it is important to relate the business jokes' critical messages to the experiences of the interviewees in their work context. Jokes can be a starting point for further exploration in follow-up questions like: how did it happen in your work context, what did it mean to you when it happened, etc. When the conversation has started, common open interview techniques can follow, including using a topic list and preparing for some follow up questions you could ask (cf. Hermanowicz, 2002; Legard et al., 2003). The illustrative leadership cartoon has been an invitation to talk about leadership experiences that could illustrate the cartoon and vice versa. Due to the normality condition of humour, popular jokes relate to such experiences, as audiences need to be able to recognize a joke and its context to be seen as funny (Veatch, 1998). That is why popular jokes are a perfect starting point for a conversation on the topics addressed in these jokes. The subsequent associative process of referring to experiences in the interviews, can be assessed as very open and explorative.

How to Select the Jokes that Work Well in an Interview

Cartoons can be used very well in an interview setting, often more so than text jokes. Cartoons work with visual expression and limited text, and can transfer their message quite fast. Still, the topical match is important for selection as well, as this helps to steer the conversation in the right direction. Sometimes a text joke or meme might do this better. However, any joke is only the beginning, and everything needs to be told and illustrated by the interviewee's memories of experiences. In the end only little is said in a joke, and what is said is overly general, provocative, sometimes ironical, partly fictional etc.

As a genre, a joke needs interpretation similar to a metaphor, and only those with sufficient relevant experiences can do well. It makes the match between the interviewees' experiences and the

joke's content of great importance. If there is not much of a link, as with the strip joint joke, few or no stories will be triggered. To prevent a wrong selection, a test interview might help, and some try outs related to how the jokes work on people that could be your interviewees. Next to the good match, some variation between jokes is important, to cover as much variation or perspectives as possible. In the end the selection should not be too big, as there should be enough time for interpretation, association, elaboration and discussing interviewees own related experiences. While three jokes is towards the lower end for one interview, ten might be too many. Then it would be good to let the interviewee focus on three to five jokes, out of these ten.

How to Find Jokes on the Internet

When searching for "cartoon", "meme", or "joke", and the topic of "study", you will find many public cartoons or jokes to choose from related to the search topic. If these are not sufficient, the website www.cartoonstock.com or www.knowyourmeme.com are good sources as well, within which you can search per topic. In Bouwmeester (2023, p.43) you can find more websites that might be useful for the search.

Managing the Method Limitation of Jokes-Based Interviews
Avoid that Jokes-Based Interview Questions Become Leading

A first limitation to consider is that jokes contain strong statements that could be perceived as leading, by suggesting critical judgements like a leading question could do (cf. Alvesson, 2003). There is also the risk that jokes can have a stereotyping effect. However, this has not been my experience when doing jokes-based interviews. One explanation could be the fact that the leading or stereotyping element in jokes or cartoons such as with the over demanding leaders, is so provocative and part of the genre, that it does not take the interviewee by surprise. Secondly, it is not the interviewer who makes the joke, or who is suggesting the stereotype. It is a

public joke that is shared and discussed. This is important, to keep such distance and to not make the joke yourself as the interviewer. In addition, interviewees are in no way expected to agree with the joke. In contrast, it is very interesting for a researcher to see how some jokes do not resonate, or resonate less well.

Consider that Jokes Entail "Humour Bias"

This second limitation means that not all forms of ethical transgression or norm violating behaviour has fun potential. Only the mild offense of ethical norms or social expectations can feel as emotionally absurd, and will be appreciated as funny, not the very brute violations of ethical principles (McGraw and Warren 2010; Veatch 1998). In addition, these mild norm violations focus on the negative, not the positive. That is a bias as well. Therefore, when selecting jokes, the interviewer needs to be aware of the fact that the positive business behaviour, as well as the very serious norm transgressions may not be addressed in jokes, memes or cartoons. This limitation makes them the perfect start for an interview on various kinds of norm violation (underperformance, distastefulness, being old fashioned, being unethical etc.), but probably not a sufficient source of knowledge on the very serious transgressions hidden by social desirability bias. Still, to start explorations with the lighter transgressions is good practice, as the personal risks related to the bigger issues will only increase, and they are not the best topics to open an interview with.

Mind that Jokes are Condensed and Abstract

A third limitation is that jokes do not offer much rich description themselves. They mostly focus on key aspects indicated by some funny details. The illustrations given in jokes need follow-up questioning to tap into the interviewee experiences, and to arrive at rich descriptions. Therefore, cartoons or small text jokes are a good starting point for triggering memories and stories, and to subsequently explore these remembered cases further based on follow-up questions.

LOWERING SOCIAL DESIRABILITY BIAS: DOING JOKES-BASED INTERVIEWS (CONTINUED)

CONCLUSION

Jokes-based interviews can help researchers involved in interview studies get better access to their interviewees' memories. Management consultants, investigative journalists, policy analysts, and other practitioner researchers will benefit as much from the method as academic researchers. The method helps in particular when studying sensitive topics, where social desirability bias may create obstacles to share experiences, that are difficult to get around. When the topic of study is subject to public jokes such as business jokes, some of them can be selected and then used in the early stages of the interview conversation. When the method is applied well, and the interviewer is skillful in asking follow-up questions, the jokes-based interview approach is a great addition to the traditional open- or semi-structured interview. The interview approaches can be combined, and used in iterative sequences, for instance, by referring back to jokes later in the conversation, and then adding a new layer to the earlier interpretations. Due to the jokes, more experiences will be shared.

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USING CHINESE WISDOM TO REKINDLE STRATEGY CONSULTING

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ABSTRACT

Strategy consulting has plateaued since 1995, argues former Harvard Business Review editorial Walter Kiechel III. Kmind, the top Chinese strategy consulting firm, has found the spark to reignite the industry: Oriental wisdom. By repeatedly transforming firms from obscurity to market leaders by directly implementing their solutions, they provide a solid proof-of-concept for the next generation of strategic consulting.

INTRODUCTION

The long and harsh winter is finally over, and we have, at long last, arrived at the inflection of spring.

In retrospect, 2022 was nothing if not full of disruptions: International affairs constantly shifting, global economic downturn, all the while the long-term effects of the pandemic continue to linger. These macroeconomic factors have had massive effects on both individuals and firms, and many are still reeling from the consequences. With this knowledge, how should we proceed in 2023? Should we remain conservative and passive, or be aggressive and fight?

The most precious asset of any company: the confidence of their leadership. Come hell or high water, year in and year out, they must remain steadfast, regardless of how frequently they are struck down, or how daunting the storm ahead appears. Whilst embroiled in turmoil, it is that confidence that will lead them through the uncertain, to chart a clear path through the storm while still identifying and seizing opportunities as they arise, all the while pursuing sustainable and impactful change. All change creates instability, pressure, and uncertainty; press forward despite it all to manifest countless unforeseen new opportunities.

To rouse firms left frozen by the pandemic, and build up their confidence to create everlasting

change, Kmind held its 10-billion strategy workshop 5 times in the latter half of 2022. Over 600 executives and entrepreneurs attended to understand this new strategic perspective, especially in regard to overcoming competition. Inspired by what they learned, attendees across all types of industries officially partnered with Kmind and began their journey towards explosive and sustainable growth.

The source of our confidence stems from our unique strategic lens - a blend of top western and eastern strategic theory. The eastern half of the equation tends to be more difficult to quantify than its western counterpart; on the surface, it appears too subjective and situational to build a foundation upon, certainly meaningful and insightful, but seemingly directionless and vague. Upon closer examination however, its universal applicability across all business settings will be revealed, allowing companies to unearth "certainty within uncertainty". Using this derivation of eastern and western strategic theory, Kmind has already elevated 9 clients to market leaders in the span of just a few years and hopes its discoveries will further drive global strategic theory innovation.

**GLEAMING STRATEGIC INSIGHT
FROM ANCIENT CHINESE
PHILOSOPHY**

All things eventually find themselves returning to their roots. Regardless of time or place, there are always those who look to past to learn from humanity's greatest thinkers, seeking to apply traditional schools of thought to modern-day issues. Kmind is no exception to this - what fuels our clients' continued development is our constant pursuit of non-traditional angles of transformation and innovation, directly inspired by wisdom derived from the Axial Age.

The Axial Age, from 800 B.C. to 200 B.C., is an era in which all major ethnic groups of mankind began the exploration of intellectual civilization and philosophy at roughly the same time. China's Confucius, Laozi, and other philosophers

provided the wisdom that formed Confucianism and Taoism. Socrates, Plato, and other ancient Greek scholars built the foundations of European philosophy. Shakyamuni of ancient India opened the door of Buddhist thought. The prophets of ancient Israel built the building of Jewish wisdom. These sages of the Axial Age created a treasure trove of human wisdom and laid the spiritual foundation of mankind.

For Chinese Wisdom, our initial building blocks were Confucianism and Taoism - the two schools working in tandem to further philosophical development. Later, in the Han Dynasty, Buddhism was introduced, and gradually adopted throughout the Sui and Tang Dynasties. China is the only ancient civilization that has remained uninterrupted in its cultural development. Throughout its history of endless cultural struggles and turmoil, there has remained steadfast and everlasting wisdom.

It is from these empirical truths and wisdoms that companies can find the key to everlasting development. For example, Confucius said that "man, uncertain of his fate, cannot act nobly", meaning that we must realize that life is marred by uncertainties, and acting nobly in this case is embracing and properly utilizing every unforeseen opportunity that arises. Therefore, for a firm to establish "certainty" in a world of chance and opportunity, their success hinges upon identifying, valuing, and utilizing these unforeseen opportunities. Laozi describes "the way of opposition", as an intuitive eventuality of movement and change: head in one direction long enough, and you will be forced to turn back. Success can be found in going against the trend, returning to one's roots, being both complementary and opposite, and pursuing change and development. Therefore, when analyzing your problems and situation, look beyond the present state of things, and search for forces of opposition to find your solution. Once you desire opposition, you are primed to materialize true strategic differentiation. Though many corporate dilemmas appear complicated and unique in nature, they can be solved with wisdom

at the conceptual level, and lead us to clear, implementable solutions.

