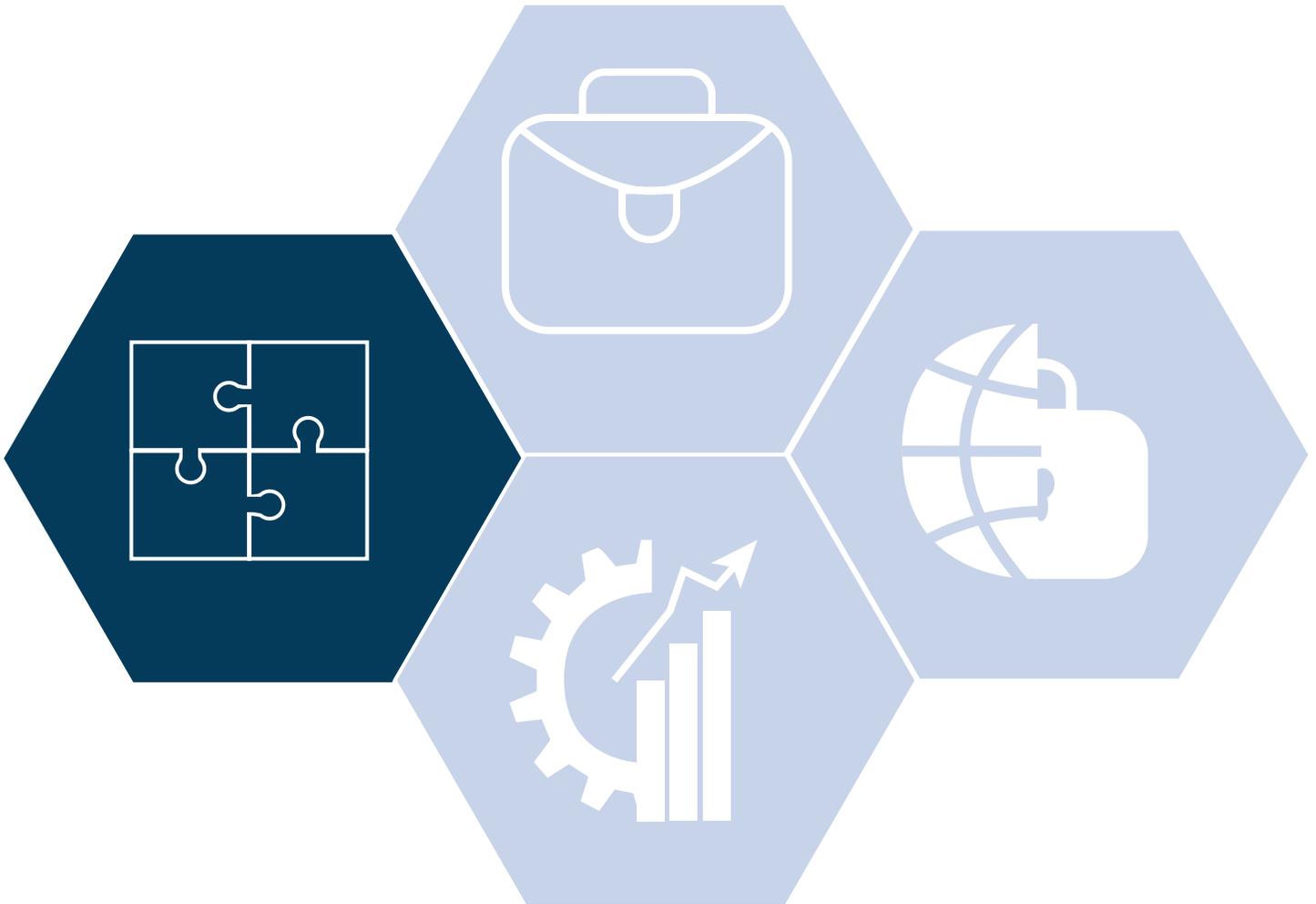


# **The *ALM Vanguard*: Business Strategy & Planning Consulting 2019**



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## Overview

# Capability Drivers

**Strategy faces a crisis of relevance.** The age-old critique that it takes too long, consumes too many resources, and produces too few results persists. Business strategy & planning consultants have long sought to rectify these deficiencies, but despite their efforts the critique resonates more than ever as the speed and unpredictability of digitization overwhelms carefully charted strategies. **Companies invested a lot during recent years in internal strategy teams and external consultants to improve their strategy capabilities, but faced with costs that exceed the benefits, they are starting to act like rational consumers by cutting back their consumption of strategy (and strategy consulting along with it).**

