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# Emerging Issues in Global Management Consulting. The Roland Berger Case

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## *Abstract*

*Consulting underwent many significant changes which resulted in important and structural modification of the whole business.*

*In the 1980's consulting was mere advisory for CEOs: the growth of potential users brought to the development of specific competences and approaches, thus creating new competitive positioning and a differentiated range of offers by industries and practices.*

*Nowadays significant changes occurred to skills required for global markets. Today companies are required to maintain high growth rates, manage value and be profitable and efficient.*

*Consulting companies involved in such processes provided clients with 'body rental' services to support them in the operation/process reengineering areas as well as in the outsourcing of non core processes.*

**Keywords:** Global Management Consulting; Management Consulting; Outsourcing and Management Consulting; Management Consulting Corporate Values; The Roland Berger Case

## **1. Once upon Management Consulting**

Consulting underwent many significant changes which resulted in important and structural modification of the whole business, a process well known to a seasoned consultant like me.

Those who started working in consultancy in the 1980's certainly remember the pioneer-like way we approached projects, taking hints from the first strategy devoted books and from the experiences of other countries.

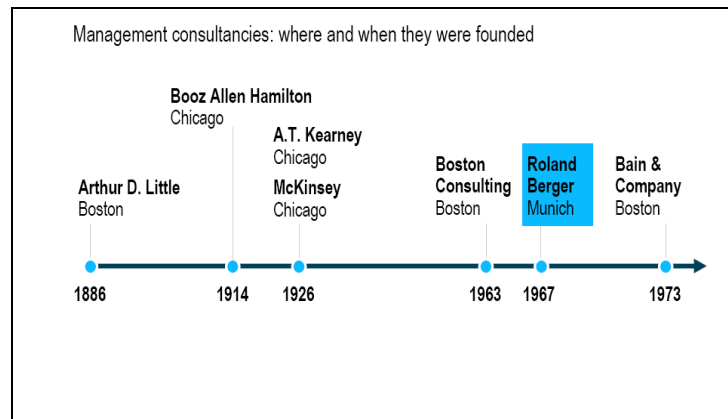
The first weeks spent working with a new client were unforgettable: the main objective of a consultant was to understand the client business, that is exactly the client activity and not the business model. It was necessary to get familiar, as soon as

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possible, with the company culture and policies to be able to cooperate with the client and succeed together in discovering new growth opportunities, developing new products, redesigning the organizational structure or implementing it (Figure 1).

**Figure 1: Management Consultancies: Where and When They Were Founded**



Those were the years of the first projects on marketing, product innovation and new distribution strategies. Consulting, which was 'strategic' by definition, was a kind of bridge with the outer world, a means to import innovations to face with in a primitive globalization phase.

At that time consulting was mere advisory for CEOs: the growth of potential users brought to the development of specific competences and approaches, thus creating new competitive positioning and a differentiated range of offers by industries and practices.

Nowadays the general approach is still the same: significant changes occurred to skills required for consultancy and the different perception of its value added.

## 2. Core Business, Outsourcing and Management Consulting New Skills

Today companies are required to maintain high growth rates, manage value and be profitable and efficient. Strategic priorities underwent radical changes:

- strong focus on core business which resulted in higher specialization, sale of side business and outsourcing of non core activities;
- attention to globalization: to satisfy growth needs and to face global competition;
- innovation, flexibility and adaptation to changes (turnaround, products, processes, ...).

All these issues caused significant internal changes which strongly reflected on consulting:

- internal competences have become stronger and the whole management (not only first line) has grown professionally;
- project like activities have become part of the usual tasks of many resources which devote to them much time and efforts;

- the setup of an adequate information network, strongly supported by media globalization, allows to know in real time news and data of strategic importance;
- the external support, when requested, must be extremely specialized in order to master all competitive issues deriving from globalization.

Consulting companies involved in such processes had to adapt to these new needs: they provided clients with ‘body rental’ services to support them in the operation/process reengineering areas as well as in the outsourcing of non core processes. At the same time, they acquired the necessary industry expertise and change management competencies to support clients in their strategy definition and organization growth.

This growth, strictly connected with the higher specialization, became one of main drivers and the link between the present and the future of consultancy. Complexity and all its relevant management levers is an area companies care much for in order to define their evolution (strategic, operational and organizational) and to maintain flexibility and profitability at the highest levels.

Management consulting, which had a tighter link with strategic and organizational issues, had to face a double challenge: develop change management competencies and gain the highest industry know-how to be able to provide clients with highly specialized value added services.

This change had a strong impact on consulting business model: to maintain a high value of delivery to the client projects timing became shorter and fewer resources were staffed on projects.

Restructuring or concentration projects are an exception: they still require the involvement of many external resources in order to attain shortly the targets of organizational and business implementation.