Kmind has manifested these transformations across several industries. For example, in China's infant formula industry: trust in domestic brands had been thoroughly ravaged by health scandals, leading to a market exclusively dominated by foreign brands. Yet, Kmind boldly positioned them against foreign competition with the slogan "more suitable for Chinese babies," and led the relatively obscure domestic company to outperform all foreign competition, breaking through 20 billion RMB annual revenue in 2021 and firmly establishing market leadership. A similar underlying theme unfolds with other clients, such as Bosideng's transformation from aged & outdated to mainstream & fashionable in China's down jacket industry, or Yadea finding an opportunity to elevate the electric bike industry during peak COVID (with social distancing) through their message of "one person, one bike, traveling safely"

Even in China, instances of these concepts being applied in the business world are relatively uncommon. This is a direct result of China's economic reforms over 40 years ago, Chinese corporations have achieved rapid development through vigorous studying of western business theory and are now firmly entrenched in their success. Due to prevalent past success, much of the Chinese business world have forewent the study and application of Eastern wisdom in favor of solely pursuing western business management theory. However, now that most of the competition has caught up with each other, and now that everyone competes using the same methods, western methodologies can no longer guarantee the same rapid development they used to. If firms can grasp the core differences between Eastern wisdom and Western theory, they will be able to leap out of the current 'rut' of the corporate world, and create companies that will go down in legend.

USING CHINESE WISDOM TO REKINDLE STRATEGY CONSULTING (CONTINUED)

UNLEASH STRATEGIC POTENTIAL
BY COMBINING THE WEST AND
THE EAST

Eastern and western theory each have their own merits and distinct features from both a strategic and operational standpoint. However, this does not mean they are not compatible with each other - rather, combining the two sides will give you the best of both worlds, leading companies to both higher internal efficiency and stronger external influence.

Western Theory: Founded in Numbers,
Revolving Around Rationalism

Philosophy stems from the Greek word "philosophia", translating to a "love of wisdom." Ancient Greece is the birthplace of numerous great western minds (Thales, Heraclitus, Pythagoras, Socrates, Plato, Aristotle, etc.), as the first to turn away from mythical superstition and created the foundations of independent thought, trailblazing western philosophy.

Pythagoras, for example, is credited with many of the mathematical and scientific discoveries that would shape the foundation of western thought. He believed that mathematics could break down the true nature of all things; that numbers were endless, unchanging, and the origin of all things. This belief was critical to the formation of natural science and western logic as a whole - that "all things are numbers", and that such numbers can be used to interpret the surrounding world.

From this foundation, western logic began to build out its core principles. Pursuing precision, in-depth analysis, rationalization, hypothetical verification, western conventions strive for a thorough understanding and optimization of individual components. Western medicine, for example, breaks the body down to individual components and examines each part separately, and doctors will rely on data from scientific methods such as lab tests, MRI scans, etc.

Eastern Wisdom: An Artful Mastery of 'Aptness'

Chinese philosophy focuses on "survival" rather than rationality, having been forged by action more so than thought, and so highly values "aptness." Famous philosopher Zehou Li explains aptness as the ability to assess pertinence; not pushing something to its limit, but rather finding its most apt place. It is through aptness that the ancient Chinese found the key to survival of both the individual and the human species. For example, the Rites of Zhou's "Office of Winter" describes the four conditions for aptness in manufacturing and craftsmanship: the time right, the location prime, the material fine, and the maker skilled. This overarching concept of aptness would shape and branch into all Chinese schools of thought.

This inherent understanding of "aptness" enables a perception of the world not inherently founded upon rational thought, one revolving around 'practical aptitude'. A unique line of thinking that draws upon intuition to grasp something's qualitative essence without relying upon standard quantitative methods such as analysis, logic, and reasoning. Many innovations can be seen as intuition and perception breaking the boundaries of rationality thought; Einstein famously stressed the necessity of intuition in the pursuit of scientific discovery, and himself broke the boundaries of Newtonian models to introduce his theory of relativity, a theory originating neither from a synthesis of data nor from a deduction of logic, but rather his own "intuition".

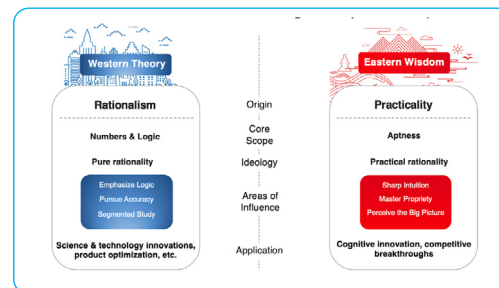


Figure 1: Eastern v. Western Thinking – Scope and Impact

Creating Marvels by Fusing the East and West

Western and Eastern rationales applied to companies tend to produce different outcomes due to their inherent differences in focus. Conventionally, Western models drive development from within the company, and so the company's power is derived from the product. Chinese wisdom drives development from the company's surroundings, and so the company's power is derived from its competitive advantage. The Western "data-driven & quantitative" approach has driven our scientific and technological breakthroughs, especially in developing new tools - and using those tools to accelerate further development of new products. This development cycle arms race has led to rapid imitation and copying becoming rampant, leading to homogeneous competition across countless industries. Many companies are left with no clear or controllable points of differentiation beyond price, leading to industry encompassing price wars and stifling any healthy overarching industry development.

The root cause is over-reliance on further development and optimization from within the company to solve a problem of outward differentiation and competition. We have found that the solution lies in the brand: true differentiation happens not at the company or industry level, but at the consumer level. The brand must bridge this gap between company and consumer; its tangible products instruments to shape a singular, intangible, long-lasting, fundamental point of difference within the mind of the consumer.

As the ancient Chinese saying goes, "The one who wins the hearts of the people wins the world." Brands derive their power from the hearts and minds of consumers. While the Western quantitative approach is integral to a company's internal productivity (operational efficiency, structural optimization, product R&D, etc.), it is ill-suited to design a strategy to build a brand that resonates with the minds of consumers - an inherently irrational subject, difficult to grasp

purely from data and analytics.

With today's global business landscape being more akin to a warzone of competition, Sun Tzu's The Art of War finds itself more applicable than ever before, and its wealth of strategic insight will help in discerning the path to emerging victorious, even amongst fiercest competition. From his 5 factors of Morality, Heaven, Earth, the Commander, and Method and Discipline, we can architect a strategy that "render others' armies helpless without fighting" (Sun Tzu, ca. 500 B.C.E./1988).

Competition will only continue to escalate, and volatility, uncertainty, complexity, and ambiguity are currently at all-time highs. For companies to thrive in this new era of competition, and to tackle emerging and unforeseen challenges, the overarching strategy that dictates their operations and direction must be both practical and flexible. We believe leveraging the Art of War in the formulation of company strategy can achieve twice the results with half the effort by pinpointing "certainty in uncertainty." By properly assessing factors of circumstance, geography, and people, we can find access points into the hearts and minds of the people, and ultimately gain their trust and favor.

By integrating the backbone of western theory (quantitative analysis, logic, reasoning) with the core principles of eastern wisdom (intuition, practicality, flexibility), we have established a high-order strategic growth cycle. We leverage a company's inward strengths (i.e., product power) to establish outward competitive advantages, elevating brands to the apex of the industry, akin to America's Coca-Cola, France's Chanel, or China's Huawei.

This strategic elevation of the brand creates a positive chain reaction from the company to the industry, consumers, and society. The company escapes the rut of homogeneous competition, becomes the consumer's preferred choice, drives their continuous consumption, all the while ushering in an appetite of innovation in an otherwise stagnant industry. The consumers

USING CHINESE WISDOM TO REKINDLE STRATEGY CONSULTING (CONTINUED)

have a clearer understanding of what they're buying, enjoy a lower decision-making burden and a more diverse set of needs addressed, and an overall higher-quality purchasing experience. The industry is elevated by a strong leading brand, breaking previous production limitations, spawning categorical innovations, and redefining the market. Society benefits from companies being able to properly carve out their unique value proposition and differentiated competitive

advantages, as we can avoid the waste of resources and capital usually spawned by homogeneous "me-too" imitation from other companies. This can ultimately bring us to a vast, diverse commercial landscape that can live up to the famous Chinese saying: "Far and wide eagles cleave the blue, up and down fish in shallows glide, all creatures strive for freedom under frosty skies" (Zedong, 1925/1993).

Council issued the Opinions on Accelerating the Development of a Large Unified National Market, reaffirming strong support for a high-standard market system and a high-level socialist market economy.

China is now the world's largest trading country, the second largest economy, and the second largest consumer market. For the last 10 years, China has averaged a 38.6% contribution to world economic growth, surpassing the combined contribution of other G7 countries. China's economic growth has been primarily driven by consumption for several consecutive years now, responsible for 65.4% of the nation's economic growth.

Our research team has discovered that private companies of a large scale (>10 billion annual revenue) have played a critical role in the consumer economy's maturity. In the past 20 years, the number of large-scale private enterprises increased from just 2 in 2000, to 126 in 2010, to 1044 in 2021. Thanks to scale, these enterprises are looked to as leaders; their words carry more weight, and their brands carry more appeal. They act as an industry-wide center of gravity, absorbing resources, driving production flow development, and promoting high-value economic development.

