

Management Consulting Boutiques and Global Markets

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Abstract

Boutique consultancy firms operate in global markets in selected areas in which they hold the strongest competencies - able to provide tailor-made rather than off-the-shelf services in any situation.

Clients aiming to impose far-reaching change, are typical boutique clients. Irrespective of whether these clients are owners or managers, they possess the entrepreneur's attitude and tools.

The concept of customisation is not new per se or distinctive. A consultancy boutique's distinctiveness lies in the manner in which closeness to the client is expressed, starting with a special multidisciplinary approach which is the result of cross-fertilisation between different skills and experiences.

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1. A Distinctive Model

Supporting companies when they require far-reaching changes to one or more components of their corporate or business model.

Assisting entrepreneurs or managers in creating long lasting, sustainable value and providing energy and solidity to projects.

Going beyond strategic planning to verifying market coherence, consistency and feasibility, through the network of own relations, whilst offering competent, creative support thanks to multidisciplinary teams, where positive cross-fertilization can take place.

Only by adopting this model can a strategic consulting boutique successfully operate in the multifaceted world of management consulting. This firm should be offering unique and customised solutions thanks to the concentration of strong competencies in a small/medium sized business.

In a global market, where the pressure to constantly grow can at times appear to be the only driver for success, there can be alternative approaches to value creation and

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development: approaches that seek distinctiveness and the ability to create something special, because firms which want to stand out and gain a competitive edge do not necessarily have to be large or even be leaders in their field.

In fact a market primarily driven by the supply side creates the ideal conditions for a distinctive offer, irrespective of the size of the firm proposing it.

2. The Challenges of Change

For the last half century strategic consulting has provided assistance to companies tackling change and development and engaging in internationalisation, identifying and assessing new opportunities. This role has not changed. Nowadays however it has become increasingly urgent to accelerate the pace of change through a renewed and more open attitude to evolution in corporate and business models. These models are increasingly beset by the challenges of global competition and increasingly need to be verified on the market and rapidly upgraded or modified.

The Italian industrial system in particular has been tested over the last few years by a series of challenges: globalisation has increased the level of competition, weakening barriers to entry in several markets; technology has accelerated the speed of structural changes in demand, reducing product and sector life cycles; and lastly, the adoption of the euro has eliminated the weapon of devaluation on which companies often relied in order to regain a competitive edge. The combined repercussions of these three phenomena have laid bare the inherent weaknesses of certain sectors which have traditionally been powerhouses of the Italian economy - in the process, causing Italy's share of world trade to slide.

The challenge of change therefore can neither be ignored nor avoided: as the IBM Global CEO Study - the widest research project in this field ever carried out¹ - has shown, the leaders of successful global enterprises are steadily recognizing that their ability to effectively manage change is increasing at a slower pace than change itself.

In fact, the very concept of change or evolution is taking on a multi-dimensional slant, way beyond the traditional boundaries represented by technology, marketing or design, thereby becoming the ever-present driver for growth.

In the current competitive climate, the success of a company has to be grounded on an evolutionary blend involving various dimensions: products/services, markets, processes, corporate and business models. Even though it has been demonstrated that enterprises with the top margin growth rates are those placing the greatest emphasis on innovative business models, structural and/or financial changes to corporate or business models nevertheless represent the area in which companies are least concentrating their efforts, according to the above-mentioned IBM study. Cultural factors - a tradition of focusing on the more familiar original business scope, uneasiness in confronting rationales and models which are distant or the fear of losing power and influence - are probably at the origin of this short-sighted attitude by entrepreneurs and managers.

It is the key task of a strategic consulting firm to help companies create value through supporting them and/or inducing them to reformulate and expand their notion of change and evolution.

3. Personalisation of Solutions

In the market for strategic consulting services which, as we have already seen, is driven by the supply side rather than by the demand side - or at least this is how it could be if the main players expressed their potential creativity to the full - naturally the boutique model did not come about to meet all needs of all businesses.

Global clients having priority requirements linked to standardisation, to the development and control of global intervention models, find that their needs are perfectly met by large-scale consultancies, often multinationals, offering specific industry specialisation. The same can be said for multinational managers seeking a brand which is recognizable across different markets, one which can be associated with strategic industrial plans.

On the other hand, all those clients with a specific approach to global markets can reap the best advantage by dealing with a consulting boutique. Requirements which must be met at the highest level by service providers by focusing on customisation, differentiation and creativity.

Clients who view internationalisation not only as an opportunity to increase exports but who seek a more creative, differentiated approach to each market, or multinational companies wishing to set themselves apart in the specific Italian market.

Clients aiming to impose far-reaching change, supported by the authority to do so, are typical "boutique clients". Irrespective of whether these clients are owners or managers, they possess the entrepreneur's attitude and tools: consultants assisting these clients are expected to make the entrepreneurial dream become reality through a personalised, dedicated approach.

4. Cross-Fertilisation of Experiences

What distinguishes the approach adopted by a boutique from that of a large consulting company? Where does this particular entrepreneurial model find the most fertile ground to realise its potential?

A strategic consulting boutique must first and foremost be capable of innovating, enhancing above all its creativity - something which is widely-recognised as being an Italian attribute.

And its actions must be marked by agility and speed: the former implies an ability to change tactics and direction rapidly and to enable the company to anticipate, adapt or react proactively to changes in the competitive framework whereas the latter implies the ability to rapidly achieve set objectives.

As mentioned previously, boutique consultancy firms operate in global markets in selected areas in which they hold the strongest competencies - being capable of providing tailor-made rather than off-the-shelf services in any situation.

