



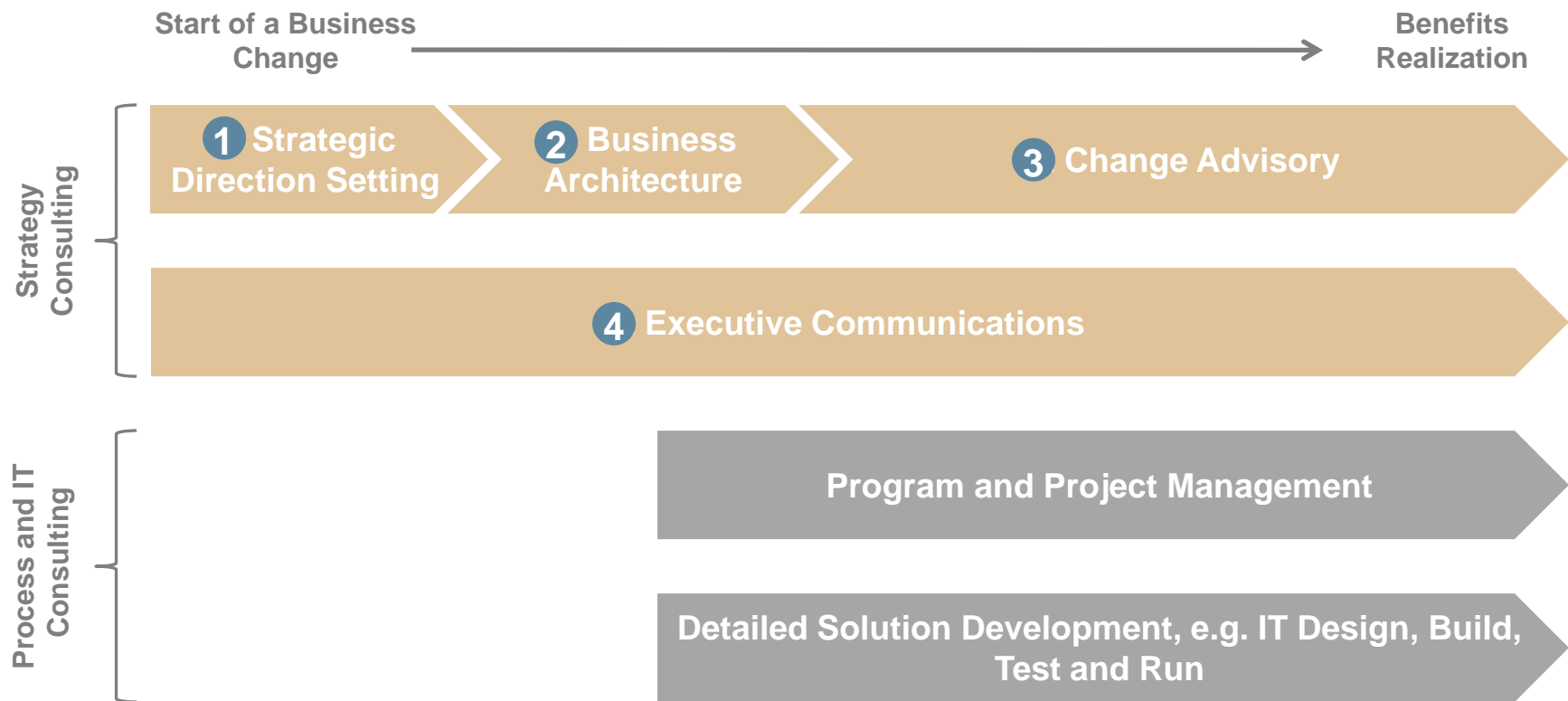
# What Is Strategy Consulting?

## Linksbridge Training Document

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# Strategy consulting helps executives establish business plans, and provides support to implement the change

