



Taxonomy

Management Consulting





Taxonomy for management consulting services

Have you ever found yourself browsing f a consultant website and wondering: “what do they concretely do? What problems do they solve? And what are they actually good at?”

The good news if we can refer to it this way is that you are not alone. For companies that are helping others to define their value proposition, sharpen their strategy and optimize their marketing budgets, many consulting firms are quite slow to embrace the internet and even more social media.

So to facilitate your future browsing we have tried in this chapter to give you an overview of the key dimensions that characterize the DNA of a consulting firm.

“Clarity of vision is the key to achieving your objectives.”

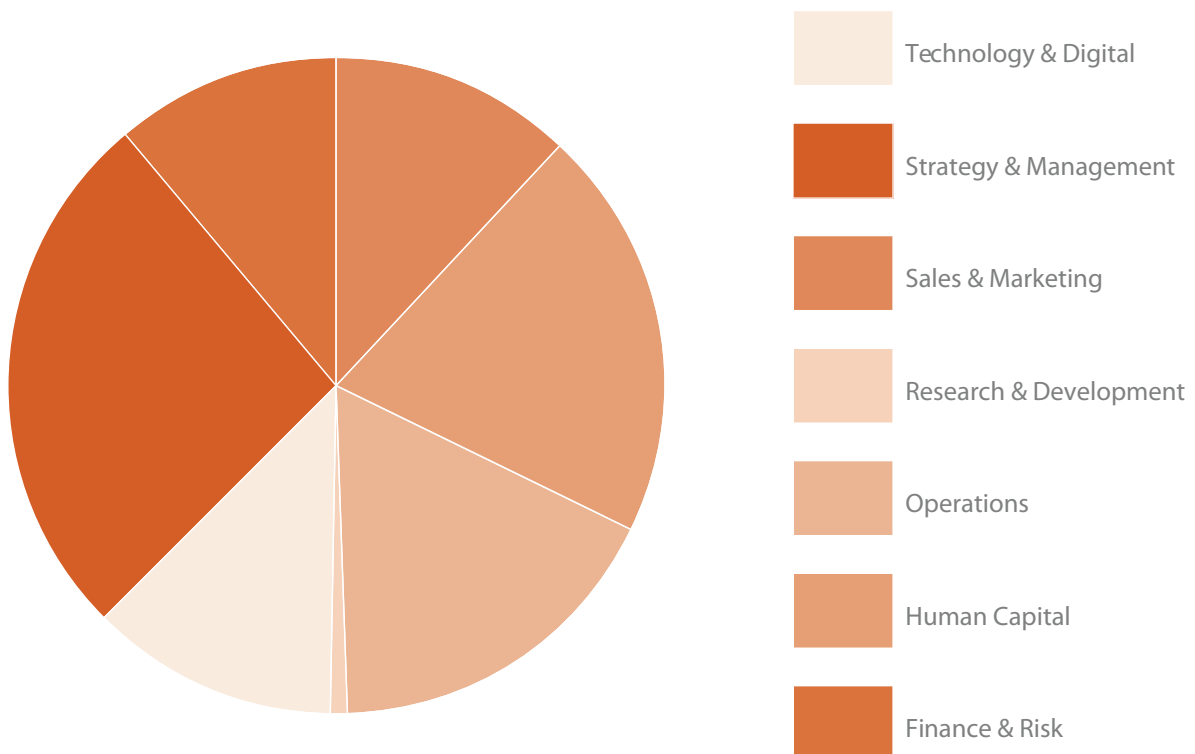
Tom Steyer, American Philanthropist

Capabilities

The Capabilities are the Services offered by consultants. They usually mirror the business functions that client organizations need to perform. This dimension is crucial to describe the work in consulting.

Most Consulting Firms will have at least this information on their company presentations. A little bit like a process map, you can organize the Capabilities in 6 High-Level Categories.

The market size corresponding to those capabilities is linked to the difference in size and budgets of the associated client functions and the associated value that can be created. In the absence of a standard breakdown, we are using our own classification. It can be found as a resource on this books website.