**Much of this disinvesting from strategy is a capitulation born of exasperation, not a repudiation of its intrinsic worth as a mechanism for aligning an organization and guiding its response to changing conditions.** In this respect, the need for good strategy is greater than ever, but to meet this need strategy as a discipline must change. Two false premises of classic strategy are at the root of the cost-benefit mismatch. One is that strategies consist of irreversible choices. The other is that perfect foresight is attainable. Companies achieve neither in practice, but acting as if they do introduces a number of biases into the strategy process. The upshot is that strategy, while it incorporates a great deal of analysis, tends to close off rather than open up options, which in a time of heightened volatility diminishes its value. **Realizing strategy's potential is driving consultants to overturn these false premises, but doing so requires that they firstly put it on a proper foundation by reframing its objective.**

**Strategy continues to bear the marks of its microeconomic roots inasmuch as most construe its objective in terms of economic profit maximization.** The age-old formula is for companies to focus on attractive growth markets where they can win in terms of share and thereby reap the scale efficiencies with which to fend off competitors. **But this sort of positional strategy is no longer fit for purpose in today's fast-changing marketplace in which both market attractiveness and the means to productive efficiency are fleeting.**

**Consultants are recasting the objective of strategy in terms of growth maximization.** This has two effects. On the one hand, it is untethering strategy from its traditional anchor to business-as-usual in the core business. Strategy increasingly encompasses the continuum from the business of today to that of the future, which is pulling strategy upstream into marketing and sales and downstream into business model innovation. On the other hand, making growth maximization the objective permits a more holistic conception of strategy that extends the traditional focus on economic viability to desirability for customers and technical feasibility. Both effects are serving to dial back the dominant role played heretofore by annual budgeting and its concomitant marginal thinking in the strategy process. **Consultants are injecting much more open discovery and debate into strategy through immersive experiences designed to simultaneously accelerate and broaden insight generation as a basis for reconceiving strategic choices.**

**Rather than premise strategy on irreversible choices, consultants are counseling clients to plan in terms of contingencies.** The name of the game in a world of uncertainty is to identify strategic moves that open up rather than shut off options over different time horizons. This translates into lots of scenario modeling by consultants in an effort to engage clients in debating alternative futures and the critical assumptions that determine their relative likelihoods. It also results in

## Overview

# Capability Drivers

much longer planning horizons, with bolder visions of the future tempered by an imperative to bring value capture forward to capitalize on the higher certainty prevailing in the near term. **The ability to secure clients' commitment is still the prerogative of effective consultants, but making strategic choices contingent multiplies the number and complexity of those commitments.**

