MANAGING MANAGEMENT
CONSULTING

Christopher Löfstrand & Jonas Missaoui
Tutor: Katarina Hamberg Lagerström
2013-01-17
Abstract

The management consulting industry is growing. The industry is also described as being exposed to increased pressure from the environment. An interesting question is then how resources are managed in management consulting firms in order to sustain competitive advantage. The purpose with this thesis is to investigate how firms in the management consulting industry manage their resources through the lens of the resource management framework and if there are any signs of change. Through a multiple case study of the processes in two large management consulting firms, the activity (i.e. the use of resources) perceived as important for the leveraging of competitive advantage is studied. The findings suggest that customers have a much more central part in the resource management process than depicted in the resource management framework. The clearest signs of change refer to the development of new career paths and an increased global integration of competencies.

Keywords: resources, processes, value creation, management consulting
Acknowledgements

The creation of this thesis has been a true journey. On our path to finalizing this report we have hit several bumps on the road forcing us to make not one but several restarts in order to set the path straight. This has nevertheless taught us several important lessons. First and foremost, we would like to direct our sincerest thanks to our tutor Katarina Hamberg Lagerström who despite our failures have helped us to get back up on the horse during times of hardship. We honestly believe we are better students today. Secondly, we would like to thank all the participants in our seminar group who have contributed with constructive comments on how to pursue our task, especially Malin and Astrid who had to read through a completely new version of our draft for each session. Lastly, we would also like to direct our thanks to the respondents who made this thesis possible, and even if we cannot mention you by your names due to anonymity reasons we are truly grateful.

Thank You!

Uppsala, January 2013

Christopher Löfstrand

Jonas Missaoui
Table of contents

1. Introduction ......................................................................................................................... 1
   1.1 Purpose ............................................................................................................................. 2
   1.2 Research Questions .......................................................................................................... 3
   1.3 Contribution ...................................................................................................................... 3

2. Theoretical Framework: Resource Management ............................................................... 4
   2.1 Resource Based Theory .................................................................................................. 4
   2.2 Resource Management .................................................................................................. 5
      2.2.1 Structuring ............................................................................................................... 6
      2.2.2 Bundling .................................................................................................................. 8
      2.2.3 Leveraging .............................................................................................................. 9
   2.3 Summary ......................................................................................................................... 10

3. Methodology ....................................................................................................................... 11
   3.1 Research Approach ......................................................................................................... 11
   3.2 Multiple Case Study ....................................................................................................... 11
      3.2.1 Choice of Management Consulting Companies ...................................................... 12
   3.3 Collection of Empirical Data .......................................................................................... 12
      3.3.1 Secondary Data ....................................................................................................... 13
      3.3.2 Analysis of empirical data ....................................................................................... 14
   3.4 Data Quality .................................................................................................................... 14

4. Empirical Findings ................................................................................................................ 16
   4.1 Industry Profile .............................................................................................................. 16
   4.2 Company Profiles ........................................................................................................... 16
      4.2.1 Big Consulting ....................................................................................................... 16
      4.2.2 Global Management Consulting ......................................................................... 17
   4.3 Competitive Climate ....................................................................................................... 17
   4.4 Value Creation ............................................................................................................... 18
4.4.1 Hierarchical structure ...................................................................................... 19
4.4.2 Recruitment ........................................................................................................ 20
4.4.3 Procurement ........................................................................................................ 21
4.4.4 Internal Efficiency .............................................................................................. 21
4.4.5 Business Development ...................................................................................... 23

5. Analysis .................................................................................................................. 25
5.1 The Resource Management Process ..................................................................... 25
  5.1.1 Structuring ........................................................................................................ 26
  5.1.2 Bundling ........................................................................................................... 27
  5.1.3 Leveraging ....................................................................................................... 28
5.2 Value for stakeholders ......................................................................................... 29

6. Conclusion ............................................................................................................... 32
  6.1 Managerial Implications ....................................................................................... 33
  6.2 Future Research ................................................................................................... 34

7. References ................................................................................................................ 35
1. Introduction

‘Professional services’ is a growing industry in Europe. In 2011 the European market for management consulting recorded a growth of 6.7% (Marketline, 2012) and this growth is mainly fueled by the increasing number of companies who choose to outsource parts of its management and problem solving. The general view of the consulting firm is one that identifies problems, provides a solution and sometimes helps with the implementation of this solution (Furusten, 2009). The consulting firm is also expected to provide expertise that is on a higher level than the client organization is able to achieve on its own. The role of the consultant is to offer the client a sort of institutionalized ‘something’ which the client lacks (Furusten, 2009). This fact that consultancies, in essence, deals with other firms problems and solutions also means that there is a high uncertainty regarding what challenges the consultants will face. Helping other firms to be competitive can be complex and require different solutions for every project.

Client companies who seek consulting services have, despite of this, often not given much consideration into how a consulting firm performs its service (Dawes et al., 1992). As a result, personal relationships or routines have traditionally determined which management consulting company that ultimately is hired. Werr & Pemer (2005) illustrate signs of change with regards to this matter, where efforts such as searches for alternatives, formal contracts and competitive selection processes are being adopted by organizations. This change, they argue, is often based on the clients’ pressure to reduce cost and become more efficient. Werr & Pemer (2005) have also noted that organizations are increasingly able to reduce consulting firms’ fees by just introducing a sense of competition, or by requiring clear specifications of future fees. This change in environment for the consulting firm has indicated signs that could have strategic implications for the consulting industry where the view is, in part, changing into a perception of consulting services more as a commodity and rationalized activity (Werr & Pemer, 2005). Many consulting services are also dispensable which means that market demand for consulting services can be dependent on the economic climate (Marketline, 2012).

All in all, due to changes into tougher customer demands and increased competition it could therefore be argued that the constituencies of competitive advantage for management consulting firms could also change. A dynamic environment is defined as a changing competitive environment in terms of uncertainty and growth (Baum & Wally, 2003). For businesses, competitive environment means the external factors affecting business
performance. When external and internal factors are favorable which allows a business to outperform competitors competitive advantage is achieved (Porter, 1985). Competitive advantage is thus something most companies strive for. Because competitive advantage consists of a combination of internal and external factors, management consulting firms could be required to respond internally to the external factors which the company cannot affect. Arguably, management consulting firms compete in a dynamic environment because of the uncertainty regarding the challenges they face. By assisting clients with their strategic work management consultants face the same challenges as their clients. Therefore, it is of interest to further examine how actors in the management consulting industry manage their resources in order to handle these challenges. Resources are defined as all assets, tangible and intangible, that firms can use to implement strategies (Barney, 1991).

Two decades of studies of how resources are used within organizations have paved the way for what today could be called a theoretical field, i.e. the resource based theory (Barney et al., 2011). Different sets of expansions has also contributed to this theory in different ways, but one of them in particular - resource management - has focused on the processes that interlink resources, i.e. the use of these, with competitive advantage and how resources can be combined in order to cope with the dynamics of the environment (Barney et al., 2011). Based on this theory we aim to shed light on how representatives from this industry perceive competitive advantage and how their management consulting firms work toward environmental pressures. To investigate all of these resources and how they are managed is beyond the scope of this thesis.