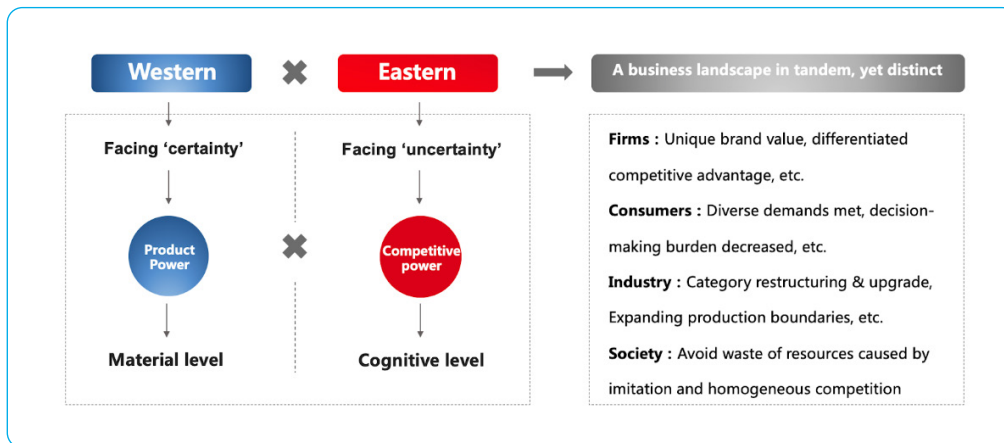
"The onrush of a conquering force is like the bursting of pent-up waters into a chasm a thousand fathoms deep" (Sun Tzu, ca. 500 B.C.E./1910). And just as the "form" of an army is a build-up of power, China's large market has established the "form" for several large-scale Chinese enterprises to build-up. Every industry, regardless of their profession or trade, must face the eventuality of segmentation; generalist brands are and will continue to be usurped by specialists. With each specialist carving out their niche, their respective industry increasing in maturity, and the leading brand grasping the lion's share of the market. Therefore, each major industry – food, apparel, transportation, housing, etc. possesses the material necessary to forge several more large-scale brands.

Ride the National Tide: Seize the Potential Ingrained in the Hearts of the People

With 'form', we can extrapolate the conditions that lead to victory, but understanding how to manifest and recreate them requires an understanding of 'momentum', the power that manifests 'form'. A favorable situation that a skilled commander creates is "as the momentum of a round stone rolled down a mountain thousands of feet in height." (Sun Tzu, ca. 500 B.C.E./1910). Form is the basis of your momentum, from which it develops. Form is more structured, easy to visualize and understand, and is the surface on which change manifests. Momentum is the invisible hand of the market, going unnoticed behind the company's form. While 'form' is crucial to understand, it must be combined with the tide of a country's 'momentum' to realize the deeply implanted and untapped potential of the people's hearts.

The "tide" of a nation is a projection of cultural confidence, recognized by all; it is inseparable from a country's rise to power, its fortunes and prospects, its cultural reality, and its rise of the next generation of consumer groups along with the subsequent rise of domestic companies that meet their new needs. This is especially relevant for China, and their Gen Z. Because of China's lightning fast 40-year industrialization, their Gen Z is the sole demographic that bears no personal memory of pre-industrial times, and thus have no implicit bias favoring foreign brands over domestic ones. Instead, they grew up surrounded by cultural marvels made possible by the information era such as the launching of the Shenzhou V rocket, the 2008 Beijing Summer Olympics, Shanghai's 2010 World Expo, the Tiangong 1 space project, China's GDP surpassing Japan's, etc.

Many of this generation studied abroad and upon returning home, did not feel that there was a strong difference between foreign and Chinese brands. Rather, they have begun selecting national brands to express their cultural confidence in both fashion and lifestyle. Domestic brand awareness is also rising as firms continuously strive to reach the



PRIMED FOR AN ERA OF LARGE-SCALE TRANSFORMATION

Although the journey is long, we will nonetheless arrive at our destination. To create a prosperous business landscape of harmonious diversity, we weigh the "form" of the market on one hand, and on the other, we watch the "momentum" of consumers' hearts and minds - the core foundation of confidence for Chinese companies. If properly leveraged, and integrated with western theory, a new era of large-scale Chinese brands will emerge, and with it, the next generation of corporate strategy.

The Ideal Market to Manifest Large-scale Brands

The Chinese market is known for its massive capacity and potential: its GDP exceeds 114 trillion RMB, its total retail sales of consumer goods exceed 44 trillion RMB, and yet remains in a stage of rapid industrialization, technological development, urbanization, and agricultural modernization. It boasts a population of over 1.4 billion, a labor force of over 900 million, and a 64.7% urban occupancy rate, with 12,000 USD/capita GDP. Despite short-term setbacks, the country's industrial system has remained intact, maintaining strong production capacity and a large-scale market advantage. China's digital infrastructure also continues to develop, fueled by 5G Internet, artificial intelligence, and other technologies. In March 2022, The State

USING CHINESE WISDOM TO REKINDLE STRATEGY CONSULTING (CONTINUED)

hearts of this generation, drawing from Chinese history and culture to shape the core spirit of their brand.

This national tide has been built up by the nation's support, capital injection, academic research, and news coverage. From this, Chinese firms are currently primed to catapult their brand value and capture the medium to high-end market originally dominated by foreign brands. To leverage this trend to build up a brand, we cannot simply follow others and launch similar products, nor pursue outcomes over methodology. Instead, through the correct strategic guidance and systematic strategic maneuvers to constantly improve the customer's sense of brand value and climbing to the top of both ends of the Smiling Curve. Only then can the needs of high-end consumer be met, with a highly competitive layout of global brands, and an era of Chinese products be transformed into an era of Chinese brands.

DECISIVELY GRASP LARGE-SCALE OPPORTUNITY WITH INNOVATIVE STRATEGY

A company's strategy does not just dictate developmental direction; it is the banner that unifies operations and management. Now, 40 years after entering the global economy, most of the Chinese market still relies on the techniques and systems directly imported from the West. True strategy however is the by-product of highly contextualized cases; there are no general, one-size-fits-all solutions.

The concept of "strategy" in a corporate setting was formally introduced in the 1960s, and the decades that followed matured it from conceptual into a complex system of thinking. This evolution, born out of western pursuit of logic and rationality, has foregone the "human element" of the equation. The crux of our success in the Chinese market can be boiled down to our close attention to human nature, and our ability to grasp and maneuver it to our advantage. Numerous international consulting firms have been unable to bridge the spiritual and cultural gap between

themselves and Chinese firms; beyond examining from a purely logical plane, the Chinese look to see whether that logic will perform "reasonably."

Only by building your brand within the heart of consumers can you achieve an invincible position invisible to others; only by infusing eastern and western techniques can you unleash your dormant strategic potential, and successfully twist the fabric of reality. "Battle is usually engaged conventionally, on physical grounds, but is won mentally, through leveraging surprise tactics." (Sun Tzu, ca. 500 B.C.E.). We at Kmind were enlightened by Sun Tzu's wisdom, and created the 'groundwork-campaign' methodology to create proper strategic guidance via the combination of 'form' and 'momentum'. 'Groundwork' is the domain of the quantitative west's 'precision & logic', creating the conditions of victory in 'form'. The 'campaign' is the playground of the artistic east's 'aptness', manifesting victory through 'momentum'.

The nature of China's development can be described as a melting pot of universal and distinct concepts; consequently, success in the Chinese market now requires firms to not solely rely on western techniques, and instead to combine it with eastern wisdom. With the market trend favoring large-scale development, Kmind upgraded and launched their "10-billion strategy", with the mission of guiding Chinese firms to seize large-scale (10 billion) opportunities. "10-billion strategy" has 3 standout strengths.

First, its union of Chinese and Western theory. Eastern wisdom dictates the formation of a strategic doctrine, which in turn acts as a beacon to guide western technological development. All major company undertakings adhere to this doctrine, and the implementation of those events serves to reinforce that doctrine in a positive feedback loop. This has the intended side effect of making up for the limitations of firms solely relying on western methods of analysis and segmentation. Second, it stresses practical combat engagements, in which 'the least bit of difference can lead to missing by a mile,' and therefore

refrains from engaging in deviations of strategic implementation caused by knowledge chasms or divergences in viewpoint. Third, it sets an example for the industry to follow: beyond the strategic target of 10 billion annual revenue, even more important is plotting multiple future development tracks, guiding clients into the driver's seat of their industries, ushering in industry-wide upgrading, and assuming more social responsibilities.

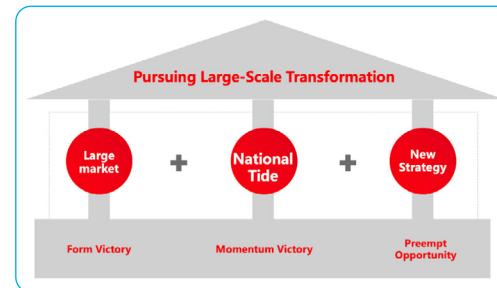


Figure 3: Chinese Strategy to pursue Large-Scale Transformation

“The general who is skilled in defense hides in the most secret recesses of the earth; he who is skilled in attack flashes forth from the topmost heights of heaven. Thus, on the one hand we have the ability to protect ourselves; on the other, a victory that is complete” - (Sun Tzu, ca. 500 B.C.E./1910). When defending, best to go unseen; when attacking, be swift as lightning.

Chinese firms have now developed their proficiency in studying, their boldness to contend, and their ability to leverage their surroundings. Now that 2023 is upon us, the firms with clear -cut strategic reasoning, distinctive brand features, and, above all else, a pursuit of the large-scale growth dream: they will be the first ones to identify and capture opportunities that arise. They will be the ones to spread their wings, surge above their station, and soar for thousands of miles.

SCULPTING “CHINESE METAMORPHOSIS” TOGETHER

The 21st century has been embroiled in turbulent events since it began: the 2001 dot.com bubble burst, the 2008 financial crisis, the 2020 Covid-19 pandemic, etc. And yet, despite constant global upheaval, corporate strategic theory's decades of development has remained stagnant since 1995. Professor Henry Mintzberg, in his 2005 book *Strategy Safari - A Guided Tour Through The Wilds Of Strategic Management*, highlights the breakthroughs and achievements of western management academia in the strategic management field, and boils down 5 decades of strategic development into the "10 schools of strategic thought", segmenting the field into prescriptive, planning, positioning, cognitive, etc. Former Harvard Business Review editorial Walter Kiechel III, in his book *The Lords of Strategy* (2010), argues that there has been no breakthrough in western strategic theory since 1995, with few new and important ideas introduced since. This perhaps reflects the need for a new viewpoint to be incorporated into the field; specifically, oriental wisdom and eastern elements to trigger the necessary metamorphosis to evolve and adapt to modern challenges.