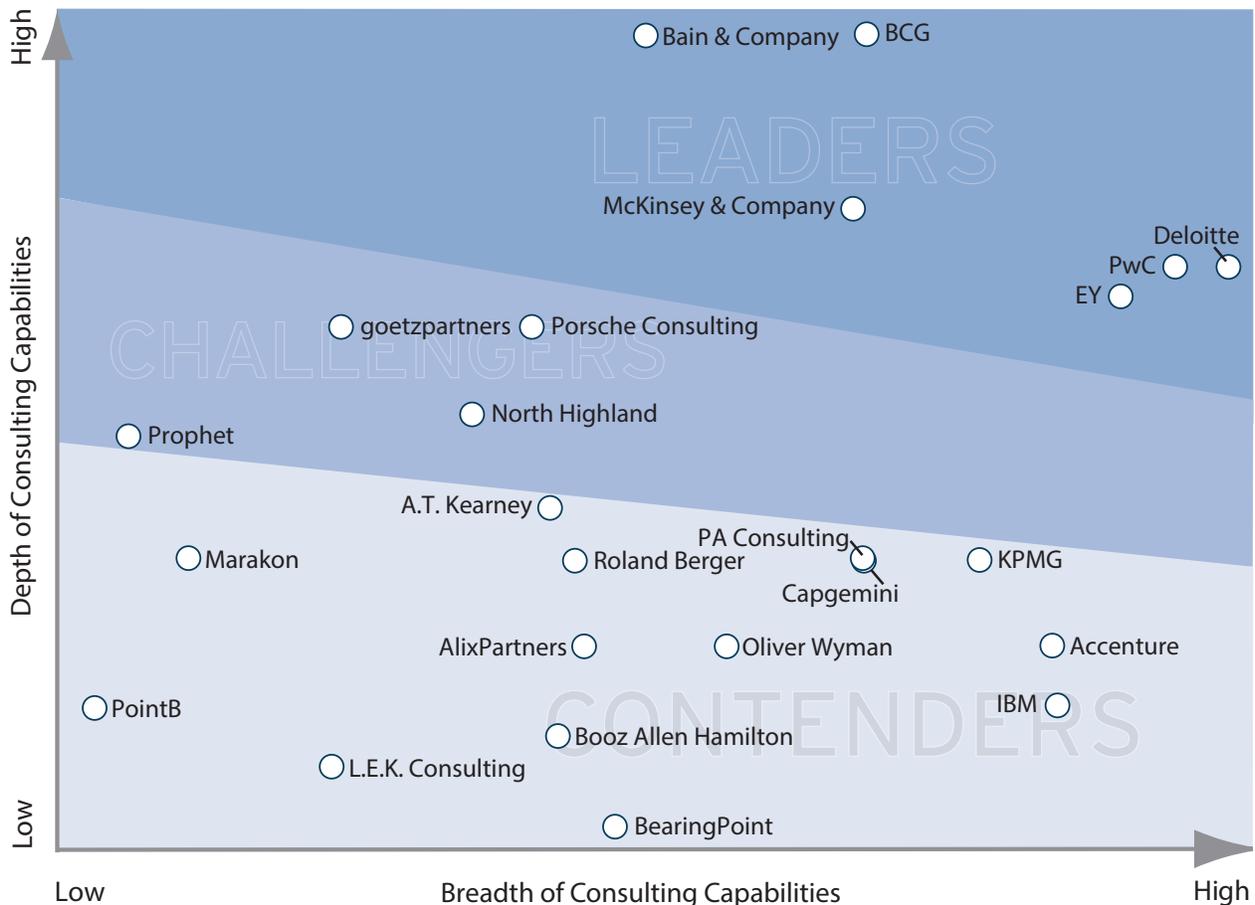
**Consultants are elevating perfect adaptability over perfect foresight to manage these strategies premised on contingent choices.** In an environment in which competitive advantage is fleeting, speed is more powerful than knowing the most direct route to a destination. Lest companies think this would imply less structured strategy processes, adaptability turns out to be the product of the opposite. But consultants are fighting the tendency of processes to beget bureaucratization by taking care to design minimum-viable-product processes calibrated to optimize cost-benefit. A critical focus of this is the ability to blend medium- and long-term target setting with ongoing tactical experimentation designed to test the key assumptions behind those targets. **The hard part for most consultants is the ability to help clients coordinate a more complex, multi-speed strategy process that is more intimately and continuously connected with feedback from dispersed execution activities.**

**Perhaps more challenging than redesigning strategy processes, however, is changing the mindsets and behaviors that animate them.** Growth-oriented strategies built on contingent choices and adaptability subsist on the learning generated by doing rather than the doing itself. Notwithstanding their ivory tower reputations, consultants are achieving the greatest impact on activating clients' front-line organizations to be more customer-centric and attuned to new opportunities and threats. Front-line operators always wanted to behave this way; they only needed the impetus. Shifting client leadership from their traditional proclivity for aggressive target setting and hard driving towards prizing learning and adapting is proving, however, much less susceptible to consultant intervention. **While the best of them are working out the structure of a strategy process that has the potential to deliver value in the current context, until consultants devise better methods for changing client leadership behaviors, they are unlikely to fully realize that potential.**

## ALM Vanguard of Business Strategy & Planning Consulting Providers

The ALM Vanguard of Business Strategy & Planning Consulting Providers assesses firms in terms of their relative ability to create impact for their clients. For this, the ALM Vanguard displays the relative position of the providers featured in this report, deemed capable in Business Strategy & Planning consulting, based on an evaluation of their overall capabilities according to a consistent set of criteria. Capability depth denotes a provider's capacity to get results for clients, while capability breadth indicates its ability to deploy that capacity across multiple client scenarios.

Consulting is distinctive from other industries because of the variety of client contexts that providers encounter in terms of ambitions, needs, and abilities that alter what it takes to create impact. As providers seek to deploy their capacity to create client impact (depth) across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities (breadth), they increase the complexity of their engagement models. The downward slope of the lines that separate the tiers of the market captures the trade-off between low-complexity engagement models (designed to maximize the capacity to create impact for a narrow set of client applications) and high-complexity engagement models (made to maximize deployability and create impact for a wide variety of client applications).