## What Is Strategy Consulting?





# 1 Strategic Direction Setting identifies and establishes a case for business change (page 1 of 3)

## Typical Strategic Direction Setting Projects

| Project Type                     | Description                                                                                                                                                                                                                                                                                                        | Normal Buyer                                                                                                                                  | Required Resources                                                                                                                                                                                                                 | Common Outputs                                                                                                                                               |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>a. Strategy Development</b>   | <ul style="list-style-type: none"> <li>Formal activity of setting out vision, mission, goals, and objectives of an organization, business unit or function (e.g. IT department)</li> <li>Includes internal and external situational analysis</li> <li>Sub-specialties in operations, HR and IT strategy</li> </ul> | <ul style="list-style-type: none"> <li>Management board</li> <li>Business unit head</li> <li>Functional unit heads (e.g. CFO, CIO)</li> </ul> | <ul style="list-style-type: none"> <li>Three or more consultants</li> <li>Equal number of client counterparts</li> <li>Access to client sites, documentation and subject matter experts</li> <li>For two or more months</li> </ul> | <ul style="list-style-type: none"> <li>Full organizational strategy</li> <li>Outline new target operating model</li> <li>Benefits case for change</li> </ul> |
| <b>b. Opportunity Assessment</b> | <ul style="list-style-type: none"> <li>Survey of efficiency and effectiveness of an organization, business unit or business function (e.g. finance, supply chain, or IT department)</li> <li>Industry better practice models and benchmarks used for comparison</li> </ul>                                         | <ul style="list-style-type: none"> <li>New CxO</li> <li>Incumbent business or functional unit director facing change</li> </ul>               | <ul style="list-style-type: none"> <li>Three or more consultants</li> <li>Equal client team</li> <li>Extensive access to client executives, managers and work force</li> <li>For six weeks</li> </ul>                              | <ul style="list-style-type: none"> <li>Current state diagnostic</li> <li>Opportunity sizing and targets</li> <li>Transformation road map</li> </ul>          |



# 1 Strategic Direction Setting identifies and establishes a case for business change (page 2 of 3)

## Typical Strategic Direction Setting Projects

| Project Type                | Description                                                                                                                                                                                                                                                                                                                     | Normal Buyer                                                                                                                                                        | Required Resources                                                                                                                                                                                                          | Common Outputs                                                                                                                                                                   |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>c. Issues Analysis</b>   | <ul style="list-style-type: none"> <li>Point projects to diagnose and recommend solutions to complex business problems, e.g. How can I raise customer satisfaction without incurring more costs? How much should I be spending on call center infrastructure? Will my IT delivery programs deliver expected results?</li> </ul> | <ul style="list-style-type: none"> <li>Executives with responsibility for complex business areas, e.g. customer service, marketing spend, or IT delivery</li> </ul> | <ul style="list-style-type: none"> <li>One or more consultants</li> <li>At least one client counterpart</li> <li>Access to client sites, documentation and subject matter experts</li> <li>For two or more weeks</li> </ul> | <ul style="list-style-type: none"> <li>Problem diagnosis</li> <li>Options analysis</li> <li>Recommendation</li> <li>Outline business solution and implementation plan</li> </ul> |
| <b>d. Business Modeling</b> | <ul style="list-style-type: none"> <li>Development of an assumptions and numbers-driven model of a business</li> <li>Used for diagnosing opportunities for improvement, sensitivity analysis, and scenarios analysis</li> <li>Often a complicated Excel work book</li> </ul>                                                    | <ul style="list-style-type: none"> <li>Business or functional unit head needing a strong quantitative basis for decision-making</li> </ul>                          | <ul style="list-style-type: none"> <li>One or more consultants</li> <li>One or more client subject matter experts</li> <li>Two or more weeks</li> </ul>                                                                     | <ul style="list-style-type: none"> <li>Business model</li> <li>Accompanying narrative</li> <li>Main conclusions</li> </ul>                                                       |



# 1 Strategic Direction Setting identifies and establishes a case for business change (page 3 of 3)

## Typical Strategic Direction Setting Projects

| Project Type                        | Description                                                                                                                                                                                                                                                                                                                                            | Normal Buyer                                                                                                                 | Required Resources                                                                                                                                                                                                                   | Common Outputs                                                                                                                                     |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>e. Business Case Development</b> | <ul style="list-style-type: none"> <li>Development of a business case for a change program</li> <li>Based on anticipated program benefits and likely costs incurred discounted over time</li> <li>Best when maintained throughout lifetime of program</li> <li>Abused by consultants to make sure their fees are included in future budgets</li> </ul> | <ul style="list-style-type: none"> <li>Change program leader</li> <li>Program's sponsoring committee</li> <li>CFO</li> </ul> | <ul style="list-style-type: none"> <li>One or more consultants</li> <li>One or more client subject matter experts</li> <li>Two or more weeks</li> <li>Ongoing maintenance can normally be completed by client counterpart</li> </ul> | <ul style="list-style-type: none"> <li>Business case</li> <li>Assumptions</li> <li>Sensitivity analysis</li> <li>Accompanying narrative</li> </ul> |