The innovation and evolution of strategic concepts and methodology stems from the emergence of major business problems and the state of both the market and global economy at the time. The current global reality, status of the market, and a general trend of radical change are all influencing development of strategic theory. For the longest time, Chinese firms have studied the thought process of western corporate strategy; however, this strategic thinking often suffers from "tunnel vision." As Henry Mintzberg said in his book (2005), "We are the blind people and strategy formation is our elephant. Since no one has had the vision to see the entire beast, everyone has grabbed hold of some part or other and "railed on in utter ignorance" about the rest. We certainly do not get an elephant by adding up its parts. An elephant is more than that. Yet to comprehend the whole we also need to understand the parts."

The sincerest display of respect is to surpass. After absorbing western knowledge, we must

USING CHINESE WISDOM TO REKINDLE STRATEGY CONSULTING (CONTINUED)

return to our roots; only then can we launch the next generation of strategic concepts and solutions so they can both suit China's circumstances and be used as reference worldwide. Bertrand Russel, British philosopher, said a hundred years ago: "The Chinese people have their own way of doing things, which has much to contribute to global civilization. This type of contribution is overwhelmingly valuable."

I have long been endeavoring to introduce Chinese wisdom to strategic innovation. Let strategy no longer be a one-man-show of top management, but a symphony of the entire company's desire.

All new strategies, at the dawn of their inception, are raise a different viewpoint from the old. A new corporate strategy outlook is no exception to every other instance of revolutionary thought in mankind's history; it must take decades, sometimes even centuries, to truly take hold in the mainstream. Let us keep pace with the times, resonate with the destiny of our nation, and work with those with lofty ideals from all walks of life to establish more business theories from Chinese culture, sculpt even more "Chinese Metamorphoses" in the business field, and increase Chinese capability for global business progress.

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RESEARCHING PRACTICE AREAS OF CONSULTANCY FIRMS

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ABSTRACT

We reflect on a multi-year study of practice areas within professional service firms that has resulted in impact in various ways, including research publications, class teaching, and industry dissemination. We describe the challenges in conducting academic research at the practice area level, rather than the firm level. These challenges are grouped into two camps: fieldwork challenges and conceptual challenges. While we navigated these during our project in order to achieve our goals, we believe more work needs to be done at the practice area level within the consultancy industry, especially as this unit of analysis is affected by trends in AI and ESG that were not so prominent 20 years ago. We suggest one way forward will be to utilize collaborative systems approaches through a holistic stance, rather than focus on narrow sets of variables in a reductionist stance.

INTRODUCTION

Most management consultancy firms are organized around discrete practice areas. They are present not only in the large, global firms, but also in the medium-sized and smaller firms too. Practice areas are a sign of specialism and expertise. They indicate to the client base - to the market - that the consultancy firm contains expert knowledge and skills in demarcated areas that could be of use to the client on issues and challenges faced by the client. But they are more than a marketing tool. They are organizational sub-units in their own right, are often highly complex, and require their own leadership and management structure and processes.

Practice areas in consultancy firms are different to sub-units in traditional manufacturing firms in a number of ways. For international consultancy firms, practice areas are also international organizational units. There will be a digital transformation practice represented in London, Paris, New York, and Tokyo, all from the same firm.

In other words, practice areas are not location bound and their knowledge, skills and systems of operating will be globally connected in different geographical locations. Secondly, they will have their own autonomy and responsibility for profit and loss, contributing to the firm's global brand, while also developing their own turf (Anand et al., 2007). Indeed, practice directors are measured and rewarded based on the performance of the practice area. Thirdly, for researchers, they are extremely difficult to access and collect data from!

We reflect here on several years of conducting academic research on practice areas. Our work has had impact in several ways: it has led to various academic articles, two of which have been through the journal review process and been published (Williams and van Triest, 2021; van Triest and Williams, 2022). It has fed ideas and insights into a book on Management Consultancy and Innovation (Williams, 2019). It has also created a rich dataset that we randomized and used in anonymized mode for teaching executives in various MBA and DBA classes in different countries about the consultancy industry. Executive students found the level of analysis interesting for learning about modern management and control systems in professional services firms, and seeing how their career paths might unfold for those contemplating entering the consultancy industry. And we have presented the results of our work to alumni networks of European business schools and conducted focus groups with practitioners to share some of the main findings.

Compared to other projects we have worked on which utilize company data, the practice area project stands out for being amongst the most challenging in terms of field work and in terms of conceptualization. We believe this is why there is relatively little research work on practice areas in consultancy firms, compared to work on the consultancy firm as the unit of analysis, or sub-units in other types of firms (such as subsidiaries of multinational enterprises, or units within traditional M-form enterprises). If these challenges can be addressed, researchers will be able to

scrutinize practice areas more completely as a unit of analysis, with benefits not only for theory of performance in professional services, but also for impact and engagement with the consultancy industry.

5 FIELDWORK CHALLENGES

1. The first fieldwork challenge is that there is no objective data captured at the practice area level that is publicly available for researchers to use. This means that subjective, primary data is the main option available. This creates problems of common method bias when attempting to measure performance and link it to other organizational variables captured in the study (such as leadership traits or ways of managing professionals). It also makes it difficult to compare practice areas across firms and even within the same firm.
2. Gaining access to senior practice managers - such as partners and directors of practices is also difficult. Firms do not usually publish contact details of practice directors on websites and there is no annual report or other document showing the names of key practice heads that researchers could use to create a target frame.
3. There is also an issue around secrecy within the practice, and not wanting to divulge proprietary knowledge about the sources of competitive advantage developed and deployed by the practice. There is great secrecy - for obvious reasons - around the client projects. This hinders the opportunity for research containing both practice and client perspective in the same study. While this issue applies to research in professional services more broadly, it can be exacerbated at practice level where directors do not want to have researchers 'snooping around' their turf. Consultants in practices areas are not naturally inclined to share their secret ingredients of what makes their practice area successful.
4. The issue of how to objectively measure performance at practice level is very apparent. Internally captured quantitative financial

indicators will not be revealed, although customer satisfaction data regarding the practice area might be available on an anonymized basis if the researcher can negotiate access to it carefully. The question of measuring performance extends to non-financial performance indicators too: what does success look like beyond financial targets and outcomes for consultancy practice areas? What impacts do practices have on the environment, for instance, or wider society?

5. Organizational dynamics with practice areas are also difficult to capture. As management scholars, we want to reliably capture information such as how staff are managed and controlled, what the learning, knowledge and innovation orientations are like within practices areas, and how communications flow. These are just a few examples of the types of variables we are interested in. Given that practice areas are often spread out internationally, this is difficult to do with single site visits. It is also difficult to disentangle features of practice organization that are unique to the practice from those that are unique to the firm and that have been inherited by the practice.

5 CONCEPTUAL CHALLENGES

1. A common challenge we encountered with reviewers at academic journals concerned the definition of practice areas. As social scientists, we want to be able to compare organizational units of analysis between firms and within firms. But this comparison is not possible if we cannot define what we mean by the unit of analysis and convey this definition clearly. Despite drawing on some seminal work in the field (Anand et al., 2007; Gardner et al., 2008), and giving actual examples in our manuscripts, many reviewers simply did not see what we meant by practice areas and how they differed from the conventional notion of practices in the workplace. In many respects, the academic reviews were making the definition more complex than it needed to be.

RESEARCHING PRACTICE AREAS OF CONSULTANCY FIRMS (CONTINUED)

2. There were also challenges in conceptualization for the larger professional service firms that contained diversity in practice areas, such as management consultancy and other types of professional service practice areas (e.g., tax and audit). While literature exists on how to conceptualize firms differently on this basis (Von Nordenflycht, 2010), how the characteristics of professional services differ across practice areas within the same firm becomes conceptually more complex. The consultancy literature acknowledges differences between different types of firms (Malhotra & Morris, 2009), such as pure play strategy consultants (McKinsey) versus broader consultants (Tata). Practice areas within the same firm will contribute to the same overall brand while retaining individual differences that go to the heart of their demarcation. Conceptualizing this diversity has not been achieved theoretically as far as we could tell.

3. Conceptualizing corporate governance of practice areas was also a challenge. Management consultancy firms can have different ownership structures - such as a corporate model and a partnership model. In the partner model, where the partner was a senior leader in a practice area as well as in the wider firm, their interest and influence was a form of duality. How do we conceptualize this level of duality? Duality is reflected in corporate governance theory although this tends to be at the CEO level (Krause et al., 2014). However, it remains rather opaque how mainstream corporate governance perspectives as applied in consultancy firms can be utilized at the practice area level.

4. The role of technology in supporting consulting services across practices is also not well conceptualized at the practice area level. Consultants in both strategy and technology spheres bring different skillsets and experiences to clients for the benefit of clients undergoing digital transformation. These technologies are a common focal point as consultants from different practice areas come together for large scale client assignments. It is commonly acknowledged

how digital transformation projects are more than IT implementations. They involve a strategy and leadership component, as well as a wider organizational change component (Tabrizi et al., 2019). Conceptualizing this overlapping between practice areas of the same consultancy firm requires an acknowledgement of the blurriness at the boundary of practice areas, made more apparent by modern digital transformation.

5. We also grappled with the overall theoretical stance to adopt at practice area level. Should we build on the few highly cited works on practice area emergence (Anand et al., 2007; Gardner et al., 2008) and then adopt a positivist paradigm to test the logics they developed? Or should we allow new data to reveal fresh insights and new ways of looking at contemporary consultancy life? We found a number of relevant theories in our data, ranging from human capital theory, to social capital and social networks, to learning, to principal agent relations. While it could be said of any complex organization that a number of theories are at play, the question still arises about which one is the most applicable when researching at a unit of analysis where there is comparatively little by way of reference point. There was no established theoretical norm and no well-recognized field of 'practice area studies' that we could draw from.