Strategy & Management

Strategy is about building a competitive advantage among the competition and make profits. As a result, the capability is geared toward high-level, corporate decisions. It helps leaders define “where to play” and “how to win”.

A significant share of high-level Consulting engagements falls in this category. For long, strategy was the dominant capability. Its relative share in the overall consulting market has been decreasing while implementation and excellence projects were flourishing. Today this category represents about 10% of the global market.

This category includes capabilities such as Corporate Strategy, Business Unit Strategy, Organization Architecture, Management Model, Corporate Governance, Innovation Strategy, M&A, Strategic Communication as well as Economic or Government Policy.

Sample projects include :

- *Crafting a 5-year strategic roadmap to go from a commodity to a specialty player in Chemicals*
- *Designing and implementing a customer-centric organization in Consumer Goods*
- *Using Game theory to anticipate moves from Competitors and take strategic decisions*
- *Performing an M&A screening to build a pipeline supporting strategic priorities in financial services.*

Operations

Operations are one the of the largest lines of services. It regroups most of the activities where products and services are usually built or delivered.

Even though Operations can be a source of innovation and a differentiator, most of the time the focus is on reducing costs and increasing throughout. Operations consultants use concepts such as Lean, Six Sigma, or Quality Management to help their clients streamline and improve operational efficiency. It represents about 25% of the market for management consulting.

The category includes capabilities such as Manufacturing, Procurement, Supply chain, Quality Management, and Compliance, G&A Optimization, Lean or Knowledge Management.

Sample projects include :

- *Defining a make-or-buy strategy for parts of the activities for an OEM*
- *Designing and implementing a blueprint for manufacturing activities for a Flat Carbon Producer*
- *Leveraging Blockchain to optimize the supply chain of an automotive company*
- *Using Lean to optimize back-office activities in the private loans department*

Finance & Risks

Consulting firms specialized in financial advisory service work with finance and risk management executives (such as CFO's). They help them help them make decisions, develop customized strategies and deliver superior results by analyzing the financial and economic risk and uncertainties for their companies.

The category represents close to 20% of the management consulting industry. Its size is often difficult to assess given the overlap of the activities with legal firms, auditors and M&A boutiques.

The category includes capabilities such as Corporate Finance, Actuarial, Restructuring and Crisis Management, Tax Advisory or Risk Management.

Sample projects include :

- *Leveraging Supply Chain Financing to optimize cash management between Customers and Suppliers*
- *Analyzing potential impacts and defining optimum strategies to face significant changes in Tax Policies (Brexit, Trade-War, ...)*
- *Implementing new Risk Management regulations and associated governance in Financial Services (BASEL III, ...)*
- *Turnaround management for companies close to Bankruptcy*

Human Capital

Human Capital consulting focuses on maximizing the value created from Human Resources, or employees, in an organization. The offering is quite wide from Organization and Leadership Development to Improving the Effectiveness of the HR function.

Since the capability has low barriers to entry and many consultants set up their own business, as a result, the market is highly fragmented. Besides, there is a low level of market share concentration despite the significant number of operators. The top four companies in the industry generate just over 20.0% of the industry's revenue. The category represents about 10% of the overall consulting market.

The category includes capabilities such as Talent Management, Organization Development, HR Effectiveness, Social Relations or Compensations & Benefits.

Sample projects include :

- *Building an efficient strategy, embraced by the management to boost Employee Engagement in a Transportation Company*
- *Leveraging advanced workforce planning analytics to map career flows and anticipate future needs and shortages in Aerospace Engineering*
- *Designing a robust succession planning for the key executives of the company in a High Tech Startup*
- *Implementing Digital Tools and driving the associated change management to optimize HR processes*

Research & Development

Research & Development Consulting is helping companies to optimize the way they are developing Products and Services. Companies aim to find the right balance between with a strong focus on customer needs and delivering cost-effective returns.

In a time of constant change and when innovation cycles are accelerating, the research and development activities have become a key differentiator. The consulting offering ranges from identifying where technologies and skills will be required to how products and services are developed. With about 5%, it represents a small but very valuable portion of the consulting market.