1.1 Purpose
There is an ample prevalence of literature explaining how companies use and pursue different resources in order to leverage competitive advantage with respect to their customers. To the best of our knowledge, however, there is not much research focusing on issues relating to how management consulting companies, or knowledge based companies in general, manage resources. Our purpose is therefore to examine two companies with the resource management process in mind. The aim is to contribute to the field of resource management through providing a new and somewhat unexplored context. Namely, the one of the consulting industry where knowledge is both a resource as well as a ‘product’ companies wish to sell. Our focus will mainly be on human capital as resources. This, because the business idea of the firms in our study are based on acquiring and spreading of knowledge to clients through their employees. By doing this we hope to learn more about how firms can manage knowledge and
employees when the future is unpredictable; something which is increasingly relevant in a society where knowledge is becoming a commodity.

1.2 Research Questions
The research questions of this study are therefore:

- How do firms within the management consulting industry manage their resources in order to be competitive?
- Are there signs of change in their management of resources?

1.3 Contribution
Both the resource based theory and resource management framework has focused on companies active within markets where offered products and services often entail physical products of some sort. However, there have not been many resource management studies with the sole intent of studying organizations working strictly with knowledge services such as professional services firms within the management consulting industry. Therefore, the aim is to contribute to research by showing how management consulting companies adapt to changes in their competitive environment, an integral part in order to provide legitimacy for their services in an industry where ‘intangibles’ are the only product. By deductively studying how they work and how they choose to frame their resources with respect to their dynamic environment there is much to be learned about professional services firms and how they perceive competitive advantage. Through this, the thesis contributes theoretically to the resource management framework by providing a new context. Also, since the study is based on empirical data it also contributes empirically to literature that focuses on the management consulting industry as such by providing examples on how challenges are resolved. Our study could also prove useful for managerial practices in the consulting industry or firms competing in dynamic environments by providing examples of how resources are used in order to leverage competitive advantage as a consequence of differing customer demands as well as the dynamic nature of the activities surrounding them.
2. Theoretical Framework: Resource Management

In this chapter, theory behind the use of resources in organizations is presented. A brief presentation of the resource based view is provided followed by an illustration of the resource management framework.

2.1 Resource Based Theory

The resource based theory (RBT) sees strategic resources as the source for competitive advantage. Strategic resources can be any kind of resource the company possesses that gives it an advantageous position in the competitive environment. These are both tangible resources like infrastructure or equipment, but also intangible resources such as knowledge, competence or brand image. What characterizes a resource that allows for competitive advantage is that it is valuable, rare, inimitable and non-substitutable (Barney, 1991). This so called VRIN framework rules out anything that can be copied as a source of competitive advantage. The RBT of resources as a base for gaining competitive advantage has generally been accepted among scholars. However, the RBT has come under criticism for being static in how it perceives competitive advantage. The main criticism has been its focus on internal factors and exclusion of the external environment which would provide a context to the resources possessed by firms (Priem & Butler, 2001). The critics mean that resources alone are not a source for competitive advantage. As a response to this criticism, new models were developed which, although underlining the importance of resources, also take the external environment and management of resources into account. ‘Dynamic capabilities’ is a theoretical framework developed by Teece et al. (1997) as a response to the resource based theory. They argue that the RBT is too focused on the resources a company possess and what is can do with these resources. Dynamic capabilities adds the dimension of creating new capabilities. Dynamic in this context means responding to a changing environment, and thus providing an external context to the firm. A more recent development within the field of strategic management addressing the aforementioned issues with RBT is resource management (RM), which highlights the importance of management as the link between resources and the external environment (Sirmon et al. 2007).
2.2 Resource Management

Resource management builds on the theory of resources as a source for competitive advantage by acknowledging the role of managers. The conceptual idea is that the use and management of resources in order to create value for customers is as important as the resources a company possess (Sirmon et al., 2007). Through managing the firm’s resources an advantage toward competitors can be reached despite resource parity. This idea of coupling resources with managerial capabilities has gained widespread support (Holcomb et al, 2009). A resource is in this framework seen as something that in the end provides value for customers. When managed right, the company resources provide an end product where perceived utility exceeds price from a customer’s perspective. A high utility to price ratio constitutes high customer value which can lead to a competitive advantage under condition that it also provides value for owners. The cost of utility provided to customers should not be exceeded by the cost of utility for owners (Sirmon et al. 2007). As seen in Figure 1 customers and owners have feedback relationships back to the company which can be seen as a black box registering the external environment and using internal resources to provide an output. By looking at the strategic work with resources as a series of processes in order to create customer value it increases the applicability in dynamic environments. Sirmon et al. (2007) conclude that with different degrees of environmental uncertainty and munificence of resources, different processes will have different potential for creating customer value. While the resource based theory has an all-inclusive approach to the term resources, the resource management makes a difference between resources and managerial capabilities.
Resource management includes many different processes within a company and these are divided into three overall processes: (1) structuring of resources, bundling of resources and leveraging of resources (Sirmon et al., 2007). These three main processes are sequential with feedback connections backwards in the process chain.

Figure 1 – The resource management process (Sirmon et al., 2007)

2.2.1 Structuring

The structuring of resources is fundamental because it is the managing of the firm’s portfolio of resources. The portfolio of resources decides the value creating potential of the firm (Sirmon et al., 2007) or what the firm can achieve if all resources are perfectly managed. The potential value of resources shifts with changes in the external environment which makes the structuring of the portfolio an important task. The quality and value of resources affect how
managers can influence performance. Management tends to increase in importance with less valuable resources (Holcomb et al., 2009). The structuring of resources includes the subprocesses of acquiring resources externally, accumulating resources internally and divesting of resources.

**Acquiring** resources on an external market includes the selection and hiring of human capital as well as tangible resources such as equipment for example. Another form of acquiring is ‘mergers and acquisitions’ which include bundles of resources, both tangible and intangible (Denrell et al., 2003). Purchasing resources with a proactive approach in a changing environment can mean purchasing resources where price does not reflect value. It also provides strategic flexibility for firms competing in uncertain environments (McGrath & Nerker, 2004). By possessing a varied pool of resources the firm can respond quicker, and thus alter strategy to provide customer value when resources shift in value. The acquiring process can therefore be especially important when resources have low deployment flexibility (Sirmon et al. 2008).

**Accumulation** of internal resources is an option when the market cannot provide the firm with a resource. Developing internal resources also enables the firm to design a resource, for current and future needs, which cannot be bought on the market, thus making the resource difficult to imitate as it becomes unique. Internally developed resources are often of an intangible nature, such as knowledge, routines and capabilities, and involve tacit knowledge that is not easily transferred. Subsequently, the process involves development of new resources but also improvements of existing ones (Sirmon et al., 2007). In an uncertain and dynamic environment it is also necessary to develop employees with broad rather than narrow sets of skills. This decreases the chances that their skills will become obsolete (Bowman & Hurry, 1993).