Source: ALM Intelligence

## Competitive Landscape

**That clients are simultaneously becoming more desperate and discerning consumers of business strategy & planning consulting is driving a wedge into the market.** For those consulting providers able to reconceive strategy for today's fast-changing, experience-driven marketplace, the limiting factor on their growth is their ability to service the demand flow. For those consulting providers stuck in a traditional strategy approach and service delivery model, client demand is ebbing away. **This is a story of haves and have-nots in which long-held opinions about relative provider capabilities look increasingly anachronistic.**

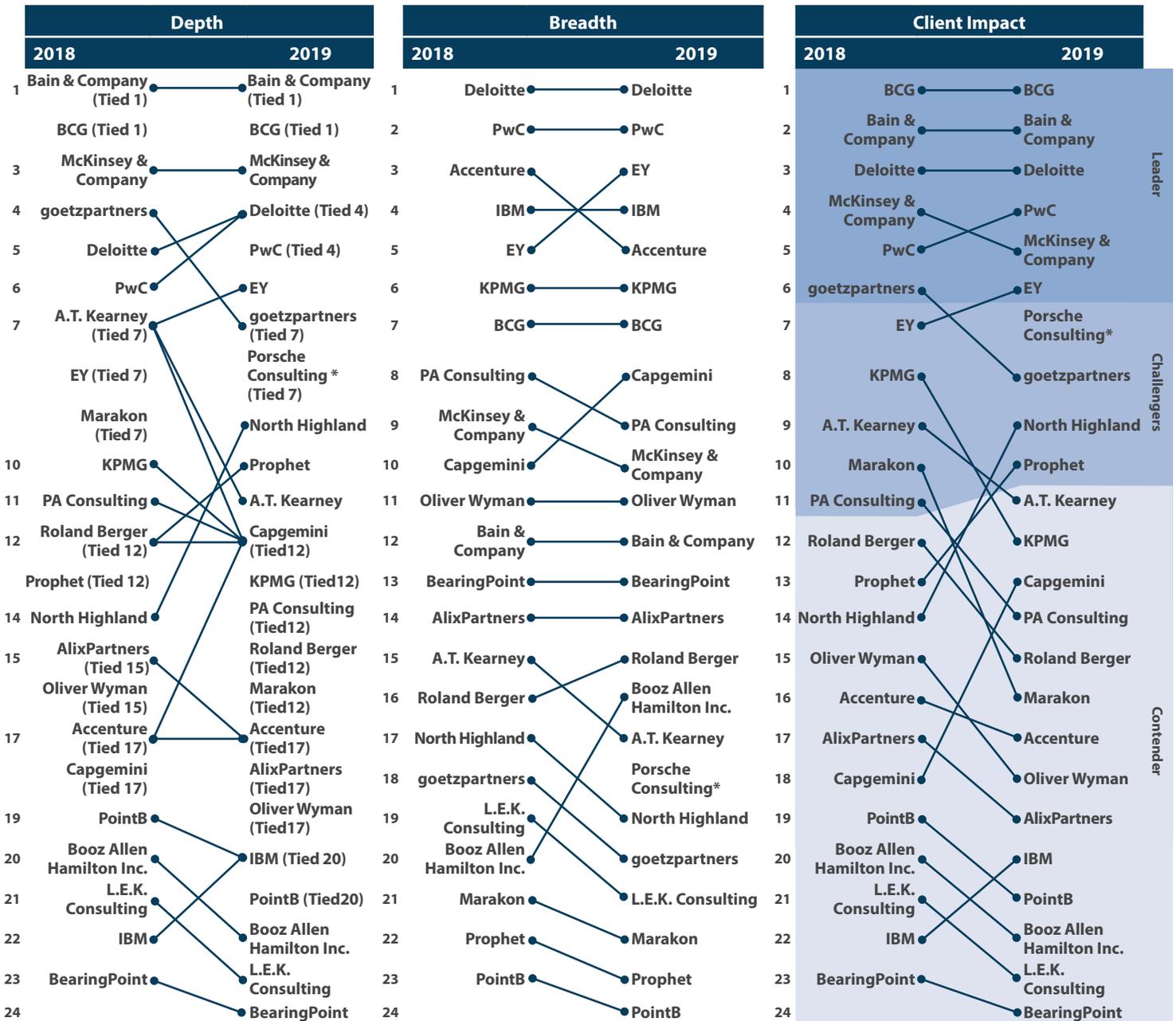
**Leaders.** The leaders consist exclusively of large, multi-service providers with access to clients' executive leadership teams as well as depth in the operating model and technology capabilities required to execute on different strategies. BCG retains the top-ranked position in the market for the third year in a row, reflecting its ahead-of-the-curve work on innovating both strategies and the processes used to manage them. PwC overtakes McKinsey in the fourth-place rank as the former invests in tools and service delivery enhancements designed to embed its capabilities-driven strategy framework into a more dynamic delivery model. EY continues the upward movement it displayed last year, entering the leaderboard for the first time and displacing goetzpartners in the sixth-place rank, with the former better integrating its innovation and strategy offerings on the foundation of a more robust toolset.