The category includes capabilities such as R&D Strategy, R&D Effectiveness, Product Development, Manufacturing Engineering, Open Innovation .

Sample projects include :

- *Leveraging Supply Chain Financing to optimize cash management between Customers and Suppliers*
- *Analyzing potential impacts and defining optimum strategies to face significant changes in Tax Policies (Brexit, Trade-War, ...)*
- *Implementing new Risk Management regulations and associated governance in Financial Services (BASEL III, ...)*
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Technology & Digital

Technology Consulting might also be referred to as IT consulting. However, the rise of Digital, Fintech and all the Tech Startups activities is changing the rules of the game. The capability has been rejuvenated as most companies have now elevated technology to the highest level of their agenda. Technology consultants offer services helping companies embrace new technologies, digitize their processes and modernize their legacy systems.

In short, leverage technology as a source of competitive advantage. The scope for this activity overlaps with strategy and functional areas for strategy, media, and specific systems and with IT services for the low end/recurring activities. Depending on definitions the category can represent up to one-third of the global consulting market.

The category includes capabilities such as Digital Strategy, Digital Architecture, Systems Integration (CRM, ERP, ...), Data Management and Analytics, Cyber Security, or IT related services.

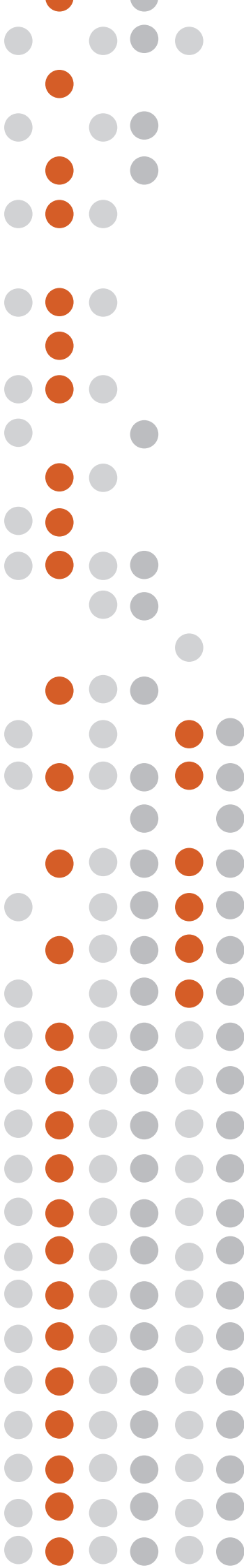
Sample projects include :

- *Helping Retailers to make buy vs. build decisions when deciding on their new IT Platforms*
- *Leveraging Machine learning to understand customer behaviors better and reduce churn in telecommunications*
- *Assessing the enterprise cybersecurity architecture and technical controls in Payments*
- *Implementing digital studios worldwide to spur the use of digital and embed a digital culture in Energy*

Table

High-Level capability	Level-2 Capability
Finance & Risks	Actuarial Finance Real Estate Advisory Risk Management Trading
Human Capital	Coaching Compensation & Benefits Employee Communication HR Effectiveness Organization Development Social Relations Talent Management Training
Research & Development	Manufacturing Engineering R&D Effectiveness Technology & Product Development
Sales & Marketing	Marketing Pricing & Margin Management Product Management Sales Excellence
Strategy & Management	Economic & Government Policy Innovation Organization & Governance Strategic Communication Strategy Sustainability
Technology & Digital	Application Development Cloud CRM Implementation Cyber Risk Data Analytics Digital Digital Strategy Enterprise Architecture ERP Implementation Information & Data Management IT Costs Optimization IT Strategy Program and Portfolio Management Sourcing & Vendors relationships Systems Integration Technology Innovation

Contact us to learn more about the taxonomy



Consulting Quest

We're the leading consulting sourcing company for companies that regularly work with management consultants.

Consulting is a different animal when it comes to procurement, and we have developed methodologies and digital tools that help our clients better use, buy and manage the category.

Our expertise in both the procurement and the consulting spaces gives us an excellent understanding of a business' needs and pain points. We work with companies and we source consulting all over the globe.



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