The concept of "customisation" is not new per se or distinctive: if taken to mean the capability to build and manage an effective relation-based system with clients one can take for granted that customisation can be found in any situation where B2B companies successfully operate. A consultancy boutique's distinctiveness lies in the manner in which closeness to the client is expressed, starting with a special

multidisciplinary approach which is the result of cross-fertilisation between different skills and experiences.

When faced with a client's request, it is only natural that the reaction of a large-scale consultancy firm will be directed firstly to efficiency and to optimisation of the number of resources available: the outcome is an approach which is only moderately personalised, in which “practices”, analytical and diagnostic models and only fully-tested project solutions will be adopted. This is precisely where the strength of the best multinational consulting firms lies.

On the other hand, a small organisation, with wide-ranging and deep internal competencies, has an instinctive inclination to focus on efficacy. It is more open and ready to listen to the client, being less conditioned by its own operating traditions, and it is more likely to formulate new, dedicated proposals. It is in fact patently obvious that in this high-intensity intellectual services market those players holding the necessary competencies need to take on the role of inducing and actually generating the demand for change.

5. Management Consulting Boutiques: The Global Strategy Case Study

In order to accelerate the development of innovative ideas, this specific boutique firm - Global Strategy - uses its own resources, selected through the adoption of multidisciplinary and entrepreneurial criteria, to foster in the most natural and constant manner the cross-fertilisation of cultures and the sharing of experiences and skills built up either inside or outside the company. This makes it possible to carry out a wider scope of the strategic project with a view to seeking out business opportunities.

Global Strategy is built around resources with a high level of seniority and robust skills. People who can count on an area of excellence where they have acquired great experience, both in consultancy work and within businesses, backing this up with a second well-established competence area.

In a boutique firm, functional competence is a necessary requirement, but it is not sufficient. It is also necessary to be open-minded and flexible with the desire to constantly seek out new challenges, and with a knack for seeing strategic needs beyond one's own horizon: qualities which in a large company can be found in top management and - possibly - in the consulting company as a whole, but which in boutique firms must be an essential attribute of every team member.

Solutions starting from typical analytical and diagnostic processes, definition of strategic alternatives and selection, should also see a further research into the underlying reasons, driven by the goal of never settling for the most obvious, conventional solutions.

In large-scale organisations, consultants, especially the youngest ones, merely execute instructions. This practice cannot be tolerated in Global Strategy. Our consultants have to be in sync with clients and possess some of their entrepreneurial spirit, as well as their skills. Once a relationship built on trust has been established, our consultants may even disagree with client practices, offering a constructive, alternative vision and quite possibly refusing to passively share the client's perception.

Global Strategy attracts highly experienced resources by offering professional opportunities for career advancement, not only in terms of roles, but by providing the opportunity to acquire new skills and procedures, fostering development of an entrepreneurial approach to business and to one's own activity. By creating conditions for essential human resources continuity, the firm builds a solid platform of shared skills and offers the highest level of proximity to clients.

In short, its consultancy model, its recruiting and its on-the-job training policies focus on specific characteristics that determine the quality of results for clients and which can be referred to individual consultants but also to the company as a whole, almost as if it were a single, acting entity.

These characteristics are largely represented in the model put forward in 2006 by Howard Gardner in *Five Minds for the Future*². In order to face the challenge of the new it is not sufficient in fact to have a single intelligence; there must be a harmonic whole, and a mind which is disciplined, synthesising, creative, respectful and ethical.

From our point of view the first three characteristics are absolutely essential.

The disciplined mind is based on a mastery of a mindset grounded on learning from different disciplines and on the development of an area of excellence. A disciplined mind is a key element in the ability to plan, focus on implementation, handle details, evaluate, respect timeframes and coordinate multi-disciplinary workgroups.

The synthesising mind allows one to efficiently manage the enormous quantity of information which has to be processed in order to prevail over exceedingly complex problems. It allows one to grasp and select the most relevant elements and to integrate ideas stemming from different spheres of knowledge in order to generate and convey a logical, innovative and lucid vision.

The creative mind makes it possible to reveal and understand new problems, critical issues and phenomena and to devise solutions, going beyond routine management. It allows one to become a "practical-minded" visionary, to recognise new differentiating elements for the client, encouraging management to change their behaviour in order to pursue fresh objectives more effectively.

We can obviously take the ethical approach for granted, one which does not allow exceptions and which entails fulfilling one's responsibilities in the various arenas.

We therefore need to now define our vision of the concept of "respectful". Aside from the literal meaning of being aware of and valuing differences between human beings and cultures, it is important to emphasise the significance for a consultant: attentive listening, an open-minded approach to each and every client, to their particular characteristics and the specificity of their problems, in short, total identification with the client. The special combination of human and intellectual qualities must allow the consultant, from the start, to understand the client's needs, attributes and restrictions, thinking and acting just like the client. But in the end retaining his or her own diversity and specific skills as well as being disciplined, concise and creative and, thereby, providing real value.

The relation between an ethical mind and a respectful mind is very close, and it naturally produces balanced solutions which are directed at a wide system of values: not only pursuing objectives based on price and competitive edge, but also meeting the expectations of stakeholders, in addition to the interest of the individual or the specific group.

Notes

¹ IBM Global CEO Study, carried out with 1,130 interviews on CEOs belonging to 32 different industries in 40 countries.

² H. Gardner, *Five Minds for the Future*, Harvard Business School Press, Boston, 2006.