REFLECTIONS AND WAYS FORWARD

Some of our reflections in navigating these issues are as follows, as well as suggestions for future collaborative research.

Firstly, navigating the field work challenges involved a pragmatic approach and a deliberate research design involving a range of exploratory face to face interviews with practice heads at the outset, followed by a lengthy questionnaire survey of practice heads. The initial explorative interviews allowed us to establish some basic parameters and create working assumptions: practice areas in consultancy firms are real, they have a director or head, they are managed and perform in markedly

different ways. This was an important step and an encouraging one. We then decided to proceed with a questionnaire survey targeting practice heads using purposive networking. While realizing this might be difficult to sell to some reviewers in top academic journals, it was actually the only way. There is no list of contacts across practices and firms and countries on which we could rely. Fortunately, as business school faculty, we had access to entry points into consultancy networks, and were able to - slowly but surely - pre-test, pilot, and then fully execute the survey through networking.

Navigating the conceptual issues was more problematic. The items we chose for the questionnaire were guided by the initial round of interviews and our reading of the emerging literature on practice area dynamics. We knew early on that we wanted to understand innovative orientation (Williams and van Triest, 2021), as well as what drives autonomy and delegation of decision rights (van Triest and Williams, 2022). These come from different theoretical stances, but we had the requisite items on the questionnaire. Convincing reviewers of our models and contributions was an altogether more troublesome exercise. In top management journals, theory is king, and it was not straightforward to position our work in relevant literatures or theoretical debates. The process of multiple reviews and rejections at top journals led to us increasingly adopt a reductionist approach and simplifying our models for a narrow focus and clear contribution claims.

Future work on practice areas in consultancy firms can build on what others have done, what we have done, and pursue new opportunities as well. The consultancy industry is different today compared to 20 years ago when the first works on practice emergence were researched and developed. AI, blockchain, and digital transformation are center stage as client pain points, as are ESG considerations. Both consultancy and research worlds have realized that inter-disciplinarity and collaboration holds the key. This gives a new opportunity for researchers

to engage with practice areas in a new wave of research on consultancy firms. Rather than take a reductionist stance, researchers can work collaboratively with practice heads and front-line consultants in practice areas and take a holistic perspective of practice dynamics and value creation for clients and societal issues connected to client assignments. This may require a shift in capabilities for researchers of consultancy firms, towards action research, systems thinking approaches (Jackson, 2019), and embracing complexity rather than decomposing it into manageable chunks.



RESEARCHING PRACTICE AREAS OF CONSULTANCY FIRMS (CONTINUED)

SUMMARY

Following a multi-year study involving collection of data from over 250 discrete practice areas from professional service firms in multiple countries, we reflect on both the challenges and the opportunity for researchers. The practice area is a fundamental unit of analysis in the management consultancy industry and needs to be given more scrutiny and academic attention than it has to date. There are clearly challenges with taking this on, although the opportunities for impact in terms of theory development, educating the new generations of consultants entering the industry, and disseminating findings back to leaders in consultancy firms are very real. The methodological and conceptual challenges can be overcome with careful planning and clarification as well as the adoption of new ways of approaching the phenomenon such as collaborative action research and systems thinking.

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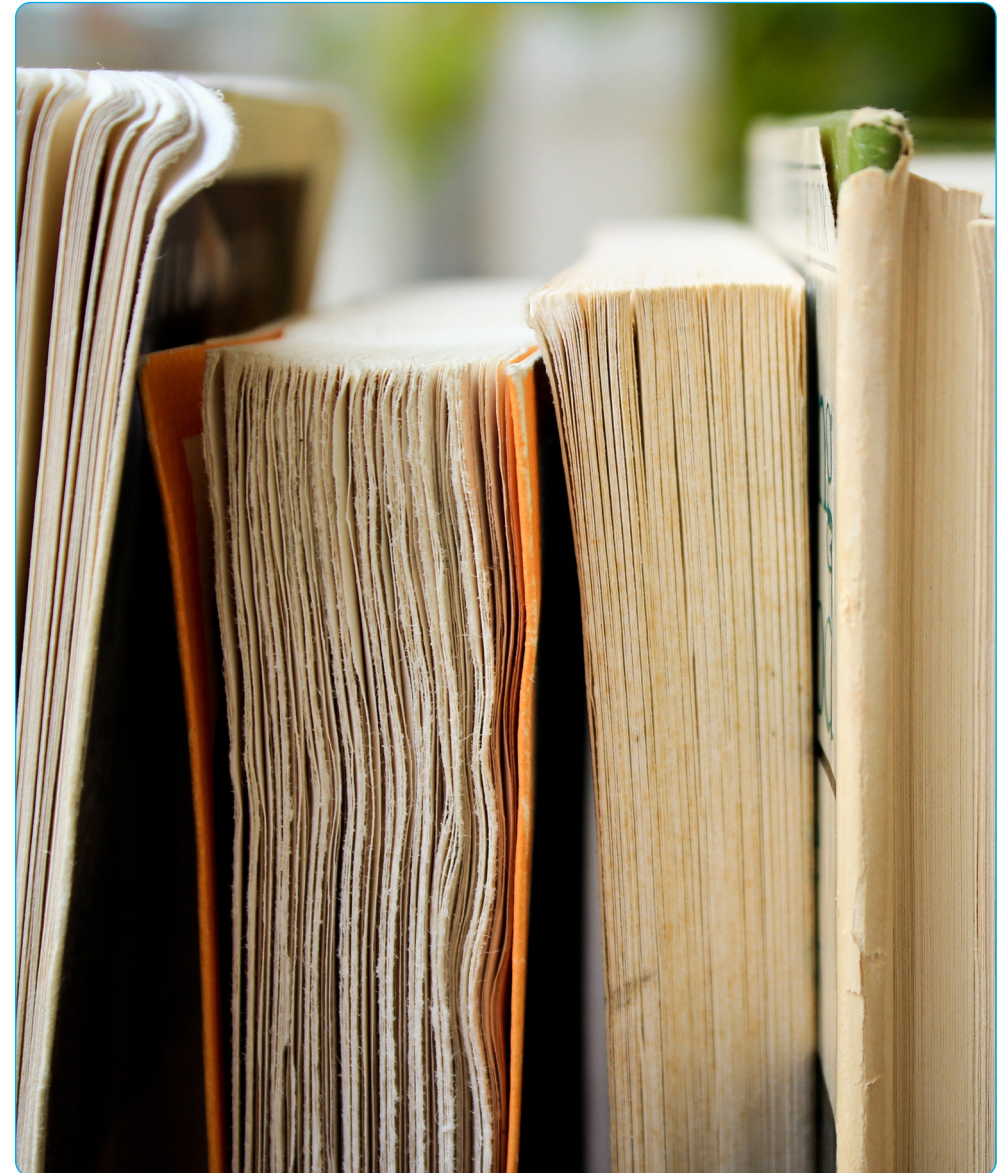
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CONSULTING ADVICE ON INVESTIGATIONS INTO POSSIBLE CEO MISCONDUCT

Dr. Richard W. Leblanc

ABSTRACT

This paper sets out for fellow consultants: (i) internal controls to avoid a client's hiring of a chief executive officer (CEO) who may have had a past or current instance(s) or pattern of misconduct; (ii) the forms of possible misconduct of a CEO; (iii) the component steps and process to follow in investigating such misconduct; and (iv) respecting a CEO's procedural rights during the investigation.

This paper provides consultants with content upon which to advise during their practices, including their advice to organizational clients, senior management, and boards of directors.

INTRODUCTION

The most important job of any board of directors (board) is to hire and fire the CEO. The most common regret that directors have expressed to me is not firing the CEO sooner. This article focuses on investigating, and possibly terminating, a CEO for possible misconduct. What follows are best experiential practices for certified management consultants (consultants) to advise on possible CEO misconduct, within a North American context. I canvass the role of a consultant and board in overseeing an investigation.

CEO misconduct is rare if CEO selection is done properly, so many consultants and boards may not have to advise upon or oversee this issue. However, if or when possible, CEO misconduct is occurring, consultants and boards are best served by the process and steps set out below. The advice below is based upon my role as a consultant to boards and special committees and expert witness work involving CEO misconduct investigations. Lists are provided to enhance reading and content.

CONSULTING ADVICE ON AVOIDING CEO MISCONDUCT

The first step is to avoid possible CEO misconduct

to begin with. The following mechanisms are all reasonable steps that a consultant and board may take to detect and mitigate against any possible CEO misconduct, at and beyond the hire stage by the Board:

A. Reference, resume, background, integrity, criminal record, and social media checks prior to hire, for internal and external CEO candidates;

B. A personality test (or behavior and value testing) of the incoming CEO by an external search firm / industrial psychologist, prior to hire, for red flags, values, and cultural fit;

C. Regular workplace culture surveys that measure toxicity, pressure, etc., with summary results provided to a committee of the board (committee) and board;

D. Evaluation of the CEO that includes direct reports and certain stakeholders (e.g., 360), with CEO collaboration into the evaluation methodology and tool, and summary results reported to the committee and board;

E. Just cause defined in a CEO's contract to include breach of the code of conduct, or a similar ethical conduct breach, with a fair process for making this determination;

F. Metadata search of executives' emails to detect possible wrongdoing or misconduct, with legal compliance and notice of this data search;

G. A clawback or behavioral gateway clause in the CEO's contract to include breach of ethical conduct or the code of conduct, with fair process, after which awarded cash or vested equity may become forfeited;

H. An anonymous, communicated, remedied, and anti-retaliatory whistle-blowing policy, including at the executive level, so there is a greater likelihood that any potential wrongdoing by the CEO comes forward to the committee or board; and

I. Retaining independent legal counsel to draft

the CEO's contract on behalf of the board, with protections including just cause, termination, non-disparagement, non-solicitation, non-competition, confidentiality, restrictions on outside activities, use of company assets, code of conduct, and other contractual mitigants of wrongdoing.