The process of **divesting** resources involves the evaluation of existing resources and decisions when a resource is considered unnecessary or obsolete. This process is important since capital is limited and should be invested where there is most potential for creating value. This can be difficult due to the trap of sunk costs and difficulties in evaluating future value of current resources (Sirmon et al., 2007). The structuring of resources is often a task for top management and also causes some psychological challenges. For example, there is a tendency to overestimate resources the firm already possesses in relation to competitors (Garbuio et al., 2011).
2.2.2 Bundling

The concept of resource management does not stop with only structuring a portfolio of resources however. The resources must in turn be managed and transformed into capabilities. Sirmon et al. (2008) argue that the management and bundling of resources are especially important in highly competitive markets where resources are close to parity between competitors. The so called *bundling* of resources into capabilities involves processes using combinations of resources to create abilities to perform tasks. Bundling in this context is the packaging of resources that together form a capability (Brown & Eisenhardt, 1999). Empirical research shows that *how* resources are bundled can have different effects on performance depending on context. For example, the coupling of a senior experienced employee with an inexperienced can have positive effects on performance in some contexts (Kor & Leblebici, 2005) and negative in others (Gardner & Gino, 2012). Sirmon et al. (2008) also argue for the importance of context when bundling resources. It is argued that competitive advantage is the accumulated result of contests with your competitors in a competitive environment. Therefore, competitors’ actions must be taken into account when bundling. According to Mol and Wijnberg (2011) the synergistic effects of bundling resources can also lead to difficulties determining the value and contributions of single resources. This, they argue, increases the importance of managers’ tacit knowledge. Through experience, a skilled manager can identify the importance of single resources in a bundle. Bundling of resources involves the processes of *stabilizing, enriching* and *pioneering* (Sirmon et al., 2007).

**Stabilizing** is the process of keeping current capabilities up to date through work and training. A company that has a competitive advantage will want to maintain that advantage. Stabilizing can however be ineffective in a dynamic environment. Therefore, strategic flexibility is important (Combs et al., 2011), and this likely requires extending current capabilities through enriching and pioneering (Sirmon et al., 2007).

**Enriching** is the process of improving current capabilities by adding new skills or knowledge. This can be done by adding new resources to a bundle, or by increasing the efficiency in the interplay between different resources. It can also be done by adding a resource already possessed by the firm. This process can be used reactively or proactively as a response to changes in the competitive environment (Sirmon et al., 2007).

**Pioneering** is the process of creating new capabilities in order to perform a new task through combinations of resources. This often requires adding newly acquired resources to the bundle.
Theoretical Framework: Resource Management

(Sirmon et al., 2007). New capabilities add to the strategic flexibility of the firm by providing managers with more tools.

2.2.3 Leveraging

Leveraging of resources and capabilities is the third step in Sirmon et al’s (2007) model for managing resources to either gain or sustain competitive advantage. Leveraging involves processes that connect capabilities with the marketplace so that value can be created for customers (Miller, 2003). Leveraging is thus the link between the firm and the external environment, and just like structuring and bundling, leveraging can be divided into three sub-processes.

The process of **mobilization** is the process of identifying opportunities in the marketplace through the identification of resources and capabilities needed to exploit opportunities. This can be a difficult process in dynamic environments where causality between capabilities and value creation are difficult to determine (Reed & DeFillippi, 1990). Different strategies demand different resources and capabilities. A **resource advantage strategy** aims for competitive advantage through providing a competence that is unmatched by rivaling firms. For competitive advantage to be realized it must also be competencies that create customer value. A **market opportunity strategy** can be deployed when existing capabilities can be configured to exploit an identified market opportunity. This strategy is proposed to be preferential when facing continuous change in the competitive environment (Sirmon et al., 2007). The third strategy, the **entrepreneurial strategy**, which involves configuring capabilities to approach a new market, with new products or services, is proposed to be preferential when facing substantial and discontinuous change (Sirmon et al., 2007).

**Coordinating** is the process of configuring and organizing capabilities to implement a leveraging strategy. Through integrating different capabilities a synergistic effect can be reached through sharing of knowledge and creation of internal networks in order to create customer value (Sirmon et al., 2007). To coordinate capabilities efficiently there is usually a need for a well-developed company infrastructure and IT system (Hunter et al., 2002). Managerial skills for the coordinating process are also suggested to be in part dependent on social and communicating skills (Sirmon et al., 2007).

The final step in the implementation of a leverage strategy is the process of **deployment**. Deployment is the actual use of the resources and capabilities that transforms into ways of doing things, creating routines based on the integrated knowledge. The deployment process
decides when and where the firm leverages its capabilities. For a firm to be successful in a
dynamic environment it is also important to have flexibility in the deployment of resources
(Sirmon et al., 2008). Here, flexibility means to have options regarding when and where to
deploy resources. When flexibility is high, the manager can focus on bundling and deploying
(Sirmon et al., 2007).

2.3 Summary
Conclusions drawn from the resource management framework is that the external
environment and the role of managers play an important part. The external environment and
stakeholders provide an external context to which the company should respond by structuring
resources and managing them to provide value. While the RBT focuses on a resource’s
properties and rareness for being competitive, the resource management framework has a
focus on how different resources can be integrated creating something which is more valuable
than the sum of each resource. The processes are also activities that most companies will
work with more or less, but may not identify as resource management. Nevertheless, it is
through the lens of the resource management framework we aim to investigate how resources
are managed in companies in the management consulting industry.
3. Methodology

In this chapter the methodology of our study is provided. The choice of our research method and why we chose to investigate management consulting firms is also presented. Furthermore, the research approach, research process and quality of this study are elaborated.

3.1 Research Approach

As already mentioned, the purpose of this study is to examine an organizational phenomenon seen from a theoretical framework, and this means that our study first and foremost has the characteristics of a deductive approach. However, since our study is of an exploratory nature it has also been subject to change since new data might have steered the focus of our study, adapting it to these new findings. According to Saunders et al. (2012) exploratory studies often start by being rather broad in scope but becomes narrower when the study progresses. Even if none, or very few research processes are linear we have nevertheless begun our study with the collection of relevant theories in order to create a framework from which our focus of study was to be tested. In order to do this we first made a study of literature on the subjects of management consulting and resource management as two separate subjects. However, as previously stated, the found theory has been subject to incremental change throughout the research process in order to better suit our focus of study.

3.2 Multiple Case Study

Since the focus is to investigate how companies within the management consulting industry work towards competitive advantage by the management of their resources in a dynamic environment, we have chosen to focus on the processes in two companies within the management consulting industry. The use of a single or multiple case study is relevant if there is a need of gaining a deep understanding of the research context as well as the processes taking place within this context (Eisenhardt & Graebner, 2007). Since our study is of both exploratory and explanatory nature, conducting case studies proves to be an efficient way of answering questions such as why, what and how (Saunders et al., 2012).

The fact that we have chosen to study processes in two companies is because we wanted to provide evidence of similar as well as differing findings with respect to the two focal companies. According to Saunders et al. (2012) the reason for choosing a multiple case strategy is to prove whether findings can be similar with respect to each case. Also, since our
aim with this study has been to examine processes in two companies where the intent has been to explain existing theory seen from organizations as a whole, the dimension of our study should be seen as holistic given our focus on each case in a general sense (c.f. Yin, 2009).