### **3. Stakeholders Management. The Roland Berger Experience**

Within consultancy there is a third challenge which Roland Berger is ready to face. In the areas of strategy and change management, consultants are de facto those who lead and implement strategic decisions taken by top management. There is another area, often underestimated, which is extremely important in corporate strategy management; that is the relationship with the stakeholders, i.e. all those who are directly interested to the company, for different reasons.

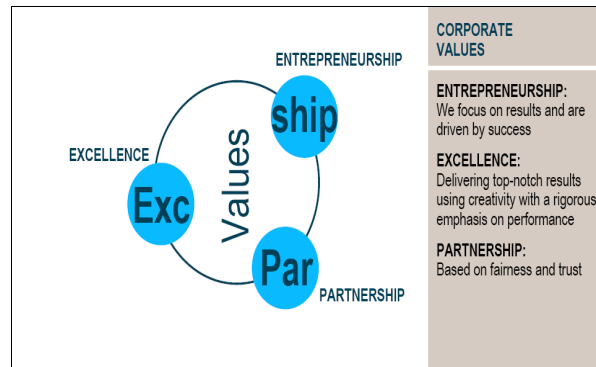
It is a very sensitive area since groups with different and conflicting interests face themselves and the conflict may stop or slow corporate policies development. The so called management syndication gives way to a new consulting stream: consultants make available to companies their negotiation capabilities and generally act as a third neutral party within the definition of strong strategic changes. Management syndication derives from and represents a new corporate management culture, typical of a sophisticated and complex industrial structure which derives, I dare to say, from modernization and social democracy.

It is therefore important that consulting companies develop, in addition to professional competences and know-how, also specific values which must be in

line with those of their clients. Working as ‘levers’ of innovation, of complexity reduction and of managerial development implies sharing the entrepreneurial objectives of the client and being responsible for results.

That is why concepts such as entrepreneurship, excellence and partnership are strictly connected to the consultants mission and strongly impact on quality of resources, on recruiting criteria, on compensation systems and on career paths (Figure 2).

**Figure 2:** *Management Consulting Corporate Values*



The consultant profile too is evolving: until some years ago prerequisites for a consultant were the knowledge of foreign languages, orientation to results and problem solving capabilities. Now recruiting parameters include a certain degree of specialization, potential management and relationship capabilities, organization flexibility and negotiation skills, that is a more complex and sophisticated matrix made up of specific competences and management capabilities to act as arbiter and support the harmonic development of client companies.

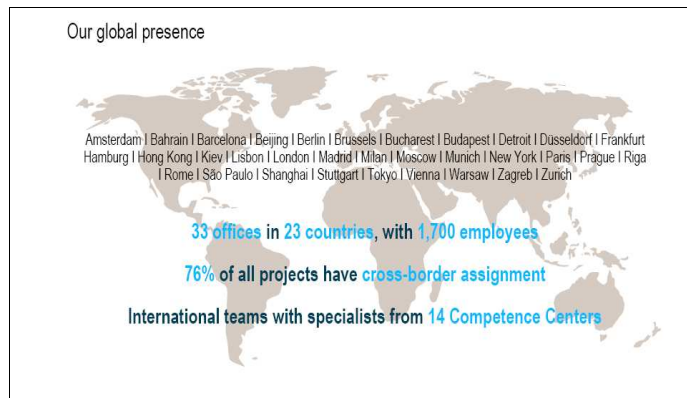
In such a contest globalization is a must for all consulting companies: specialization and managerial competences represent the core and the value of the cross-border services provided.

The lack of internationalization is often a negative aspect of the consultant profile, since there is no capability of framing strategic issues in a more complex and wider area.

It is interesting to underline the cultural matrix and the intellectual capital of consulting companies, most of which prefer to propose approaches and solutions based on consolidated blueprints, generally characterized by american pragmatism. They use to consider the client as a pyramid on top of which sits the CEO; around him they create a network of support and assistance with limited possibilities of inside or outside negotiation, thus creating an ‘ad personam’ consulting.

Consultants are required to be more flexible in managing complexity and more active in the definition of strategies: they must have a ‘quid pluris’ of subjectivity and independence and must share economic, social and ethic values which often derive from a specific history. For Roland Berger the european origin means to be closer to the client and to understand not only his technical needs, but also soft issues which require managerial competences to master all management syndication and political levers.

**Figure 3:** *The Global Presence of Roland Berger*



Notwithstanding all economic, social and industrial changes, the success of a consulting company still lies in the value of its resources, in their entrepreneurial capacity and specificity. Consulting is a profession you cannot learn by reading a book or attending a Master: it is something innate, the fruit of work and experience. It is an industrialized business still characterized by professionalism, intelligence, genius and which still allows everyone to freely express his own attitudes, always aiming the client success!