**Challengers.** The challengers are emerging as a group in transition. All of the providers in the group are new to it. Porsche Consulting is newly added to coverage this year. Both North Highland and Prophet continue the upward movement they displayed last year, graduating from the contenders group. In all three cases, the providers are strongly focused on the intersection of strategy and innovation and the need for more agile, design-inspired strategy management processes. goetzpartners slips into the challengers group from its previous rank among the leaders, but is actively investing in the innovation and digital transformation capabilities that may enhance its future strategy offering.

**Contenders.** The contenders are an eclectic group. A.T. Kearney, KPMG, Marakon, and PA Consulting all relinquish their positions in the challenger group, reflecting varying degrees of diminished attention to strategy and relative inability to recast it as a growth discipline. The constellation of previous contenders remains largely intact with the exceptions of Capgemini and IBM. Both of these latter firms approach the challenge of the relevance of strategy from the other way around inasmuch as they start from digital transformation and work back into a fit-for-purpose strategy model.

# Provider Capability Rankings

The figures below indicate the change in consulting providers' ranks in terms of their overall capability depth, breadth, and client impact. (See the Definitions section of this report for a detailed breakdown of underlying capabilities.) Ranking position number one denotes the top-ranked provider.



\*Firms not previously covered

Source: ALM Intelligence

## Rating Level Summaries

ALM Intelligence rates providers according to a three-level scale based on their relative breadth and depth of overall capabilities. Each rating level corresponds to an area in the *ALM Vanguard* graphic bounded by a downward sloping line designed to equate engagement models of different degrees of complexity.

Rating Level	Providers	Description
<b>Leaders</b>	Bain & Company      BCG Deloitte                EY McKinsey & Company    PwC	The leaders are at the top of the market in terms of their capabilities to create client impact through their depth of expertise and ability to deploy it across a range of engagement models. They are unique in their ability to independently execute a broad array of projects across the full spectrum of client contexts. They range from providers in the top quintile in terms of depth of capability for low-complexity engagement models to those that combine above average depth of capability with the ability to deploy it across high-complexity engagement models.
<b>Challengers</b>	goetzpartners            North Highland Porsche Consulting      Prophet	The challengers can execute end-to-end projects in low complexity engagement models or a substantial portion of project components in high-complexity engagement models. They range from those with above-average depth of capability for low-complexity engagement models to those that combine depth of capability between the bottom third and top half of the distribution, with the ability to deploy it in high complexity engagement models.
<b>Contenders</b>	A.T. Kearney              Accenture AlixPartners              BearingPoint Booz Allen Hamilton    Capgemini IBM                         KPMG L.E.K. Consulting        Marakon Oliver Wyman             PA Consulting PointB                      Roland Berger	The contenders can execute a substantial portion of projects in low-complexity engagement models or a single phase or project instance in high-complexity engagement models. They range from those with average depth of capability for low-complexity engagement models to those that combine depth of capability in the bottom third of the distribution with the ability to deploy it in high-complexity engagement models.

Source: ALM Intelligence

## Leader Assessments

The *ALM Vanguard* of Business Strategy & Planning Consulting Providers comprises the following Leaders.

**“A newcomer to the leaderboard, EY embraces the need to marry near-term and long-term planning anchored in a well-articulated purpose and distinctive point of view on how to judge the drivers of long-term value. The firm leans heavily on asset-based delivery to accelerate engagements and facilitate the linkage of strategy to broader operating model and infrastructure initiatives.”**

Source: Nathan Simon, Senior Director, Management Consulting Research, ALM Intelligence |

## Provider Capability Ratings

The table below provides detailed capability ratings for Business Strategy & Planning consulting providers. (See the Definitions section of this report for explanations of the capabilities.) Legend: ● Very Strong ● Strong ● Moderate ● Weak ○ None

