Case 100

Beyond Management Consultancy

This article summarizes the innovative consulting services that could support shaping The Blue Economy, which is known as ZERI’s philosophy in action. This article is part of a broad effort by the author and the designer of the Blue Economy to stimulate open source entrepreneurship, competitiveness, and employment. For more information about the origin of ZERI <www.zeri.org>.

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The World Market for Management Consultancy

The world revenue generated by international management consulting companies is estimated by IBISWorld in 2011 at $313 billion, excluding information technology and computer consulting services. There are approximately one million consulting companies in the world with a combined employment of 2.6 million, demonstrating that the market is dominated by self-employed. While consulting revenues increased for decades the market deteriorated since 2009. The industry’s income contracted by 2.6 percent in 2009 and fell another 3.5 percent in 2010. The sector is human resource intensive with capital expenditure dwarfed by labor with a ratio of 1:15. The 55 largest UK advisory firms are worth $11 billion in billing and employ 80,000 consultants.

Consultancy is vast and diverse with specialties like cloud services, customer relationship management, smart grid, sustainability, global delivery, innovation management, merger and acquisitions to mention a few. The top companies are well-known brand names like McKinsey with 15,600 employees; The Boston Consulting Group with 6,000 employees; Bain & Company with 4,000 employees; Deloitte with 15,000 professionals; and, Booz & Company with 3,200 employees. Accenture outpaces them all with 186,000 employees and more than $25 billion in revenues. Roland Berger (Germany) is one of the few European global consultancies. Berger started in Munich, expanded to 36 countries and is fully owned by its 240 partners.

The Innovation

The Accenture adline “One billion in savings for Unilever - Delivered” symbolizes the crisis the world is facing and the standard solution offered: cut costs at all cost. After more than three decades of cost-cutting and labor saving strategies, building on the
core business - core competence philosophy, consulting companies represent one of the major forces that keep business in general and large multinational corporations in particular into this straightjacket of chasing growth, where cash flow is king and MBAs sway the scepter. The consultancy industry epitomizes the economic model that measures success by financial results and market share, deploying strategies to pursue economies of scale, through outsourcing, supply chain management, distribution centers, mergers and acquisitions, to empower companies to compete in the globalized economy. This economic model was probably the best after the second world war, enabling societies to reconstruct devastated communities. Today this model is incapable of delivering competitiveness, and certainly fails to empower management and employees to address key challenges like strengthening our capacity to respond to basic needs with what we have and address chronic youth unemployment through the creation of value.

I have never accepted a job, and thanks to the time and commitment of dozens of mentors, an economic model emerged in my mind that permits the creation of local growth in purchasing power and quality of live deploying multiplier effects created by clusters of innovations described in The Blue Economy. Trained as an economist with an MBA from INSEAD, and a track record as an entrepreneur, I know that the classic training provided by business schools and the experience at management level does not prepare us for the challenges we have to face. I know that the typical advisory services on offer today are not and cannot shift corporations towards the social and sustainable business models. So if they do not, who will?

We are in need of a new economic model that generates a multiplier effect in the local economy by reducing the outflow of cash, combined with the generation of multiple benefits, including financial ones, ensuring that the increased flow of money is compensated with the production of local products capable of competing on the global market, not because these are the cheapest, but because they generate multiple revenues that makes them insensitive to global fluctuations. Since output in the Blue Economy is predominantly based on locally available resources, this “blue growth” does not deplete limited materials and energy. On the contrary, it has the capacity to restore and strengthen both the economy and the ecosystem while generating jobs and building up social capital. This “blue growth” allows the good to be cheap and the indispensable (the commons) to be free.

The First Cash Flow
The 99 cases which have been described on the internet-based forum will be continued, updated and deepened through <TheBlueEconomy.org> and my personal Twitter @MyBlueEconomy. These electronic articles plus the 100 cases described in my Report to the Club of Rome offer a platform of inspiration based on the detailed record of singular actions. These case studies describe the components of the unfolding new economy. Now time has come to close those isolated descriptions of nearly 200 cases.
Time has come to ensure a broader platform of implementation to accelerate this new economy. This is Case 100. The key question is how could you, the reader, be part of this.

After due reflections and several regional trials, I finetuned a methodology labelled “Scan, Screen and Implement”. Based on my three decades of searching for new business models, I have learned how to guide teams through hands-on experiences understanding the local conditions, listening to the challenges, analyzing assets and costs, valuing and challenging people, eager to go beyond the obvious. This structured process leads to a detailed portfolio of opportunities - all blue opportunities implying that everything is cutting edge and sustainable. Each potential business is based on what has been achieved elsewhere. The science to support is available, and if in doubt then field visits will demonstrate the technicalities and the financials, plus a pragmatic insight how to adapt proven business models to local conditions.