POSSIBLE FORMS OF CEO MISCONDUCT

The decision by a consultant to advise upon, or a board to oversee an investigation of, potential wrongdoing or conduct concerns of the CEO should be based on facts and evidence received or known by the consultant and board. Here are examples of CEO misconduct in no particular order. This listing is instructive for a consultant and board to view the various forms of CEO misconduct encountered.

A. Alcohol, drug, or other substance abuse;

B. Mistreatment of employees, including loss of temper, threats, swearing, intimidation, hostile work environment;

C. Discriminatory behavior, causing adverse career effects on other executives or employees, on any prohibited ground;

D. Any type of dishonesty, that includes possible fraud;

E. Any form of sexual misconduct;

F. Expense account abuse, including payment of personal expenses, without knowledge of the board;

G. Exceeding delegated transaction authority without knowledge of the board;

H. Using company assets to benefit a family member(s) without board knowledge;

I. Sharing of confidential information to benefit a family member(s);

J. Recording of meetings and discussions, without knowledge of the board;

K. Hiring or over-compensating a family member or another individual, without knowledge of the board;

L. An extramarital affair by the CEO with another employee or a vendor without knowledge of the board;

M. Association with an individual with a criminal past, and receiving such an individual on company premises;

N. An adverse personal tax audit or finding without knowledge of the board;

O. Cash payments used for certain transactions by the CEO, and a safe or cash room on company premises that contains cash with defective controls;

P. Material disparagement of the chair and other directors by the CEO to other executives;

Q. Transmission of pornography on company computers and servers by the CEO;

R. Taking advantage of corporate opportunity, for the CEO or a family member of the CEO, without board knowledge;

S. Purchase of company assets (related party transaction) at under market price without board knowledge;

T. Receiving inflated, above market compensation with knowledge of the board chair, or with knowledge of the board and compensation committee chair, but without knowledge or written approval of the committee or board;

U. Providing consulting payments to the board chair by the CEO without board knowledge;

V. Providing assets of the company by the CEO or the CEO's proxy to independent directors without shareholder knowledge or proper accounting treatment;

W. Receiving consent from the board chair to take certain (illegal, high risk) action without

CONSULTING ADVICE ON INVESTIGATIONS INTO POSSIBLE CEO MISCONDUCT (CONTINUED)

knowledge of the board, or without any directors' knowledge;

X. Not devoting full time and attention to the CEO's role and job description, without board knowledge;

Y. Knowingly falsifying a customs declaration record with knowledge of one committee chair, or a regulatory declaration without board knowledge; and

Z. Repeated, chronic related party transactions without board knowledge or independent review.

A CONSULTANT SHOULD RECOGNIZE THE RED FLAGS

There are "tells" and red flags that are revealed by actions, circumstances and body language when a CEO is possibly engaging in misconduct or lying to a committee or to the board. Consultants should be aware of these red flags. Some of these include, in no particular order:

A. The CEO's behavior changes to become more controlling and micromanaging of direct reports and accounting and financial reporting in particular.

B. The CEO's behavior changes to block access, progressively, to direct reports and information by the board or a committee.

C. The CEO takes an unusually strong interest in director recruitment and governance.

D. The CEO is the corporate secretary, or the corporate secretary is the executive assistant to the CEO.

E. The CEO is strongly opposed to in camera sessions of only independent directors.

F. There occurs the use of long serving and beholden consultants and other advisors and gatekeepers hired by the CEO and other executive management to provide support for executive action and shield board scrutiny.

G. A long serving separate board chair and CEO with a personal relationship (e.g., friendship).

H. Any advice received by the board, if at all, is funneled by the CEO, and the CEO heavily influences the selection of any advisor to be beholden to the CEO.

I. Personal email is regularly used by the CEO and other executives for company business.

J. There are weak controls over external and political activity, donations, and lobbying.

K. The document retention policy for the company is not updated to current law or non-existent.

L. The app Signal (or the equivalent) is used to communicate among senior executives (whereby the texts disappear after a certain time and are difficult to restore).

M. There is a lack of financial literacy on the audit committee and board.

N. There are long serving external auditors, and non-audit related services.

O. The CEO and other senior management interact with board and committee chairs alone.

P. The board or a committee chair, without board knowledge, or in some cases the entire board, regularly receive company perquisites.

Q. Transactions occur in high-risk, immature, or unregulated areas.

R. The CEO blocks the board from seeing all relevant books and records.

S. Management, with direction from the CEO, has drafted all governance documents.

T. There is predominantly the use of PPT slides for updates and obtaining board approval.

U. There are meetings (formal or social) involving the CEO, with certain directors deliberately

excluded.

V. The CEO prefers oral commentary to the board.

W. The CEO has multiple affiliates, including a numbered company(ies) and offshore activities.

X. There are a high number of non-arms-length, sole-sourced contracts, without board knowledge.

Y. Success or commission fees are paid without work product.

Z. The CEO displays microaggression, stress, defensiveness, or anger during board and committee meetings.

CONSULTANT'S ADVICE ON DISCIPLINING AND INVESTIGATING A CEO

Unethical conduct and other forms of wrongdoing normally occur in escalating progression by wrongdoers. A board is protected by the Business Judgment Rule, provided that the board exercises business judgment. Each director has a duty of care, which is to act as a reasonably prudent person would act under similar circumstances.

With CEO conduct, when red flags are observed, it is important for a consultant and the board to act in the immediate term. By not doing so, each signals to the CEO and other management what type of conduct is acceptable. There are steps that can be taken for progressive escalation attempts to cure the CEO's misconduct prior to approving a formal investigation. It is important for these escalating steps to occur to establish business judgment and a duty of care. A reasonably prudent person under similar circumstances would act when one of more of the red flags above are observed or detected.

A consultant and directors should assume that when they observe, read or hear of possible CEO misconduct, or red flags, this is precisely what an expert witness or regulator will see, read and hear when all books and records are produced

in litigation or another adverse proceeding. In other words, it is a risk for a consultant or director to be of the view that inaction will not be detected in a later adversarial setting. Here are steps for progressive escalation of possible CEO misconduct upon which a consultant can advise and that a board can use prior to approving a formal investigation:

A. An in camera session of independent directors to discuss concerns over the CEO's possible misconduct.

B. A meeting between the board chair and vice chair (or two similar independent directors) and the CEO, with a note to file or letter to the CEO (or both) after the meeting.

C. A collective discussion with the CEO at a board meeting, followed by or accompanied by a note to file or letter to the CEO, respectively.

D. Formal coaching and development of the CEO, with the consultant selected by the board and regular written reporting on coaching sessions and progress, and likelihood of recidivism, provided to the board by the consultant.

E. An immediate vacation of two weeks of the CEO, directed by the board, for mental health or rejuvenation.

F. A letter of concern to the CEO from the board.

G. A letter of reprimand to the CEO from the board.

H. Termination of the CEO if the facts and circumstances are known or apparent to the board, and an investigation would not add anything substantive in the board's business judgment; and

I. Approval by the board of a formal investigation into the CEO's possible misconduct.

WHEN TO INVESTIGATE?

A criterion for advice by a consultant, or a decision by the board, to investigate a CEO's

CONSULTING ADVICE ON INVESTIGATIONS INTO POSSIBLE CEO MISCONDUCT (CONTINUED)

possible misconduct does not have to be a pattern of misconduct, but can be a single incident depending on the event or context. The materiality threshold to investigate should not be financial but reputational, which is broader in scope and normally with a lower threshold.

A threshold for an investigation may also be lack of knowledge by the board, and a desire for an independent investigation of the facts and rendering of an opinion, with which a consultant may assist.

I will now outline the importance of establishing a special committee early on when the possible misconduct becomes known to the board or consultant. A consultant should advise this special committee.

CONSULTING ADVICE ON AN INVESTIGATION OF POSSIBLE CEO MISCONDUCT

Here are best practices for consulting advice and board oversight of an investigation into possible CEO misconduct:

A. There should be an ad hoc special committee of the board (special committee) established by the board, composed of independent and disinterested directors possessing relevant and documented competencies to oversee the investigation into the CEO's possible misconduct.

A special committee is independent of management and has authority to commit resources, make payments, and direct interested parties (including management and the CEO and a director(s), as applicable) to stand down and discontinue inappropriate influence. A special committee is a different type of committee of the board than a standing committee. Many directors may, in their entire directorial career, never have served on a special committee, so it is important to receive proper and independent advice from the consultant from the outset.

A special committee that allows itself to be influenced by any interested party, or is not

fully independent, or does not receive proper independent advice (e.g., independent consultant and, in no particular order and without limitation, a fairness, forensic, legal, sexual misconduct investigatory, or valuation consultant, as the case may be), can be fatal to the findings and recommendations emanating from the special committee.

B. There should be an independent and disinterested independent advisor(s), including special independent counsel and an independent consultant(s), possessing relevant competencies, to assist and advise the special committee in the investigation of possible misconduct by the CEO.

C. Internal management counsel and external management counsel are not independent because they have a pre-existing employment, commercial, and advisory relationship with the CEO and company. The special committee should appoint special independent counsel to assist and advise the committee and draft the special committee's terms of reference. The terms of reference include the right to appoint a consultant(s) and instruct payments and retainers within a very short period of time given the cadence of a special committee, with summary support only provided to the finance department. Detailed time and activity logs containing references to research, work and advice provided to the special committee should be retained by the special committee until the conclusion of the investigation.

D. The special committee reports to the board (or, if or as applicable, a subset of the board containing independent and disinterested directors). The special committee or the board must not in any way participate in the investigation. The special committee has resources and autonomy to appoint consultants to undertake the required work and to report to the special committee. The special committee must remain independent from the investigative work being undertaken at all times and play a review and recommend role only. Otherwise, the special committee's independence may be challenged.