3.2.1 Choice of Management Consulting Companies

Our chosen companies are two large and well-known companies within the management consulting industry. These companies are called Big Consulting and Global Management Consulting and due to anonymity reasons we have chosen not to call them by their real names. By studying two companies of this size we have investigated how representatives within these companies look upon the constituencies of competitive advantage and how their respective company uses their resources in order to leverage competitive advantage with respect to their environment. We based our selection criteria upon size, range of services offered, and how well-established the companies were throughout the world. Of course, these companies also had to be established in Sweden as well. We based these criteria on the assumption that the larger and the more well-established a company is, the more elaborate different activities with respect to resource management is likely to be.

3.3 Collection of Empirical Data

Our primary source for the collection of empirical data has been through interviews with four representatives from the management consulting industry. Our sampling has been based on a purposive sampling technique, which means that our judgement has been used when selecting our respondents in order to have as suitable persons as possible when trying to collect our data (c.f. Saunders et al., 2012). Our selection criteria have been based on years of employment and the position the respondent currently hold. Even if the likelihood of the sample size being representative is rather low by using this sampling technique it is still dependent on the researcher’s choices and it can prove to be a useful technique when the aim of the study is to be illustrative with respect to a certain topic (Saunders et al., 2012). The conducted interviews have been semi-structured since our aim has been to be in part exploratory and in part explanatory in our research. According to Saunders et al. (2012) semi-structured interviews can be used for both exploratory and explanatory reasons, and even if our research in part aims to illustrate certain relationships between observed theory and found empirics our study also contains an element of exploratory nature. Our interview guide was prepared in order to discuss a specific set of topics but the order of the questions could be altered or omitted based on who the interviewee was. This manner of, to certain extents, altering the semi-structured
Methodology

Interviews is also supported by Saunders et al. (2012). Our research guide consisted of questions which in a general sense addressed the different topics in our theoretical framework. These topics mainly revolved around how the two consulting companies were working with a wide variety of subjects that somehow related to their human resources (e.g. recruiting, collaborations, acquisitions, communication etc.). Another topic we also chose to address was how the respondents perceived the competitive climate and how their respective company chooses to address clients’ differing demands in a more general sense.

Two respondents from Big Consulting and two respondents from Global Management Consulting were interviewed. Again, due to anonymity reasons we have chosen to alter the names of these respondents. From Big Consulting we performed one interview with a respondent who held the rank of manager and one interview with a respondent who held the rank of junior consultant. The manager at Big Consulting has been working 7.5 years for the company and the junior consultant for 1.5 years although he had about 1 year of prior experience from another consulting firm. From Global Management Consulting both respondents held the rank of manager and have been working in the same company for about 6 years. The interviews have been conducted either in person or through the use of Skype or telephone. Before each interview, the respondent was supplied with information about the interview themes either via e-mail or by telephone. Each interview lasted in between 30-80 minutes and was also recorded so that we could use the transcripts in our analysis process. When any questions arose regarding our finalized transcripts e-mails were sent to each respondent in order to clarify these matters.

Table 1 – List of interviewed respondents

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Company</th>
<th>Rank</th>
<th>Interview Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe</td>
<td>Big Consulting</td>
<td>Manager</td>
<td>In person</td>
</tr>
<tr>
<td>Steven</td>
<td></td>
<td>Junior Consultant</td>
<td>Skype</td>
</tr>
<tr>
<td>Harry</td>
<td>Global Management Consulting</td>
<td>Manager</td>
<td>Skype</td>
</tr>
<tr>
<td>Andrew</td>
<td></td>
<td>Manager</td>
<td>Telephone</td>
</tr>
</tbody>
</table>

3.3.1 Secondary Data

Secondary sources of empirical data has consisted of reliable reports such as annual reports, sustainability reports and corporate citizenship reports from our chosen companies as well as
the industry as a whole. In addition, information from the company websites has also been gathered. All these sources of data have been useful in order to gain a wider understanding of how the two companies manage their different resources. The data provided different as well as additional knowledge during the analysis process, and proved useful in order to answer the chosen research questions. Note that all referencing made to these reports has been done by the use of the made up names for the two case companies.

3.3.2 Analysis of Empirical Data
In order to thoroughly analyze our empirical findings we have listened to our recorded interviews as well as read the transcripts several times. The same has been done with the reports constituting our secondary data. Since our aim with the thesis is to illustrate the process of how resources are managed in representative companies from the management consulting industry, seen through the lens of a specific theoretical framework, we have chosen a concept driven categorization of our data. In other words, we have categorized our empirical data according to the ‘terms and labels’ derived from the theoretical framework (c.f. Saunders et al., 2012). In our case these terms and labels consisted of the activities and sub-activities which relate to the process of resource management. The next step in our analysis has been to ‘unitize’ (Saunders et al., 2012) our empirical data manually. This was done by commenting directly in the transcripts, or reports, through the use of our chosen ‘labels’ along with additional comments on why a specific line of text belonged to the chosen label. For example, if Big Consulting invested capital in education we labeled this process ‘stabilizing’ (a sub-process of bundling) since the activity very much resembles the process of stabilizing according to the theoretical framework. Through this process we were able to ‘decode’ each company’s different activities, thus, enabling us to relate and compare these, both with regards to theory and the respective company.

3.4 Data Quality
The primary data can evaluated with respect to reliability and external validity (Saunders et al., 2012). Even if the in-depth interviews are unlikely to be repeated due to the somewhat complex and dynamic nature of this methodology (Saunders et al., 2012) we have taken several measures in order to overcome interviewer and interviewee bias. For example, a rather general briefing of our intended questionnaire was either sent out via e-mail or spoken of before the interview. We have also made sure that we had a proper understanding of the industry before we formulated our questionnaire as well as trying to ask more general questions before probing into our more specific questions during the interviews. Also, during
our analysis process thorough discussions were done with respect to whether the ‘decoding’ of each activity was correctly made. An apparent flaw here is the almost unavoidable risk of misinterpreting the theoretical framework. Another weakness as we see it is the fact that we have a rather low number of respondents with respect to our two companies and we acknowledge the fact that it is troublesome to call our study a multiple case study in this sense. It would have been preferable to have more respondents from each company since we believe that this would have created a higher extent of empirical saturation. However, since we also have used data from secondary sources which adds to our focus of interest we believe that we at least have provided some indication of the workings of the industry as a whole. Through the use of secondary data we have at least triangulated through multiple data collection, and thus strengthened the external validity somewhat. The sources for our secondary data consist of reports that added to our knowledge in a more general sense. Where the in-depth interviews contributed somewhat to a more deep understanding the reports have contributed to a wider picture, and as such, aided us in answering our research questions. However, due to the fact that the data has been released by the organizations themselves there is always a risk of measurement bias. Because the secondary data consists of sustainability-, corporate citizen-, and annual reports from each organization the data could obviously be considered biased. Nevertheless, one should also assume that what is written in these reports actually depicts reality, or at least truthful perceptions of it.
4. Empirical Findings

Based on the interviews and secondary data information about the management consulting industry, the two studied companies as well as their perceptions of the customer climate is presented briefly. However, the main part aims to illustrate the ongoing activities in both companies which all refer to the management of resources to certain extents.