Provider Capabilities: Business Strategy & Planning Consulting									
	Discovery			Design			Delivery		
	Needs Assessment	External Market Insight	Internal Client Insight	Strategy	Operating System	Management System	Project Management	Client Capability Development	Enabling Tools
EY	●	●	●	●	●	●	●	●	●
A.T. Kearney	●	●	●	●	●	●	●	●	●
Accenture	●	●	●	●	●	●	●	●	●
AlixPartners	●	●	●	●	●	●	●	●	●
Bain & Company	●	●	●	●	●	●	●	●	●
BCG	●	●	●	●	●	●	●	●	●
BearingPoint	●	●	●	●	●	●	●	●	●
Booz Allen Hamilton Inc.	●	●	●	●	●	●	●	●	●
Capgemini	●	●	●	●	●	●	●	●	●
Deloitte	●	●	●	●	●	●	●	●	●
goetzpartners	●	●	●	●	●	●	●	●	●
IBM	●	●	●	●	●	●	●	●	●
KPMG	●	●	●	●	●	●	●	●	●
L.E.K. Consulting	●	●	●	●	●	●	●	●	●
Marakon	●	●	●	●	●	●	●	●	●
McKinsey & Company	●	●	●	●	●	●	●	●	●
North Highland	●	●	●	●	●	●	●	●	●
Oliver Wyman	●	●	●	●	●	●	●	●	●
PA Consulting	●	●	●	●	●	●	●	●	●
PointB	●	●	●	●	●	●	●	●	●
Porsche Consulting	●	●	●	●	●	●	●	●	●
Prophet	●	●	●	●	●	●	●	●	●
PwC	●	●	●	●	●	●	●	●	●
Roland Berger	●	●	●	●	●	●	●	●	●

Source: ALM Intelligence

## Best in Class Providers

Providers identified as best in class evidence deep capabilities in specific areas of Business Strategy & Planning consulting and stand out from their peers for their highly effective and often innovative consulting approaches and service delivery.

Capability Areas	Provider	Strengths
Operating System	EY	EY best bridges the gap in client strategy operating systems between harnessing their data assets and transforming them into actionable insights.

Source: ALM Intelligence

## Provider Briefs

### Leaders

EY	
<b>Approach</b>	EY's consulting approach reflects two beliefs. One is that strategy needs to start with customers. To this end, the firm elevates purpose or the "why" of a strategy to be the critical arbiter of business decisions to ensure linkage to customer needs and activation of employees to execute them. The other is that strategy needs to simultaneously solve for the current and future businesses, which requires a tight linkage between strategic planning for the core business and future-back innovation. With respect to strategic planning, EY's approach emphasizes three imperatives. One is careful process design to balance the needs for creative thinking and efficiently delivering results. Another is the need to combine top-down direction with bottom-up insights into strategic options. The last is the criticality of a clear view of the attributes and value potential of the current strategy.
<b>Practice Structure</b>	EY anchors its resources in its Strategy and Customer practice, which encompasses both growth and operating model topics as well as customer experience, sales, and service ones. Within its strategy organization, the firm distinguishes between core strategy resources and those directed at growth topics, including marketing effectiveness, innovation, and pricing. The firm goes to market with these resources through its industry practices.
<b>Service Delivery Model</b>	EY's service delivery incorporates three components designed to link the client's current and future strategies. One consists of a combination of future-back and outside-in insights, typically kicked off with a visioning workshop geared towards establishing the client's purpose and desired future state. To further open the client's aperture, EY injects into these workshops broader insights on the "art of the possible," notably with respect to how digitization affords new opportunities to re-envision the customer experience, drawing on the firm's network of wavespace labs and NextWave research into technology-driven megatrends to enrich its service experience. The second links short- and long-term initiatives supported by process and performance management improvements. These include explicitly linking strategic planning with capital and operating budgeting processes to ensure resource allocation consistent with strategic priorities. The third is a resourcing model that brings together traditional analytical skills with design and technology expertise.