E. To the fullest extent practicable, to ensure the data integrity and confidentiality of the special committee and the investigation, the company's information systems (e.g., board portal, emails, virtual meeting technology, intranet, other) should not be used by the special committee or its consultants during the investigation. Special independent counsel should have such resources available, and provide them for the duration of the investigation.

F. A time frame for the investigation should not be promised or represented in advance or in any way by the special committee. If any time pressure by any interested party or any other party, including a shareholder(s), elected political leader(s), or a Counter Party with any interest in the outcome of the investigation, is exerted on the Special Committee, that Party(ies) should be directed by Special Independent Counsel to stand down. A Special Committee that has an accelerated time frame may be challenged on the basis of not fulfilling its Duty of Care. Courts have criticized Special Committees for not allocating proper calendar and meeting time.

G. Special independent counsel, in conjunction with the consultants, should instruct all relevant management and other employees to preserve all books and records and not take any adverse action against or communicate in any way with any prospective witness about the investigation, and advise on sanctions for not doing so.

H. Special independent counsel should instruct all special committee members and other directors to take all reasonable steps to ensure confidentiality and integrity of the investigation and advise on sanctions for not doing so.

I. Special independent counsel should take all reasonable steps to ensure that all interested parties do not possess any unauthorized information concerning the investigation.

J. The consultant(s) should be afforded adequate time by the special committee to conduct the investigation, which will involve terms of

reference, methodology, document reviews, witness interviews, findings, conclusions, and recommendations.

Each consultant(s) participating in the conducting of the investigation should be reviewed by special independent counsel for any relationship, direct or indirect, to the CEO or to any director, and their qualifications.

K. There may be additional consultants retained by the special committee, depending on the nature of the possible wrongdoing (forensic, fraud, transaction fairness, sexual misconduct, valuation, etc.), in the sole decision of the special committee, with advice from special independent counsel.

L. Special independent counsel includes lawyers within the special independent counsel's firm, who are retained as necessary to advise the special committee.

M. A special committee is labor intensive. If permitted under legislation or regulation, the chair of the special committee and other members should be fairly and reasonably compensated.

N. Special independent counsel, in conjunction with internal counsel and external counsel, should review and recommend to the board, as or if necessary, cooperation, anticipated credit, and disclosure to a regulator if there is an independent parallel regulatory investigation, on the special committee's and independent consultant's activities, findings, and reports. Generally speaking, a regulator looks favorably upon cooperation and a properly constituted special committee that is engaged in overseeing an independent investigation.

O. Legal advice should be provided to the special committee on whether part or all of the investigation is protected by solicitor-client privilege or litigation privilege, thus protecting external disclosure, if (i) legal advice was being provided by lawyers to the company during the course of, or with respect to, the investigation,

CONSULTING ADVICE ON INVESTIGATIONS INTO POSSIBLE CEO MISCONDUCT (CONTINUED)

and the company intended for this communication to be confidential; or (ii) it was reasonably expected or contemplated that litigation would ensue resulting from the investigation, e.g., the investigation is inherently adversarial. The facts learned during the course of an investigation are not privileged.

P. Management should cooperate fully with any and all requests for books and records in respect of the investigation made by the special committee, special independent counsel and the consultant(s) retained by the special committee.

Q. Witnesses may be afforded the opportunity to meet with the consultant(s) outside of business hours, or otherwise, and away from company premises in order to preserve any anonymity granted by the consultant(s) or requested by witnesses, to insulate from possible adverse treatment and promote candor and disclosure. The consultant(s), in their report to the special committee, may redact a witness(es) name within the report to enhance the likelihood that adverse witnesses may come forward to be interviewed by the consultant.

R. The CEO may be instructed by the special committee to take a paid leave of absence during the investigation in order to enable real and perceived unimpeded access to books and records and witnesses by the consultant(s). The CEO may also be directed to preserve all books and records and not to contact any prospective witnesses. If the CEO takes a paid leave, which given the nature of the CEO's position is advisable, it should be clearly communicated to the CEO and employees by the special committee or board that no adverse inferences should be drawn by this absence. An acting CEO should be appointed by the board.

S. The CEO should be allowed to speak to the special committee and respond in writing to the special committee's report and consultant's(s') report, and to the board. The CEO should be allowed access to all relevant books and records to mount a full answer and defense.

T. Special independent counsel should not permit any interested party (including the CEO, other management, and management-retained advisors) to receive unequal, preferential and unfair treatment, as the case may be, by a special committee, and should promptly remedy any other defect or activities of the investigation or the special committee: in relation to interested parties; in relation to the confidentiality of information; in relation to the leadership, independence, competencies, and composition of the special committee; in relation to pressure or undue influence upon the special committee by an interested party(ies); and in relation to any lack of independent and disinterested consultant(s) to the special committee.

U. The board should be provided with complete reports and recommendation(s) of the special committee and any and all consultants (not summary reports) in advance of the meeting of the board to consider the results and recommendations of the investigation, and allowed time to read and digest such reports and recommendation, as the case may be, prior to review and approval by the board.

V. The board (independent and disinterested directors) should possess relevant information and key facts from a full independent investigative report prior to reviewing and approving recommendations made from the special committee.

W. The final report from the special committee to the board should be fulsome, substantive, and exhaustive, supported by committee member and independent review, analysis, and presentation.

X. The CEO and other management should be instructed to leave the room during all or parts of this report into possible CEO misconduct from the special committee and its independent advisors to the board.

Y. The consultant(s) should be instructed to leave the room during all or parts of this report, so those who remain in the room are the special

committee and independent and disinterested members of the board.

Z. The above processes should require sixty to ninety days of calendar time.

A CONSULTANT'S ADVICE ON THE CEO'S PROCEDURAL RIGHTS

The CEO's procedural and fairness rights must be protected throughout the entire investigation (special independent counsel will take all reasonable steps to ensure this). This is critical, and includes:

A. The absence of interestedness and bias in the investigation, consultants, the special committee, and the board;

B. That a complete and impartial investigation is carried out in a timely manner;

C. That the CEO is provided with any and all allegations of possible misconduct in a timely manner;

D. That access is provided to the CEO to required information in order to mount a full answer and defense;

E. That the CEO is afforded adequate opportunity to be represented by counsel;

F. That the CEO is provided with an ability to respond and present evidence, including, directly or indirectly, questioning adverse witnesses;

G. That preliminary or interim findings or recommendations from the investigation, as the case may be, be kept in confidence during the investigation, and that no premature leaks or adverse findings to the media occur prior to the completion of the investigation;

H. That the CEO is provided with the criteria upon which a decision is, will be, or was made;

I. That the CEO is provided with all relevant information in advance of a recommendation and decision, including a copy of the report by the consultant(s);

J. That the CEO be afforded adequate opportunity to speak to the special committee and to the board;

K. That the CEO be provided with reasons in writing for a recommendation from the special committee or decision by the board, including the application of criteria to the facts;

L. That a decision on the CEO's possible wrongdoing is reasonable on its face, applies criteria to facts, and is not arbitrary; and

M. That the legitimate and reasonable expectations of the CEO were fulfilled.

INVESTIGATING CEO MISCONDUCT: IMPLICATIONS FOR CONSULTANTS

The foregoing process will ensure that, if or when possible, misconduct by the CEO occurs, a consultant should advise upon, and the board should take the appropriate steps to oversee an independent investigation and, in turn, advise upon and take necessary steps based on the results of this investigation, including termination.

Adopting the above steps by a consultant will protect any board and company, and provide procedural rights to the CEO whose conduct is being investigated. Certified management consultants, in adopting the above steps, will be well served to advise Boards on CEO misconduct investigations.



CONSULTING ADVICE ON INVESTIGATIONS INTO POSSIBLE CEO MISCONDUCT (CONTINUED)

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BUSINESS MODELS OF CONSULTING FIRMS: WHAT DO THEIR LEADERS NEED TO KNOW?

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ABSTRACT

Management consultants have found the business model concept to be a useful consulting tool. This article explores its application to management consultancy itself, identifies some business models used by consulting firms, and explores what information leaders of management consulting firms need in order to check whether their business models are right for their markets, and working appropriately.

INTRODUCTION

The concept of business model has become an important item in the menu of consulting companies, particularly for projects in areas such as strategy, marketing, digitalisation, or supply chain, while it may also be an important part of the context for other projects, such as in finance, human resources, and project management (Wirtz et al., 2015). Business model has many definitions, but as defined by Osterwalder (2004), one of its leading proponents, though not its first, bridges the gap between business strategy (mainly positioning, objectives, and goals of a company) and business processes (how a company delivers value, and particularly how it uses information to do so). Osterwalder's own work identifies a lack of agreement on the meaning of the term, but that does not negate its usefulness.

Some academic authors find it hard to distinguish business model from business strategy, but various attempts have been made to clarify the question (e.g. Casadeus-Masanell and Rocart, 2010). However, many business users have found it a liberating concept, enabling them to develop a shorthand for types of decisions which combine strategic and operational issues. A study nearly twenty years ago identified its benefits in terms of creating a transparent

picture of the business, clarifying the business's relationships and dependencies, creating a commonly understood language to describe the business and its strategic options, and stimulating fundamental questions about the business (Osterwalder and Pigneur, 2004). In airlines, for example, the differentiation between low-cost, hub-and-spoke, and flag carrier models is well understood, as is the difference in retailing between clicks, bricks and omnichannel (Stott et al., 2016). More generally, the distinction between a physical product model and a services model (and how to combine the models) is a central issue in manufacturing companies. The concept of business model has also been applied to public service bodies such as public transport or cities, or even whole countries.

THE ESSENCE OF BUSINESS MODELS

The essence of business model descriptions is that they are generalised, not attached to particular sectors or functions (though their terminology might be). For example, the direct insurance model introduced in the 1990s (Stone et al., 1997) is a direct-to-consumer model that challenged an intermediated model. In time it was extended to banking, public utilities, and a whole range of services, and eventually merchandise. The low-cost airline model was a variant of this same model, while the hub-and-spoke model (where passengers are flown into a hub e.g. in the Gulf, SE Asia, and thence to another destination), can be seen in other transport modes e.g. rail (typically through capital cities such as London and Paris), but also to other industries where lower cost for the customer can be achieved by bundling several services together to achieve economies of scale.