4.1 Industry Profile

According to the Marketline industry profile report (2012) the management consulting industry is a growing industry in Europe. In 2011 the growth was 6.7 % and industry analysts predict a steady yearly growth of around 6 % during the next five years. The degree of rivalry is considered moderate to high, with a higher degree of rivalry between larger firms. The big international organizations generally have diverse areas of expertise while small actors specialize in certain industries or services. Brand value is considered a strong barrier of entry for new actors on the market since it takes time to build a strong brand. New actors in the consulting industry tend to differentiate themselves toward specific niche segments. Buyer power is considered to be relatively high as the service provided is dispensable and can be substituted by backwards integration through employing expertise. Companies in the management consulting industry are largely standardized in terms of software and IT resources but generally differ in terms of areas of expertise and services offered (Marketline, 2012).

4.2 Company Profiles

4.2.1 Big Consulting

Big Consulting (BC) is a global professional services corporation with more than 100 000 employees in over 100 countries. Their Swedish division has nearly 2000 employees offering four different types of service areas (BC website). During the 2011-2012 fiscal year the Swedish division recorded more than 7 % growth in turnover. Their customers consist of public global companies but also small to medium sized Swedish companies and organizations in the public sector. Big Consulting provides four different types of services, and their management consulting part of these services is mainly aimed at strategic level operations (BC website).
4.2.2 Global Management Consulting

Global Management Consulting (GMC) is a global professional services corporation and the primary services offered consist of management consulting and technology integration of various kinds. GMC also has over 100,000 employees with establishments in more than 50 countries. The Swedish subsidiary employs nearly a thousand individuals and even though the company has experienced growth, the recent economic downturn has not gone unnoticed (GMC Annual Report 2011-2012, 2012). Most of GMCs client companies constitute the largest companies in Sweden.

4.3 Competitive Climate

Both Joe and Steven (the respondents from Big Consulting) seem to be aware of changes in clients’ behavior when it comes to dealing with consulting services. One of the most apparent trends seems to be the growth and increasing competition in the consulting industry where clients have become more knowledgeable. The customers know more about management consultants and the services they perform. As a result, client firms have become more aware of costs related to consulting services, and as such, more demanding in terms of deliverance and quality of services. According to both Steven at BC and Harry (the respondent from GMC) there are more framework agreements today. According to them, it is hard to be considered in the bidding for a project if the price according to a client’s framework agreement cannot be offered. However, both Joe at BC and Harry at GMC think their companies have strong relationships with the largest and most important organizations in Sweden, and this helps a lot when it comes to the very process of establishing sales meetings with client companies. Joe at BC is also of the opinion that firms have become tougher towards consultants during the recession and that they have cut costs on consulting services, but this has been less apparent for consulting services directed to top level management. Since BC has its major part of services directed toward top management in client organizations the general view is that the instability from economic recessions have not been fully visible (Joe). Harry from GMC adds that he think advanced strategic consulting (i.e. consulting directed toward top level management) is less sensitive to recessions and price competition as compared to more direct ‘resource consulting’ where people or teams are hired just to add to an existing workforce in a client company. A visible change for BC is that the amounts of accounts (clients) they handle have decreased. Even if it is normal with a couple of key-accounts in this line of business the number has decreased during the last couple of years. This could mainly be due to a lack of personal chemistry between buyers from client
companies and key individuals in BC or because of cyclical procurements where client companies have chosen other consultants (Joe). GMC however has done somewhat the opposite, and Harry believes that during economic downturn his company not only tends to work with a wider range of companies but also on smaller projects for more clients.

### 4.4 Value Creation

BC and GMC differ somewhat with respect to the services provided and therefore it is understandable that they work a bit different toward their customers. According to Joe at BC the most important thing in order to create value is to always look at the existing offerings and constantly develop them. At the same time it is also important to be sensitive to what the customer needs (Joe). Harry at GMC differs somewhat in his view of value creation. According to him, there is similarly to BC a need to be responsive toward the customer but he also thinks that it is important to create new services and needs not currently held by customers. There are always ‘new things’ or fads which can be used to create new business (Harry). Nevertheless, there are some resources which are key to the investigated management consulting companies.

During the interviews and the review of the secondary data it became apparent that both companies rely on two important resources in order to stay competitive. The primary resource for each management consulting company, as explained by all respondents, is clearly the people working in the organization (Joe; Steven; Harry; Andrew; BC Annual Report 2011/2012; GMC Annual Report 2012). The people are the ones performing all customer-related activities as well as being the ones holding the major part of the knowledge. Knowledge which obviously is valuable since the fruits of this knowledge ultimately can be sold. Also, since both companies have a long lasting history as well as being spread across the world, both company names are well known. Both Joe at BC and Harry at GMC consider their companies as being ‘on the top of the food chain’. Joe adds that the arrangement of business meetings with potential clients is no problem thanks to the well reputed name of the organization. In other words, both companies have strong brands. Of course, the different activities that contribute to knowledge and company brand are vast and also performed on different levels in the organization. It is nearly impossible to depict every aspect of the ongoing activities that matter, and therefore, it is relevant to only mention the underlying activities that contribute to the knowledge and company brand as perceived by the respondents, but also as portrayed in secondary data such as annual reports etc.
4.4.1 Hierarchical Structure

An important enabler of knowledge development in management consulting companies is the hierarchical structure in the organization. Many of the larger management consulting companies have the same model where each hierarchical position bears with it a distinct set of responsibilities such as sales and leadership, and there is also a specific timeframe in which a consultant should climb this hierarchy (Steven). In both BC and GMC there is a clear path an employee can follow. It starts with becoming a junior consultant followed by the rank of consultant, manager, senior manager and finally partner or executive director (Joe; Harry). The former of the top rank position means larger part taking of overall profits but also more requirements to sell whereas the latter rank of the top position means becoming more of an expert within a certain area. Junior consultants are teamed with more senior persons in the organizations where they instantly get ‘thrown out’ in the field of work (i.e. working on location with their clients) with senior consultants acting as mentors (Joe; Harry). In addition to this, there are some formal methods and procedures to be followed in order to deliver services that correspond to certain standards. For example, both firms have quality reassuring procedures which mean that any delivery of a project toward a client is thoroughly controlled by someone in a senior level, usually a partner (Steven; Andrew). This is considered to be the best way of learning the work of a management consultant (Joe; Harry).

A visible change when it comes to the way in which management consulting companies are starting to handle their recruitment and career ladders is the increased scope of competencies. Both companies express signs of change with respect to the people recruited where words such as diversity and social capabilities are key (Steven; Joe; Harry; Andrew). Before, it was more common to recruit people with the same background and education but now they express a need for people with diverse competencies (Harry; Andrew). There are also signs of change when considering the hierarchical structure in management consulting firms and this is most apparent in GMC which during the last years has expanded the possibilities of climbing the hierarchical ladder (Harry; Andrew). Firstly, there seem to be a trend that the traditional pyramid-like hierarchical structure is starting to resemble more of a diamond shaped structure (Harry). Essentially this means that there is a higher focus on recruiting individuals with some sort of expertise instead of recruiting the bulk of the employees from business schools and universities into junior consultants (Harry). GMC has also adopted a separate career path for individuals who are more interested in becoming experts instead of traditional partners. BC is different in this sense because their hierarchical model is of the
Empirical Findings

traditional pyramid-like shape (Joe). There is however some level of specialization offered since there is an option to choose between becoming an expert or a partner on the top-level, where becoming an expert is not as beneficial in terms of incentives such as bonuses for example (Joe).