## 2 Business Architecture sets out the operating model and designs that implement change (page 1 of 2)

### Typical Business Architecture Projects

| Project Type                          | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                | Normal Buyer                                                                                                                                  | Required Resources                                                                                                                                                                                                                 | Common Outputs                                                                                                                                                                                                 |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>a. Operating Model Development</b> | <ul style="list-style-type: none"> <li>Detailed development of the new organizational structures, business processes and systems that deliver the new business strategy</li> <li>The new target operating model can be a partial evolution of the existing model, or a completely new way of working</li> <li>Frequently, an organization must step through one or more interim operating models to allow time for the business to adopt change</li> </ul> | <ul style="list-style-type: none"> <li>Management board</li> <li>Business or functional unit heads</li> <li>Change program manager</li> </ul> | <ul style="list-style-type: none"> <li>Three or more consultants</li> <li>Equal number of client counterparts</li> <li>Access to client sites, documentation and subject matter experts</li> <li>For two or more months</li> </ul> | <ul style="list-style-type: none"> <li>Target operating model</li> <li>Interim operating models</li> </ul>                                                                                                     |
| <b>b. Organization Design</b>         | <ul style="list-style-type: none"> <li>Granular view of the organization design supporting the target operating model, i.e. job descriptions, staff numbers, management responsibilities and accountabilities, and performance management</li> <li>Includes analysis of HR lifecycle required to fill roles</li> </ul>                                                                                                                                     | <ul style="list-style-type: none"> <li>HR director</li> <li>Change program manager</li> </ul>                                                 | <ul style="list-style-type: none"> <li>Three or more consultants</li> <li>Equal number of client counterparts</li> <li>Access to client sites, documentation and subject matter experts</li> <li>For two or more months</li> </ul> | <ul style="list-style-type: none"> <li>Overall organization design, job descriptions and staff numbers</li> <li>Management responsibilities and accountabilities, and performance management design</li> </ul> |



## ② Business Architecture sets out the operating model and designs that implement change (page 1 of 2)

### Typical Business Architecture Projects

| Project Type                                  | Description                                                                                                                                                                                                                                                                                                                                                                                                                                               | Normal Buyer                                                                                                                              | Required Resources                                                                                                                                                                                                                 | Common Outputs                                                                                                                                                                  |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>c. Business Design</b>                     | <ul style="list-style-type: none"> <li>Detailed description of the business processes that support the target operating model</li> <li>Often used as the stub for detailed functional requirements for an IT application</li> </ul>                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>Change program manager</li> <li>Business design lead</li> <li>Operations directors</li> </ul>      | <ul style="list-style-type: none"> <li>Completely dependent on scope and complexity of business processes</li> <li>Tends to be larger team for multiple months</li> </ul>                                                          | <ul style="list-style-type: none"> <li>Detailed business process design</li> <li>High-level functional requirements</li> </ul>                                                  |
| <b>d. Enterprise and Systems Architecture</b> | <ul style="list-style-type: none"> <li>Detailed description of the new enterprise architecture and key systems architectures required to support the target operating model</li> <li>Enterprise architecture should show how all the systems available to the organization fit together to support business processes</li> <li>System architecture may include specific application, data, IT and network architectures of individual services</li> </ul> | <ul style="list-style-type: none"> <li>Change program manager</li> <li>IT director</li> <li>IT strategy and architecture leads</li> </ul> | <ul style="list-style-type: none"> <li>Three or more consultants</li> <li>Equal number of client counterparts</li> <li>Access to client sites, documentation and subject matter experts</li> <li>For two or more months</li> </ul> | <ul style="list-style-type: none"> <li>Overall enterprise architecture</li> <li>Individual key systems architectures</li> <li>High-level non-functional requirements</li> </ul> |