Source: ALM Intelligence

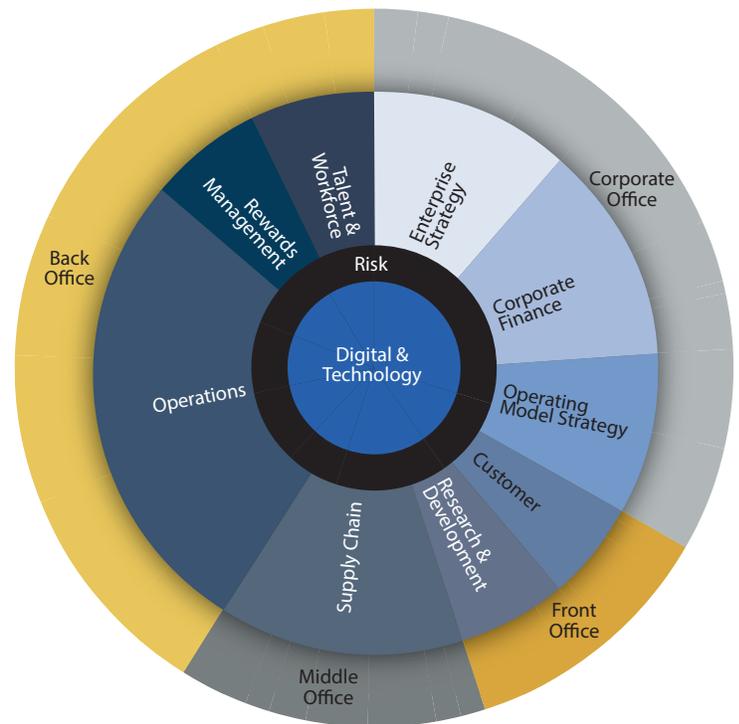
Definitions

# What is Business Strategy & Planning Consulting?

Business strategy & planning Consulting is part of Enterprise strategy consulting services directed at clients' corporate office activities. Its objective is to help companies set the policy guardrails that direct the investments and activities of their organizations.

Enterprise strategy consulting includes four services.

- Business strategy and planning: establishes companies' fundamental value proposition in terms of where to play and how to win.
- Portfolio and capital strategy: addresses the allocation and steering of company resources to deliver its value proposition.
- Strategic risk: identifies and manages risks that could prevent the fulfillment of a company's value proposition.
- Cybersecurity: identifies and manages the portion of strategic risks associated with digitization, including threats to information assets, infrastructure, and applications.



Source: ALM Intelligence

Definitions

## Consulting Provider Capabilities

Capability Areas	Capabilities	Descriptions
Discovery	<b>Needs Assessment</b>	How does the consultant establish goals and objectives for the project and determine which stakeholders need to be involved from the client organization, consultant, and third parties?
	<b>External Market Insight</b>	How do consultants' knowledge and experience inform diagnostics through benchmarking and trend analysis?
	<b>Internal Client Insight</b>	How does the consultant obtain internal client insights through data analysis and interviewing and workshops and incorporate them in diagnostics?
Design	<b>Strategy</b>	How does the solution align with the client's market, customer and product, and functional strategies?
	<b>Operating System</b>	How are client information, physical, and people assets and processes configured to generate the value add intended by the strategy?
	<b>Management System</b>	How are client resources mobilized, managed, measured, and motivated through governance, incentives, organizational structures, and performance management to execute the strategy?
Delivery	<b>Project Management</b>	How are activities sequenced and resources allocated, aligned, and coordinated to execute and sustain the solution?
	<b>Client Capability Development</b>	How are client technical skills developed and mindsets and behaviors adapted to execute and sustain the solution?
	<b>Enabling Tools</b>	What consultant tools are used for diagnostic and design activities that support the client in executing, sustaining, and refreshing the solution?

Source: ALM Intelligence

### Provider Capability Rankings Descriptions

**Depth:** a measurement of a consulting provider's strength based on its capabilities, including such factors as resources, proprietary methodologies, and intellectual properties

**Breadth:** a consulting provider's ability to deploy its capabilities in multiple client scenarios across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

**Client impact:** a consulting provider's capacity to get results for clients based on the combination of its capability depth and breadth adjusted by the degree of engagement model complexity incurred by its breadth across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

## Methodology

# Overview

ALM Intelligence has been researching the management, financial, and IT consulting industry for over 40 years, studying the global consulting marketplace at multiple levels. The resulting market analyses help buyers of consulting services to effectively target best in class providers, and help consulting providers to identify and evaluate business opportunities.

### **The proprietary research methodology comprises four components:**

- Extensive interviews with consulting practice leaders, financial analysts, consulting clients, and clientside industry experts
- Data and background material from the proprietary library of research on the consulting industry and individual firms
- Quantitative data collection from primary and secondary sources
- Key economic data relevant to the sector(s) being analyzed

The research output for a project is derived predominantly from primary research.

Data is obtained through a centralized effort, with teams of analysts collecting, assessing, fact-checking, and refreshing baseline information on leading consultancies and consulting markets. This information populates an extensive knowledge base of consulting providers, widely regarded as among the most comprehensive in the world.