**Hierarchical Differences**

![Hierarchical Differences Diagram]

**Figure 2 – Differences in the hierarchical structure**

### 4.4.2 Recruitment

Similar for both case companies is their recruitment process. When recruiting people with no prior experience they both have a thorough process in order to recruit people they perceive as being the most suitable for managing the job. Recruitment usually starts with selection through CV’s followed by online intelligence tests, case-interviews, regular interviews and personality interviews (Harry; Andrew). The recruitment process is compared to as ‘buying a fine piece of wood and shaping it into something useful’ (Joe). For BC, the hiring of junior consultants makes up the large part of their recruitment base (Joe). In BC, the total number of employees increased in the last fiscal year (BC Annual Report 2011-2012). For GMC the number of employees decreased in the last fiscal year (GMC Annual Report 2011-2012). Even if employees are required to work many hours from time to time and perform according to highly set demands, dismissals of staff are rare (Joe; Steven; Harry). Andrew adds that it has traditionally been common for employees to join the organization for a couple of ‘hard’ years before moving on to another organization. However, he has also noticed increased efforts in trying to retain staff.

Once recruited, every employee is subject to performance reviews and individual goal setting. When it comes to recruiting people with more experience a common requirement is that they
bring something of value to the company. This can either be a specific competence or a network of contacts within a certain field of business (Joe). In both BC and GMC use of scorecard type measuring tools are used to evaluate each employee (Joe; Harry). This evaluation is then used in order to determine the size of each employee’s bonus. Both companies also offer various amounts of courses and education programs in order to progress in responsibilities as well as their overall performance (Joe; Steven; Harry; Andrew). When it comes to investments in hours of education per employee there is a sign of increase in BC during the last three year period whereas it has been unchanged in GMC (BC Annual Report 2011-2012; GMC Corporate Citizenship Report 2010-2011; Harry). BC also has ‘work abroad’ programs which offer each employee the opportunity to work in another location for a shorter or longer period of time.

4.4.3 Procurement

Of course, employing people is not the only way of contributing to the knowledge base and the expansion of organizational boundaries. Both BC and GMC take over other firms when necessary. In the case of BC in Sweden it is mostly in the accounting part of the organization this is done (Joe). For GMC, takeovers of smaller companies occur when they possess a technology or knowledge GMC perceives as well needed (Harry). Harry also perceives the business as being collaborative from time to time. For example, in cases where GMC loose biddings on projects in the public sector it is not unusual that collaborative initiatives are taken toward the winning company. If the winning company is a smaller consulting company it is not uncommon to try and see if there are areas in which the smaller company might be in need of assistance; assistance which in turn can be provided by GMC (Harry). Even if this might not be the most lucrative way of conducting business Harry perceives these kinds of initiatives as being rather common in the management consulting industry in general.

4.4.4 Internal Efficiency

Both organizations also have an internal network which consists of discussion forums, knowledge banks where documentation of ‘new’ projects are uploaded, as well as internal CV’s where each persons conducted projects is documented (Steven; Harry). In GMC, discussion forums are also used in order to discuss and develop different methods and routines used within the organization (Harry; Andrew). According to both Harry at GMC and Joe at BC these tools are helpful when there are issues that need resolving and the required competence for a project is not available at the local office. If possible, colleagues from other locations in other parts of the world can be temporarily transferred in order to strengthen an
Empirical Findings

important project (Joe; Steven; Harry). Joe for example, flew an expert in from Georgia, USA to assist in a project. According to him, this is a good way of spreading new knowledge within the organization, and he adds that the customers really see the value of this as well. Joe adds that there is also the opportunity to ‘fly in’ specialist teams or competence centers in order to win a ‘pursuit’ (deal) if it is large or lucrative enough. Transfers also works the other way around where employees from one office can be sent to another office overseas in order to receive education; education which is then spread at the home office (Steven). This ease of transfer between locations also aids when cross-border projects are required. Cross border collaboration is also encouraged thanks to shared incentives between partners across borders in BC (Joe). In practice, this means that even if a cross-border project is initiated in Denmark (which normally would generate all profits in Denmark) all countries that choose to participate take part of the profits made from the project. That way people on partner level sees the benefit of actually devoting suitable staff in cross-border projects (Joe). In GMC they have ‘transfer of staff’ practices as well but it is to a large extent dependent on the size of the projects since the procedure is rather costly (Harry). In practice it is usually difficult to clear someone’s schedule since most experienced people in the organization are quite occupied with their own work (Harry). According to Joe at BC, however, during the last three years, there has been a tendency to go toward even more integration with regards to different sub-regions. There is a more frequent use of temporary transfer across the world of individuals with specific competence in a certain area. For example, if the IT-risk department in Sweden is in need of a specific set of skills in order to strengthen a delivery toward a customer it has become increasingly common to ‘fly in’ experienced colleagues from overseas.

When new projects are initiated responsible persons such as managers, HR-staff and more senior people in the organization assemble the project teams which are new constellations for every project (Joe; Harry). In GMC, staffing of projects is mainly done through the HR-function (Andrew). Aside from knowing the right persons for the job through personal connections the internal network infrastructure can be used in order to find the right competence in order to deliver a service that best corresponds to the needs of the client firm (Joe). The use of the network is ‘kind of like googling how to build a boat, there is always someone who has done it before you’ (Steven).

Both firms also perform yearly employee surveys in order to gain input of how to improve their businesses on a general level (BC Annual Report 2011-2012; GMC Corporate Citizenship Report 2010-2011)
Empirical Findings

When it comes to improving the internal efficiency cost management seems to be a priority since both BC and GMC have outsourced and internationalized parts of their business which are not directly involved in customer relations (BC Annual Report 2011-2012; GMC Annual Report 2012). An example of this is the outsourcing of administrative functions such as support, IT and economic functions which in the long run contribute to economies of scale (BC Annual Report 2011-2012). All these actions make possible the use of larger investments in the employees but also the maintenance or improvement of the efforts directed toward the customers (GMC Annual report 2012). In addition, activities such as these seem to have increased as a result of pressures on prices in the industry (BC Annual report 2011-2012; GMC Annual report 2012). The respondents are all of the opinion that their firms rarely downsize obsolete human capital because most individuals have the ability to switch areas of expertise, but also thanks to natural departures which renders the necessity to dismiss people rather small (Harry; Joe; Steven).

4.4.5 Business Development

An important part of the job as a management consultant is to be responsive toward the customer since finding ‘leads’ about new business prospects is vital for the establishment of new business (Joe; Steven; Andrew). Much of the created business opportunities come from dialogue with current customers and therefore one of the most important things is to always propose new offerings toward current clientele (Joe; Andrew). Here, a visible change during the last five years is that GMC has expanded their areas of services within the management consulting business segment. Compared to five years ago, both risk management and sustainability management has been added to the portfolio of offered services (GMC Annual Report 2007; GMC Annual Report 2012). Joe also confirms that BC has expanded their portfolio of offered services during the latest five year period.