The scanning exercise unveils a rich bundle of opportunities, beyond individual businesses. It lays out clusters of mutually supportive results without any need of subsidies, that were never considered viable in the classic growth model like regenerating biodiversity, re-establishing of the hydrological cycles, replenishing of top soil, providing of social housing, introducing biological farming, creating value added, jobs and social capital while improving competitiveness. Each regional case, which could cover a province, a port, a mining facility, an island or a major multinational corporation, provides insights into the mosaic of chances to generate multiple benefits, starting from P&L and balance sheet operations, like the conversion of existing costs into revenue, the reversal of provisions into investments, a dramatic increase of assets value and much more.

When exposed to this emerging portfolio of opportunities, it not difficult to be overwhelmed. Therefore, we map all opportunities, clarify the impact especially the synergies amongst the proposals and then proceed with a screening exercise. During this second phase of discovery and reality checks, we look for the minimum winning coalitions, the broad partnerships and the common understanding that join the forces of all stakeholders around three to five priority initiatives. This shortlist will become the trailblazer, driving the region or organization towards a new level of competitiveness. Now, since the original scanning exercise unveiled many of the potential interconnections, the launch of a few initiatives does not discard the other opportunities, rather it prepares the road, and subsequently facilitates the implementation of a full portfolio of projects, while ensuring a shift in perception and assessment that permits new projects to emerge spontaneously thereafter.
Once we arrive at a consensus on the kick-off portfolio, we then focus on implementation. The fast track process to offer short term deliverables as well as clarity on the long term benefits, creates the conditions for this new economic model. This may require a change of the rules of the game, a shift in critical success factors, complementing the old with the new. However, the main goal is to empower the existing staff and leadership to move forward and deliver. While we need the entrepreneurs to take us further than imagined, we also need to inspire the established institutions to go beyond the obvious. The complete process of the “Scan, Screen & Implement” should not take more than six months.

We realize all too well that we are facing a generation of economists and managers, financiers and consultants who have been moulded to think traditionally, rolling out the supply chain in the pursuit of savings at all (social) cost, urging companies to do more of the same, and at best reduce the negative impact. In the context of the present crisis where more of the same - or less of the same is not providing a pathway towards the future, we create opportunities to shape a new enabling environment. It is therefore that I wish to inspire a new generation of consultants exposed to the methodologies that disclose multiple benefits for all parties involved.

**The Opportunity**

In order to spread and empower entrepreneurs to start “the next consultancy”, we create a series of short term training programs around the world, typically for the duration of two weeks. The first three days will be an intensive immersion directed by myself, followed by a program with a carefully selected team that immediately takes the committed individuals to focus on concrete initiatives. We will select with the organizers of each program the focus that is most relevant for that region. The objective is to cover a broad field of subjects including food and agriculture, construction and health, energy and electronics, metal and mining, plus horizontal subjects such as industrial reconversion, self-sufficiency in energy and water, technology and competitiveness.

These programs will unfold starting as early as December 2012 and continue through to September 2013 with the goal to have approximately 1,000 persons around the world trained. Each one is to become a professional consultant or coach, and be part of a team, guiding others towards a broad-based implementation. The details of the trainings will be published on <zeri.org> and <TheBlueEconomy.org>, and specific invitations will be issued through Twitter and LinkedIn. These training initiatives are organized in partnership with established academic institutions that have a track record of working with us. The goal is not the training in itself, the goal is to create local consultancies that will deliver the “Scan, Screen & Implement” service portfolio based on the Blue Economy cases, and will offer a series of adjacent services competitively.
The creation of a network of regionally operating consulting companies capable to offer
the “Scan, Screen & Implement” in a local language has already started. Established
local partnerships will ensure the translation of analyses into action by trained teams
capable to carry this process forward without relying on me. At the same time, the Blue
Economy platform will ensure a central point for exchange of experiences and insights.
The ZERI network benefits from strong and established relations with a track record of
over a decade, we expect that most of the team members will have created by the end
of 2013 their operations as to create a consortium of consultancies on four continents.
Preparations are on track to set up consultancies in Europe (Belgium, Italy and
Hungary), Latin America (Colombia, Brazil and Mexico), Africa (South Africa and
Ghana), and Austral-Asia (India, China, Japan and Australia).

This last case in the formal 100 series is therefore concluding with a call to individuals,
who have been following the Blue Economy, to existing institutions, including
established consultancies, to academic organizations to join forces and create the
partnerships. This will secure that the wealth of information embedded in the open
source publications of “The Blue Economy” will provide the consulting, coaching and
leadership to fast-track these innovative models and make the change happen we all
would like to see.

Gunter Pauli is the author of the Report to the Club of Rome:
“Blue Economy: 100 Innovations - 10 years - 100 million jobs” published in 35 languages worldwide.

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For further background on the 100 cases: www.TheBlueEconomy.org

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