Strategy Consulting 101

Goizueta Business School: MBA Class of 2007

October 28th, 2005

Grant Ford (MBA04) – Bain & Co.
Vishy Padmanabhan (MBA04) – A.T. Kearney Inc.
Agenda & Objectives

- What is strategy consulting? 2:00pm – 2:20pm
- Bain case study 2:20pm – 2:35pm
- A.T. Kearney case study 2:35pm – 2:50pm
- Q&A 2:50pm – 3:10pm
- “How recruiting works” within consulting firms – Do’s and Don’ts 3:10pm – 3:30pm
What is strategy consulting?

Strategy consulting is about addressing issues that CXOs face currently / expect to face in the future with far-reaching organization wide implications on how they run their business and make decisions.

- Global consulting market ~ $130B; NA ~ $75B (2005 estimates)
- Strategy consulting share ~ 11% of total market; ~ 2% growth
- Leading firms include Mckinsey, Bain, BCG, Booz Allen, A.T. Kearney, Monitor, Roland Berger, Deloitte S&O practice, and others
- Trusted Advisor: Strategy consulting should not be sold; It is bought
- Strong brands with deep relationships with CXO/Board
- Traditional focus has been on the “What to do” but increasing emphasis on “How to do”
- Discretionary spend for most customers; First to be impacted during a downturn

Source: Kennedy Information
Strategy Consulting is not for everyone; It is not only about your capability, it is also about your personality

**Skills & Traits**

- MECE thinking (Mutually Exclusive, Collectively Exhaustive)
- Hypothesis driven problem solving
- Deal with ambiguity
- Bring structure into an unstructured situation
- Work smart and act smart through periods of naiveté
- Adopt CEO perspective every step of the process
- Think end-game
- Use 80:20 approach
- Question status quo
- Deal with trial & error
- Work with minimal data
- Knowledge across all functions within a business
- Innovative “out of the box” thinker
- Effective synthesis of large amounts of research
- Work under high pressure (Short, intense efforts)
- Constantly work with incredibly smart people who have huge egos, are opinionated, have limited attention spans but photographic memory, constantly practice nit-picking and are notoriously impatient

**Ask yourself**

- Do I have the personality to succeed in this environment?
- Have I demonstrated these traits in the recent past?
- How do I feel about the experience?
Typical strategic issues we are hired to address

<table>
<thead>
<tr>
<th>How do we enter this market?</th>
<th>How do we globalize?</th>
<th>How do I ensure next generation cost competitiveness?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help me with due diligence</td>
<td>Should we go ahead with this merger?</td>
<td>What should be our Offshoring / Outsourcing Strategy?</td>
</tr>
<tr>
<td>What will my supply chain look like in 2010?</td>
<td>How do we better monetize our products?</td>
<td>How should our brand strategy be?</td>
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<tr>
<td>How should we serve our customers?</td>
<td>Help us come up with new ways to increase revenue?</td>
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</table>

Clients hire us to address a specific issue. They pay us $$ for our objectivity, rigor, expertise and speed.
Case study # 1: Media Co. project overview

**Client:** Large media company with holdings in television, radio, newspapers and magazines

**Situation:** Circulation at the company’s flagship regional publication is declining, in spite of the fact that the population in its target region is growing rapidly

**Challenge:** Find a killer idea to substantially boost revenue by appealing to the unmet needs of consumers and advertisers

**Duration:** Six months – October 1 to April 1
Case study # 1: Media Co. project overview

Oversight & industry expertise
(3 partners)

Project management
(Manager)

Market Dynamics
Consultant
Associate consultant

Advertiser and consumer needs
(Case team leader)

Advertiser
CTL
AC

Consumer
Consultant
AC

Analogs
Consultant
# Case study # 1: Analog workstream

<table>
<thead>
<tr>
<th>Task</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
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<tr>
<td>Define areas of exploration</td>
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<td>Research and define initial list of analogues</td>
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<td>Determine key fit parameters</td>
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<td>Screen list for top opportunities</td>
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<td>Deep dives</td>
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<td>Define implementation analogues</td>
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<td>ID peer relationships</td>
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Case study # 2: Leading electronics retailers in NA

Client: Large electronics retailer in NA

Situation: Growth is declining in mature markets (e.g. USA, Canada) and wanted to expand into several developing markets

Challenge: Develop an analytical model for evaluating various countries and develop a market entry strategy

Duration: 6 weeks

Approach: Use A.T. Kearney Intellectual capital GRDI™ (Global Retail Development Index) and develop a client specific index to arrive at target countries based on which retail market entry strategy will be developed
Case study #2: AT Kearney has been conducting the Global Retail Development Index study on a yearly basis...

### GRDI Variables

1- **Country Economic & Political Risk (25 percent)**

- Political risk (25 percent), economic performance (25 percent), debt indicators (10 percent), debt in default or rescheduled (10 percent), credit ratings (10 percent), access to bank financing (5 percent), access to short-term financing (5 percent), access to capital markets (5 percent) and discount in forfeiting (5 percent)

2- **Market Attractiveness (25 percent)**

- Retail sales per capita (10 percent), Law and regulation (5 percent), Population (5 percent), Urban population (5 percent)

3- **Market Saturation (30 percent)**

- Share of modern retailing (10 percent), Modern retail sales area per inhabitant (5 percent), Number of international retailers (10 percent), Market share of leading retailers (5 percent)

4- **Time Pressure (20 percent)**

- The time factor is measured by the sum of the CAGR (1999 to 2003) of the retail sales and the retail sales area weighted by the development of the economy in general (CAGR of the GDP from 1999 to 2003)