Another function with regards to the development of business per se is the use of different research. In Big Consulting there is an ‘analyst group’ where future market opportunities are identified. For example, if people working toward the banking sector want to know more about upcoming trends and opportunities the analyst group can be used in order to extract new input about the market (Steven). At BC it is also common to conduct ‘mini projects’ where a concentrated amount of information is assembled about a specific topic or market trend before meeting customers. This information is then used through different ‘fact-sessions’ with customers in order to show that BC is well equipped with knowledge and capabilities in order to cope with these upcoming trends etc. (Steven, Joe). Andrew confirms that GMC has similar
procedures during the initial phases with clients. Also, in GMC, arrangements of different contests and award programs are pursued with the sole purpose of creating patents and patent applications (GMC Corporate Citizenship Report 2010-2011). Aside from patent generating contests, GMC also has a global technology lab which assists in the development of new knowledge targeted to aid customers (GMC Annual Report 2012). In addition, GMC also makes use of more than 100 strategic alliances in order to complement their own capabilities (GMC webpage).

Both firms engage in various activities which all has the ultimate purpose of exposing the companies toward current and potential customers as well as toward the public in general. This is primarily done through different initiatives such as entrepreneurial contests, conferences and events as well as publishing of different knowledge in printed papers and online (Joe; Harry; BC Annual Report 2011-2012; GMC Corporate Citizenship Report 2010-2011). Another important tool for illustrating different initiatives is through the publishing of their CSR-policies such as Sustainability reports and Corporate Citizenship reports. These reports address all possible issues ranging from investments in charity efforts to the reduction of carbon emissions (BC Annual report 2011-2012; GMC Corporate Citizenship report 2010-2011).
5. Analysis

In this chapter the empirical findings are illuminated through the resource management framework in order to provide answers to the posed research questions. Based on the insights, contributions to the current framework are elaborated. Firstly, a mapping of the different activities with regards to the structuring, bundling and leveraging processes is provided. Secondly, an analysis in order to give sense and meaning to the relation between the identified activities and the sub processes provided by the theoretical framework is presented. Lastly, an analysis with respect to changes in value creation toward customers is provided.

5.1 The Resource Management Process

What is most striking about the different activities in Big Consulting and Global Management Consulting is the fact that very few activities can be isolated into one specific process in the theoretical framework. As seen in table 2 many of the different activities span over two or several different processes where one process not necessarily is followed by another. Only the acquiring and divesting structuring processes are sequentially dependent with respect to bundling processes for example, but the accumulating process of resources is often reached through the bundling processes. By combining an intellectual resource such as a consultant with other resources the intellectual resource is thought to be enhanced permanently through the transfer of tacit knowledge.
Table 2 – Illustration of the resource management processes in BC and GMC

<table>
<thead>
<tr>
<th>Company</th>
<th>Activities</th>
<th>Components/Sub processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC</td>
<td>Recruitment of junior individuals; recruitment of senior individuals who can contribute to the firm; take-over of smaller accounting firms</td>
<td>Analysing</td>
</tr>
<tr>
<td>GMC</td>
<td>Recruitment of junior individuals; recruitment of senior individuals who can contribute to the firm; collaborative initiatives during lost biddings; take-over of other companies</td>
<td>Acquiring</td>
</tr>
<tr>
<td>BC</td>
<td>Spread of tacit knowledge through on the job training &amp; mentoring; sharing of conducted &quot;new&quot; projects on global internal network; formalized methods and procedures</td>
<td>Accumulating</td>
</tr>
<tr>
<td>GMC</td>
<td>Spread of tacit knowledge through on the job training &amp; mentoring; sharing of conducted &quot;new&quot; projects on global internal network; formalized method and procedures</td>
<td></td>
</tr>
<tr>
<td>BC</td>
<td>Employee departures; cost management</td>
<td>Divesting</td>
</tr>
<tr>
<td>GMC</td>
<td>Employee departures; cost management</td>
<td></td>
</tr>
<tr>
<td>BC</td>
<td>Performance reviews &amp; individual goal setting; internal courses &amp; educational programs; &quot;work abroad&quot; programs; use of global network of individuals to respond to customer needs; employee surveys; assembly of 'fact-sessions'</td>
<td>Stabilizing</td>
</tr>
<tr>
<td>GMC</td>
<td>Performance reviews &amp; individual goal setting; internal courses &amp; educational programs; use of global network of individuals to respond to customer needs; employee surveys</td>
<td></td>
</tr>
<tr>
<td>BC</td>
<td>Performance reviews &amp; individual goal setting; internal courses &amp; educational programs; &quot;work abroad&quot; programs; insourcing of external competencies; use of shared knowledge through global internal network; use of global network of individuals to respond to customer needs; interaction with clients; assembly of 'fact-sessions'</td>
<td>Enriching</td>
</tr>
<tr>
<td>GMC</td>
<td>Performance reviews &amp; individual goal setting; internal courses &amp; educational programs; insourcing of external competencies; use of shared knowledge through global internal network; use of global network of individuals to respond to customer needs; interaction with clients; use of strategic alliances</td>
<td></td>
</tr>
<tr>
<td>BC</td>
<td>Formation of project groups; recruiting of individuals who can contribute to the firm; use of research groups to identify future market opportunities; use of global network of individuals to respond to customer needs</td>
<td>Pioneering</td>
</tr>
<tr>
<td>GMC</td>
<td>Formation of project groups; recruiting of individuals who can contribute to the firm; forming research teams; discussion forums for the development of methods and routines; patents and patent applications through internal contests and award programs</td>
<td></td>
</tr>
<tr>
<td>BC</td>
<td>Use of global network to identify customer needs; formation of project groups; use of specialist teams or competence centers in order to win business deals; use of research groups to identify future market opportunities</td>
<td>Mobilizing</td>
</tr>
<tr>
<td>GMC</td>
<td>Use of global network to identify customer needs; formation of project groups; some use of specialist teams; use of research groups to identify future market opportunities;</td>
<td></td>
</tr>
<tr>
<td>BC</td>
<td>Global integration of capabilities; formation of project groups;</td>
<td>Coordinating</td>
</tr>
<tr>
<td>GMC</td>
<td>Global integration of capabilities; formation of project groups</td>
<td></td>
</tr>
<tr>
<td>BC</td>
<td>Use of company brand to attract customers; use of global network of individuals to respond to customer needs; choosing of 'product' segments insensitive to cyclical variations; cross-border teams through cross-border profit sharing incentives on partner level; publication of knowledge; business development support function; dialogue with customers regarding new business opportunities; formalized methods and procedures; use of 'fact-sessions' with clients; charity initiatives</td>
<td>Deploying</td>
</tr>
<tr>
<td>GMC</td>
<td>Use of company brand to attract customers; some use of global network of individuals to respond to customer needs; cross-border teams; publication of knowledge; business development support function; dialogue with customers regarding new business opportunities; formalized methods and procedures; charity initiatives; development of new business segments; use of global tech lab to develop new technology (entrepreneurial strategy)</td>
<td></td>
</tr>
</tbody>
</table>

5.1.1 Structuring

What also instantly becomes apparent after looking at these firms through the lens of resource management is that the structuring of resources is not something that has a time frame. It is something that is an ongoing process without an end goal. Both firms express an opinion that
finding the right people to hire is a key challenge in order to deliver as good services as possible. This would indicate a low degree of munificence and that the structuring of resources is seen as an important task in the competitive environment. The acquiring of employees is in BC compared to as ‘buying a fine piece of wood and shaping it into something useful’ (Joe). The tendency to look for people with potential would indicate that the accumulating process of internal resources in form of human capital is as important as the acquiring of human capital. This is in line with Sirmon et al’s (2007) proposition that accumulating resources is preferential in dynamic and uncertain environments. This is also natural since both firms seem to agree that their business rely a lot on tacit knowledge which they try to institutionalize. GMC does however to a greater extent also hire employees that are more experienced and with expert knowledge and less need of internal development. GMC also acquire other firms to a greater extent than BC. This would indicate a slight difference in how they work with acquiring and accumulating where GMC is more prominent in the acquiring process.