### 3 Change Advisory helps sponsoring executives achieve their ambition (page 1 of 2)

#### Typical Change Advisory Projects

| Project Type                                      | Description                                                                                                                                                                                                                                                                                                                                                                                               | Normal Buyer                                                                                                                              | Required Resources                                                                                                                                                                        | Common Outputs                                                                                                                                                                        |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>a. Governance and Portfolio Management</b>     | <ul style="list-style-type: none"> <li>• Design of governance for a change program, i.e. executive responsibilities and accountabilities, gated review processes, risks and issues management, and performance management and reporting</li> <li>• Analysis of performance of programs in a portfolio and recommendations as to whether to continue or stop investments based on likely return</li> </ul> | <ul style="list-style-type: none"> <li>• Management boards</li> <li>• Sponsoring executives</li> <li>• Change program managers</li> </ul> | <ul style="list-style-type: none"> <li>• One or more consultants</li> <li>• Access to client sites, documentation and subject matter experts</li> <li>• For one or more months</li> </ul> | <ul style="list-style-type: none"> <li>• Governance design</li> <li>• Balanced scorecard</li> <li>• Performance reporting design</li> <li>• Portfolio management dashboard</li> </ul> |
| <b>b. Program Planning and Project Initiation</b> | <ul style="list-style-type: none"> <li>• Analysis of effort required to deliver target operating model</li> <li>• Dividing of effort into appropriate work streams</li> <li>• Scheduling of effort to deliver coherent interim operating models, early benefits, and feasible work plan</li> </ul>                                                                                                        | <ul style="list-style-type: none"> <li>• Management boards</li> <li>• Sponsoring executives</li> <li>• Change program managers</li> </ul> | <ul style="list-style-type: none"> <li>• One or more consultants</li> <li>• Access to client sites, documentation and subject matter experts</li> <li>• For one or more months</li> </ul> | <ul style="list-style-type: none"> <li>• High-level program plan</li> <li>• Updated business case</li> <li>• Scope of work for third party bidding</li> </ul>                         |



### 3 Change Advisory helps sponsoring executives achieve their ambition (page 2 of 2)

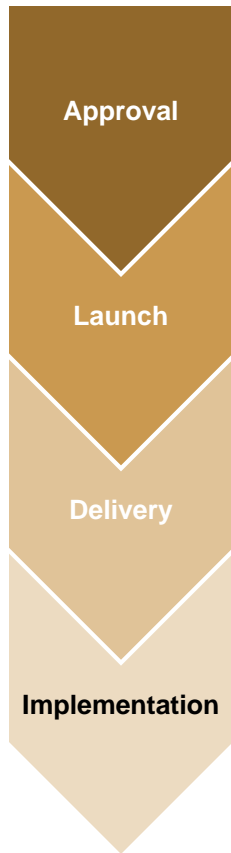
#### Typical Change Advisory Projects

| Project Type                | Description                                                                                                                                                                                                                                                                                                                                                                                                                                    | Normal Buyer                                                                                                                                                                                   | Required Resources                                                                                                                                                                                                                   | Common Outputs                                                                                                                                                                           |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>c. Program Assurance</b> | <ul style="list-style-type: none"> <li>Assessment of health of program that has already launched</li> <li>Looks at original business vision, business case, soundness of target operating model, appropriateness of business design, organizational design, and IT architectures, risk and issues management, program and project management, executive governance, delivery maturity, and likelihood of final benefits realization</li> </ul> | <ul style="list-style-type: none"> <li>Management board</li> <li>CFO</li> <li>Risk committee</li> <li>Sponsoring executives or change program managers who know they are in trouble</li> </ul> | <ul style="list-style-type: none"> <li>Three or more consultants for three weeks for initial diagnostic</li> <li>Access to client sites, documentation and subject matter experts</li> <li>Ongoing assistance as required</li> </ul> | <ul style="list-style-type: none"> <li>Diagnostic</li> <li>Root cause analysis of more significant issues</li> <li>Recommendations for remedial or turn around action</li> </ul>         |
| <b>d. Change Management</b> | <ul style="list-style-type: none"> <li>Analysis of change management requirements</li> <li>Planning for employee awareness, understanding, buy-in and adoption of change</li> <li>Advice on troubleshooting of contentious issues, e.g. changing established ways of working</li> </ul>                                                                                                                                                        | <ul style="list-style-type: none"> <li>Change program manager</li> <li>HR director</li> </ul>                                                                                                  | <ul style="list-style-type: none"> <li>One or more consultants for three weeks for initial diagnostic</li> <li>Access to client sites, documentation and subject matter experts</li> <li>Ongoing assistance as required</li> </ul>   | <ul style="list-style-type: none"> <li>Change management requirements</li> <li>Change management approach</li> <li>Change management plan</li> <li>Workforce session delivery</li> </ul> |