WHO USES THE BUSINESS MODEL CONCEPT

Many studies (e.g. Clauss, 2017) confirm a positive relationship between focus on business model innovation and organisational success. This correlation might well have been strengthened

by the turbulence of the last decade, the causes of which range from the rise of the platform economy, to Covid-19 and the Ukraine war. One reason for this correlation may be the focus of new business models on customers who are poorly served by incumbents, or not served at all. However, incumbents may take the initiative by adding business models, whether or not in response to a business model challenge (Kim and Min, 2015). The additional model may operate in the same market, as was the case for HSBC with the model of First Direct (Markides and Charitou, 2004).

Mature users of the business model concept understand how adherence to a particular model may limit available strategies, while strategic choice includes the choice between models. These users also understand the intimate link between business model and competitive strategy (Bereznoi, 2015), particularly the need to defend against competitors using models that are more effective for part or all of the company's target market.

Combining the concept with project management disciplines can help to prevent the "Day 1" problem of strategic consulting, a reference to a lack of clarity about how to turn a strategy into reality, particularly when the recommendation is transformation to use a different business model or moving to multiple models, which brings with it additional problems of managing complexity (Snihur and Tarzijan, 2018).

One difference between business-to-business and business-to-consumer models is that the former are (and sometimes have to be) more apparent to customers, although in the age of the web, this is less true than it was, due to the accessibility of information to consumers about providers. However, in both cases, marketing plays an important role in ensuring that whatever aspects of the business model need to be understood by customers are understood in practice.

CONSULTING FIRM MODELS

But what about consulting firms? What are their business models? There are many suggestions concerning models available to consulting firms (e.g. Brandon-Jones et al., 2016; de Man et al., 2016; Kruger and Teuteberg, 2018; Tavoletti et al., 2022), but some refer just to differences in style or in elements of activity e.g. the extent to which the consultancy firm diagnoses problems or is involved in creating or implementing solutions, the relative roles of consultancy firms and clients in different elements or stages of a project. The same applies to focus on different functions (marketing, finance etc.) stages of the value chain e.g. finance, marketing, purchasing, logistics, or even specialised topics such as regulatory compliance or governance. These are not, in our view, full business models.

Below are our suggestions of management consulting business models. Models may be and often are combined. No list of models can be definitive (ours is certainly not!), as the very essence of competitive business model development is to find an approach that will defeat competitors' models. It is the process of thinking about and implementing models and keeping them under review that is important.

THE THOUGHT LEADERSHIP/ KNOWLEDGE OWNERSHIP MODEL

Thought leadership is important in senior management decision making. Presentation and distribution of content is critical, as is the deep engagement of consultants with senior managers' decision-making and strategies. The consultancy firm needs the credibility and brand to persuade clients that engagements based on thought leadership will be productive. In some cases, this model is based on possession of specialised knowledge not available elsewhere in the market, usually derived from deep experience of dealing with particular problems or sectors. For example, in project management, a very specialised approach is required for projects in high reliability organisations (e.g. nuclear power, defence), where a much higher level than normal is required

BUSINESS MODELS OF CONSULTING FIRMS: WHAT DO THEIR LEADERS NEED TO KNOW? (CONTINUED)

in areas such as consultant expertise and project management data. Sometimes, this model is based on research or database development. This approach may also involve the development of partnerships with other specialised providers of complementary services. It may also be combined with or lead to a focus on projects which are innovative for the client.

The generalised management excellence model

This includes realism in project management, clear and regular communication, accurate timekeeping, timely reporting, strong quality assurance, effective collaboration, strong process quality, information technology optimised for rapid and high quality project delivery, ability to supply work at any school no matter how short the notice, recruitment and retention of top talent, and focus on combining customer service and satisfaction with financial control and utilisation, with avoidance of negatives, such as poor visibility, scope-creep, and weak information. Usually, an essential element of the route to profitability here is leverage of (usually) young, lower paid staff to create high value, through processes, etc.

The standardised solution(s) model

These firms focus on assignments where one or more standardised solutions that they provide can be used. Re-using the model allows it to be sharpened and made more effective, and perhaps partly or even fully automated (and thus cheaper).

The (networked) body shop

This is a model for providing manpower to carry out (usually pre-defined) roles in a company, often associated with change management. This is usually associated with smaller consultancy firms, even single practitioners, perhaps working together in networks, but may be used by larger firms. This approach may be combined with a 'pay as you go' payment model.

The diagnostic system/data-based/virtual model

This is the provision of systems and/or data to

allow a client to diagnose its own problems and design and implement its own solutions, with consultants coaching clients in their use, perhaps virtually. The latter tends to have been relatively weak, but in an age of AI, the full automation of recommendations, even when applied to detailed processes, no longer seems a dream. Elements of this model include:

- Focus on acquisition and development of new knowledge and digital assets through talent scouting, mergers, and acquisitions
- Development of an ecosystem and development
- Use of relevant platforms

The differentiated positioning model

This requires strong subject matter expertise combined with a record of successful projects in target markets. Specialisation may be by type of project, industry, geography, culture, or some combination of these. This cannot be the sole definition, as many firms specialise in this way. There must be some differentiation from other firms. The classical specialisation of technology, strategy and operations is also not enough to differentiate, though it may be a start point. A good example would be the rise of consultancies which handle end-to-end marketing communications, from systems through to campaign design, delivery, and execution. The relationship between degree of specialisation and expertise is a complex one. Some work has been carried out to identify the different degrees of specialisation required for success. However, this is likely to vary by market focus.

The co-evolution/long-term partnership model

This is a well-established model, often visible within sectors. It can be expressed as "we go where you need us to go or where we think you (the client(s)) ought to go". It can have special features, like close relationships with industry associations and exchange of staff. One way in which new business models are developed is in response to developments in clients. We have

researched this under the title of 'reciprocating business models' (Stone et al., 2021). New client requirements may lead to new ways of supplying services to them or the provision of new services, while new consulting services may stimulate clients to develop new models of generating value. These may include anything from how they work with their suppliers and networks through to how they deliver value to their own customers.

INFORMATION REQUIREMENTS FOR LEADERS

One of our research foci is information and knowledge management. A topic of particular interest to us is what consultancy firm leaders need to know to identify whether their business models are right for their markets, or even if they are working at all. Our work in this area has focused both on this issue, researched in relation to a range of businesses in media and communications, financial services, travel, information technology, higher education, and retail (Parnell et al., 2018), and on the role of consultants and analysts in providing relevant information (Parnell et al., 2017). Our research had several implications for consultancy companies, such as:

1. The importance of board-level focus on the business model question, from questioning its definition, to identifying how it is or could be applied to the firm.
2. The need for those working on market or business insight to include a focus on business models.
3. The need for hard evidence, typically from customers, suppliers, and business partners, as well as from the company's own financial and other sources, about how well its model(s) are working, partly to avoid what can be a self-congratulatory approach to interpretation of business model success.
4. The need for prioritisation and speed in responding to challenges based upon models. In one company researched, the business model

question was the subject of formal annual review as part of the planning process.

5. The need to focus on the capabilities needed for any change to business models, e.g. in human resources, systems, and partnerships.



BUSINESS MODELS OF CONSULTING FIRMS: WHAT DO THEIR LEADERS NEED TO KNOW? (CONTINUED)

SPECIFIC INSIGHT NEEDS

Classic insight for consultancy firms would normally include items such as financial performance, utilisation, customer satisfaction

and loyalty and perhaps specific project quality measures e.g. proportion completed on time/budget. However, insight that is model-specific might include the items shown in Table 1.

MODEL	Examples of specific insight needs. These should always include:
	<ul style="list-style-type: none"> Actual performance Client perceptions of their importance Client perceptions of the performance of the consulting firm in each area, relative to competitors Existence/status of improvement plans
THOUGHT LEADERSHIP/ KNOWLEDGE OWNERSHIP	<ul style="list-style-type: none"> Innovativeness/harnessing trends Identification of whether ideas are being produced that challenge conventional thinking Benchmarking of thought leadership production against competitors Listings of areas of knowledge advantage
GENERALISED MANAGEMENT EXCELLENCE	<ul style="list-style-type: none"> Detailed performance parameters Application of industry best practice
STANDARDISED SOLUTION(S)	<ul style="list-style-type: none"> Frequency of use of solution(s) in contracts Use of hybrid working models to improve speed/effectiveness of deployment of solutions Value for money provided by solution(s)
(NETWORKED) BODY SHOP	<ul style="list-style-type: none"> Size and quality of network Success of deployment/knowledge transfer Value for money provided
DIAGNOSTIC SYSTEM/DATA-BASED/VIRTUAL	<ul style="list-style-type: none"> Listing of characteristics of systems/data, advantage derived from them Benchmarking of achievement against competitors
DIFFERENTIATED POSITIONING	<ul style="list-style-type: none"> Identification of differentiation areas Extent of value-focused consulting based on proprietary assets
CO-EVOLUTION/LONG-TERM PARTNERSHIP	<ul style="list-style-type: none"> Identification of partnerships Extent of enhancement of own and client human capital

Table 1: Insight needs for different business models (Source: The authors)

CONCLUSION

The idea of a business model has been a great addition to the consulting armoury, not just for firms involved in strategic consulting and transformations, but to all those working at the interface between strategy, processes, and operations. The benefit of the idea is that it provides a framework for developing new value-focused ways of doing business, to gain market share, fend off competition, and so forth. To achieve these benefits, consulting firm leaders

need to consider which models can be used (and developed) by their business and how they might create value advantage for customers and/or competitive advantage to the firm. For this to happen, business leaders need information that interprets market and business developments in terms of business models.

They need to use this in regular, detailed reviews about the model options available to them and how they can be achieved.

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The Management Consulting Journal is supported by FMR Research Ltd