Working collaboratively, analysts narrow their research to the most discrete and pertinent intersection of consulting service/industry/geography.

The experience and knowledge of the analyst team are critical to the success of these research endeavors. Directors and associate directors average over a decade of consulting and/or analyst experience, with an emphasis on professional services. Junior analysts typically bring an average of five years of consulting and/or analyst experience.

The group's long-term relationships with consulting clients and industry leaders are based on trust and respect. ALM Intelligence's fundamental goal is to deliver objective assessments and insightful viewpoints on the management, financial, and IT consulting market.

## Methodology

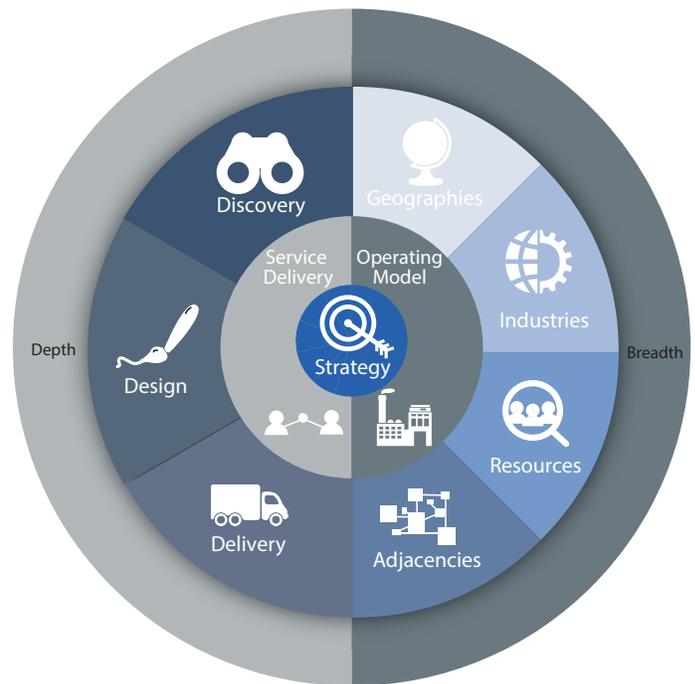
# How We Evaluate Consulting Providers

ALM Intelligence’s goal is to deliver objective assessments to help buyers of consulting services effectively identify and maximize the benefits of working with best in class providers.

ALM Intelligence evaluates consulting providers with respect to a particular consulting area in terms of the following baseline criteria. The general criteria below are refined and customized over the course of the research effort based on input from clients and providers:

- **Consulting approach:** What are providers’ points of view on the root causes of client challenges? How do those points of view inform choices about how best to resolve them? How do providers view the intersection of these needs and solutions with other consulting or non-consulting offerings or cross-cutting themes?
- **Consulting organization:** How do providers organize and deploy their capabilities? What sort of consultants and other human resources do they possess, and how do they obtain and use them? What sorts of partnerships, collaborations, and alliances with external parties do they use to bolster their capabilities?
- **Consulting service delivery model:** How do providers deliver their services? Do they employ any particular processes or methodologies, preconfigured tools, or other unique elements of service delivery? Do they follow any particular sequence or direction in their service delivery? How do they measure outcomes?
- **Client pain points and needs assessments:** What factors most influence successful engagements in the opinion of clients? What capabilities do providers need to bring to their engagements to be compelling? What sources of differentiation matter most to consulting buyers?
- **Future development:** What investments are providers making or planning to make to enhance their future capabilities?

In addition to briefings with consulting buyers and providers, ALM Intelligence uses a mosaic approach to derive its findings. This incorporates primary research conducted with industry practitioners, academics, and other experts and secondary research on providers’ public information and other third-party sources of data and analysis.



Source: ALM Intelligence

## About ALM Intelligence

ALM Intelligence provides accurate and reliable market sizing and forecasts on consulting services worldwide, needs-analysis and vendor profiling for buyers of consulting services, timely and insightful intelligence on the top consulting firms in their respective markets, and operational benchmarks that measure consulting performance. ALM Intelligence's research spans multiple service areas, client vertical industries, and geographies. Our analysts provide expert commentary at consulting industry events worldwide, and offer custom research for Management Consulting and IT Services firms. More information about ALM Intelligence is available at [www.alm.com/intelligence/industries-we-serve/consulting-industry/](http://www.alm.com/intelligence/industries-we-serve/consulting-industry/).

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