# 4 Executive Communications often makes the difference between success or failure of initiatives

## Impact of Executive Communications on Change Initiatives



| Common Issues                                                                                                                                                                                                                               | Risks                                                                                                                                                                                                                                      | How Executive Communication Helps                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Executives have good ideas; however, they are not well organized</li> <li>• Flaws in thinking have not been exposed; difficult board questions have not been considered</li> </ul>                 | <ul style="list-style-type: none"> <li>• Executive committee refuses funding</li> <li>• Presenting team is asked to revise proposals significantly</li> <li>• Executive committee places additional controls on program</li> </ul>         | <ul style="list-style-type: none"> <li>• Prepare more compelling case for senior review</li> <li>• Provide independent fact-base and fact-checking for benefits</li> <li>• Critically review executive presentation for improvements</li> </ul> |
| <ul style="list-style-type: none"> <li>• New program interests other stakeholders who need briefing</li> <li>• Other departments react negatively to program's goals</li> <li>• Initiative is competing with established efforts</li> </ul> | <ul style="list-style-type: none"> <li>• Program cannot pin down requirements in a timely fashion</li> <li>• Early slippage in schedule</li> <li>• Early erosion of benefits</li> <li>• Cancellation of program</li> </ul>                 | <ul style="list-style-type: none"> <li>• Additional capacity to cope with communications needs</li> <li>• Tailoring of messages to different stakeholder groups</li> <li>• Rapid response to attacks on program</li> </ul>                      |
| <ul style="list-style-type: none"> <li>• Program slips</li> <li>• Business change erodes benefits</li> <li>• Change in business leadership</li> </ul>                                                                                       | <ul style="list-style-type: none"> <li>• Loss of confidence in program</li> <li>• Program loses relevance to business situation</li> <li>• Stakeholder fatigue with initiative</li> <li>• New pet projects compete with program</li> </ul> | <ul style="list-style-type: none"> <li>• Message bad news better</li> <li>• Put program communications on front foot</li> <li>• Re-state case for change and program benefits</li> <li>• Engage new leaders effectively</li> </ul>              |
| <ul style="list-style-type: none"> <li>• Operational units balk at implementing change</li> <li>• Operational benefits disappoint</li> <li>• Success of program attracts unhelpful corporate interest</li> </ul>                            | <ul style="list-style-type: none"> <li>• Program does not realize full expected benefits</li> <li>• Operations dilutes beneficial impact of change</li> <li>• Benefits evaluation is politicized</li> </ul>                                | <ul style="list-style-type: none"> <li>• Reach out to operational units in advance of deployment</li> <li>• Maintain continuity with original business proposals</li> <li>• Tell whole story of program</li> </ul>                              |

## Strategic consulting projects often lead to process and IT consulting opportunities

- Strategy consulting projects must offer attractive opportunities in their own right:
  - Attractive engagement margin
  - Billability of staff members across annual and business cycles
  - Interesting work
  - Staff growth
  - Staff attraction and retention
- In addition, strategy consulting projects can promote process and IT consulting opportunities:
  - Visibility of client issues
  - Senior client relationships
  - Differentiation of firm from competitors
  - Ability to recommend projects
  - Direct demand generation, e.g. management dashboards
  - Prior-knowledge of business requirements
  - Teaming between strategy, process and IT consultants
  - Trust
- Firms must avoid clients seeing conflicts of interest between strategy consulting and IT and process consulting projects

# Strategy consulting relies on first principles problem-solving, more than specific experience

## Strategy Consulting and Process and IT Consulting Profiles

### Common Strategy Profile

- Ability to structure thoughts and make an argument based on insufficient data and information, i.e. inductive thinking
- Drive to solve problems and make a recommendation, even if the recommendation may need revising later
- Excellent verbal communication skills, very strong quantitative analysis skills, very strong written English and PowerPoint skills
- Ability to work intensively to meet project deadlines
- Sound academics, ideally Ivy League (or equivalent) and recognized business schools
- Prior experience in a strategy house or the strategy division of consulting firm, e.g. Accenture, Bain, BCG, Booz, Deloitte, IBM, KPMG, McKinsey, PwC or a boutique

### Common Process and IT Profile

- Deep domain expertise in a process or IT function, e.g. project management, IT architecture, solution development, database administration, or service management
- Ability to work with others as part of IT delivery lifecycle
- Willingness to work extra hours to meet delivery deadlines
- Current vendor or other technical certifications in IT products
- Sound academics, ideally advanced technical degree from recognized institution
- Prior experience in systems integrator, e.g. Accenture, Cap Gemini, EDS or IBM