### The 2005 AT Kearney GRDI

<table>
<thead>
<tr>
<th>2005 Rank</th>
<th>Country</th>
<th>Region</th>
<th>Country risk</th>
<th>Market attractiveness</th>
<th>Market saturation</th>
<th>Time pressure</th>
<th>Score</th>
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<td>1</td>
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<td>Asia</td>
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<td>54</td>
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<td>58</td>
<td>71</td>
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</table>

Source: AT Kearney analysis, GRDI 2005
… and has built a strong understanding of “window of opportunity” for retailers who seek global expansion

GRDI results 1995 to 2005 for selected markets - “Window of opportunity” analysis

Source: AT Kearney analysis
Client XYZ hired us to identify countries for expansion and subsequently develop the retail market entry strategy

- Interviews with key stakeholders to map current Client XYZ requirement and prioritization criteria

- Sequential filtering criteria was used and the full list of emerging markets was shortened to the most relevant markets for Client XYZ

- Variables were identified and clustered based on relevant Client XYZ specific indicators
  - Country Attractiveness and Risk (15 variables)
  - Market Attractiveness (8 variables)
  - Client XYZ Operations (5 variables)
  - Time Pressure (4 variables)

- Correlation analysis was used to determine weights and variables when direct data are not available

- The GRDI model was then customized and tested with Client XYZ key stakeholders. The GRDI tool allows customized analysis and includes regional trends and country benchmarking

- A workshop was held to validate the results of the new market entry index and extract learning / priorities for Client XYZ

We used the GRDI index but customized it to meet the client’s requirements by following a series of critical steps

Source: AT Kearney analysis
We developed an analytical tool that can be used by the client for country prioritization

GRDI Country Prioritization For Retail Expansion – Client XYZ

Country specific retail strategy was developed based on this analysis for 10 developing countries in Eastern Europe and Asia

Source: AT Kearney analysis
### A day in the life (1 of 2)

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>8:30</td>
<td>Quick manager update to confirm action items</td>
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<tr>
<td>8:45</td>
<td>Search Factiva for articles on client’s youth-targeted strategy; document key findings</td>
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<tr>
<td>10:30</td>
<td>Phone call to “client map” (VP, Circulation) to determine potential contacts at client organization</td>
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<tr>
<td>10:45</td>
<td>Browse Thomson for media industry analyst reports; send email to Bain Research for assistance</td>
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<tr>
<td>11:30</td>
<td>Quickly blank out slide deck for client update</td>
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<tr>
<td>12:30</td>
<td>Lunch w. start class to plan upcoming integration dinner</td>
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<tr>
<td>1:45</td>
<td>Impromptu case team meeting (consultants only) to bounce around a few ideas</td>
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<tr>
<td>2:30</td>
<td>Impromptu foosball tournament</td>
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### A day in the life (2 of 2)

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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<tbody>
<tr>
<td>2:50</td>
<td>Call with 's SVP, Circulation to pick her brain on key topics</td>
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<tr>
<td>3:30</td>
<td>Begin populating blank slides with relevant data (using the Bain Wizard, of course)</td>
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<td>4:15</td>
<td>Beg for Excel tutorial from brilliant undergrads</td>
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<td>4:40</td>
<td>IM colleague in LA office who worked in the media industry for advice</td>
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<tr>
<td>5:00</td>
<td>Send particularly challenging slide to graphics for help</td>
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<tr>
<td>5:05</td>
<td>Stroll over to Lenox for coffee w/ ACs</td>
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<tr>
<td>5:20</td>
<td>Determine key fit points between client’s strategy and capabilities</td>
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<tr>
<td>6:30</td>
<td>Review deck with CTL and make a few tweaks</td>
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<tr>
<td>7:15</td>
<td>Send slides to manager and hit the road</td>
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</table>
Q&A on Strategy Consulting
### Typical Process, Steps we follow

- Bookmark candidates
  - Lead week
  - Recruiting presentations
  - General sessions (Like this one right now)
  - Every time you initiate a discussion
  - Informational interviews
  - Internal referrals
  - Casual conversations
  - Resume review
- Exchange notes, forward emails written to colleagues
- Discuss resumes, candidate capability and readiness with Professors in the school
- Gather input from interns, past employees who are currently in school
- Formal resume review session prior to interview

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**Treat every interaction as an interview data point**
“How recruiting works” within consulting firms – Do’s and Don’ts

### “Best Practices”

- **Be prepared**
  - Depth of knowledge about firm
  - People and culture
  - Type of work
  - Style of work
  - Local office details
    - *How to* - CMC, Interns, Professors, Consulting guides, Market research
  
- **Be professional**
  - Communication (Written, verbal and non-verbal)
  - Comments
  - Appearance
  - Follow up, Thank you notes etc
    - *How to* - G+, CMC, 2nd years, recent alums

- **Display capability and fit**
  - *How to* - 2nd years, recent alums, company website

- **Use your internal resources first, before reaching out to alums, recruiters.**

### “Worst Practices”

- **Not knowing enough about us**
  - Student - “I am very interested in healthcare consulting”
  - Alum – “But we don’t do that work here”
  - Student – “But I am also interested in Retail work”
  - Alum – “We don’t do much of that either”
  - Student – Oops !!!!

- **Not showing up**

- **Trying to be too nice and smooth**

- **Showing off / Throwing names**

- **Mail bombing every alum in the firm**

- **Ctrl C, Ctrl V; Same email to every alum**

- **Too much communication (follow-up / talking etc)**

- **Poor communication**

- **Misrepresenting what you do / did**

- **Wasting our time**