The fact that both firms agree that on the job training through interaction with the customers is the most efficient way of learning shows a belief that new employees as resources must be accumulated internally. This is also evident with the fact that the firms allow for more senior consultants to mentor juniors. Career paths in both firms for consultants are also built around the accumulating process with a possible different trajectory in GMC to allow for some specialists. There is a constant influx of new employees in one end which are pushed through an ever tighter bottleneck. Other resources which cannot be bought on a factor market, but must be internally accumulated is the strength of the brand which both firms agree is important in order to attract employees and customers. The divesting process of structuring is not something the firms work actively with considering their human resources part of the business as most employee departures are natural, nevertheless this works as a way to free capital. The local divesting, and globalization of other back office functions to reduce overhead costs, can however be seen as a way of leveraging a resource advantage strategy if firm size and global integration are viewed as resources.

5.1.2 Bundling

A key feature of both firms is the tailoring of capability units for each project set to perform a completely new task. GMC indeed have a back office unit for the purpose of assigning the right resources where needed which indicates that the bundling processes are a big part of the resource management. For each project the team constellation set out to perform a task is
different from the last project. These processes of continuous pioneering require a diverse pool of resources including a good set of supporting resources that enables efficient configuration of resources into capabilities. BC have a system where they can use a global network of competence to assist current capabilities with projects. GMC does this to a lesser extent, but have a network with alliances which extends their capabilities. Their integration of knowledge and technologies from firm acquisitions is another example of the enriching process. Above examples are indications that both firms work extensively with enriching and pioneering capabilities. This would tend to agree with the proposition that in dynamic environments with high uncertainty, the processes of enriching and pioneering are important. BC identified clients as an integral part in extending current capabilities. This would extend Sirmon et al’s (2007) bundling process of enriching to also include clients as resources. Resources that the company has access to, but do not possess in its portfolio. This would mean that there is a mutual value creating bond between the firm and the client that goes beyond the mere financial compensation for services. This relation could also serve to enhance firm advantages as the interaction between client and service provider creates advantages in relation to other firms in their ability to create value for other clients. As Mol and Wijnberg (2011) argued there are difficulties to determine single resources’ value in a bundle. Both firms handle this problem through having internally developed individual and team evaluation systems.

Sirmon et al. (2008) argued that with high flexibility of resources the acquiring and bundling processes become less important. This differs from our empirical findings where the firms work a lot with both acquiring and bundling processes despite seemingly seeing the resource pool as flexible. This suggests that in environments with high a degree of competition, bundling processes are important even when flexibility is high in order to optimize the use of resources.

5.1.3 Leveraging
It becomes apparent that both firms show elements and activities that would signal deployment of more than one leveraging strategy, and this is also proposed by Sirmon et al. (2007) as something which could be needed by firms competing in uncertain markets. GMC does seem to deploy more of an entrepreneurial strategy than BC through developing new technologies. The entrepreneurial strategy is proposed to be effective in highly uncertain environments, and this seems to be confirmed since GMC express that they compete in a more uncertain environment than BC for example. Both firms tend to coordinate global
subsidiaries and capabilities to use their size and diversity as an advantage. The mobilizing process is in part going on while working on projects since employees are expected to search for ‘leads’ and future business opportunities. The global integration can be interpreted as coordination in order to deploy a resource advantage. An important part of the coordination process in both firms is the staffing of different projects and this is also reinforced thanks to systems that allow managers and HR respectively to find un-deployed employees that matches the criteria needed to staff a project.

5.2 Value for Stakeholders

If we revisit Figure 1 and the processes in creating value for customers and wealth creation for owners it becomes apparent that the model is not perfectly applicable in this context or needs to be extended. Customers do for example seem to do more than just provide feedback on what the firm must do to create customer value. The customers are themselves part of value creating that goes both ways. The firms also seem to collaborate with customers to find solutions. The output is therefore a result of direct interactions between the consulting firm’s resources and the client firm’s resources. Existing clients therefore provide something more than just feedback, while the feedback relationship could be more applied to potential clients. We see a clear difference between what existing clients and potential clients offer to the firm. Something else that Sirmon et al’s (2007) framework does not incorporate is creating value for employees. GMC identified this as an important task in the competitive context to retain employees which traditionally often joined the organization with intent to move on after a few years. Frequent employee surveys in both firms are also a sign that employees are viewed as important stakeholders. This could also be seen as a response to the changing environment of higher market demand for experts, which requires years of experience, and the fact that there seem to be low munificence of this resource available.

One recent change in BC is the increasing global integration of knowledge and resources where activities such as temporary transfers of individuals are on the rise. This change of integration should not only be seen as a change in the bundling (stabilizing, enriching and pioneering) of the company’s resources, it is also a way of leveraging them through a resource advantage strategy since client companies clearly see the benefits with a broader and more diverse range of knowledge. It could also be interpreted as a response to the increased need of investment in consultants to meet customer demands; something which would increase the marginal cost of utility for the firm and decrease wealth for owners. In an environment with increased price competition, simply increasing prices for services could affect perceived
utility for customers who might look for alternatives. Especially since there seem to be a growing trend with more framework agreements. This would create incentives for firms to find ways to cut costs. To sum up, it seems as the firms have taken steps to increase value for customers by investing in the core resources while cutting costs in back office functions through global integration and exploiting economies of scale. Both firms also take measures to identify and offer new services in demand. This is an example of a market opportunity strategy but it also likely enables economies of scope.

The empirical discussion indicated change regarding the hierarchical structure in GMC. The main driver of this is to retain the competence within the organization because otherwise these experts risk being excluded from the organization due to a lack of leadership and sales skills. This alteration of the hierarchical model and expansion of career paths as explained in GMC is a sign of change with regards to the acquiring and accumulating process. In order to respond to the demands of a larger pool of key-accounts there is also a need to broaden the capabilities of company specific knowledge. This is another example of leveraging a market opportunity strategy as a response to changing customer demands. It is also an example of creating value for employees who do not fit the traditional career ladder in attempt to retain them.

The fact that more actors within the management consulting industry have started to emerge has obviously heightened the competition for customers. As we saw, GMC sometimes initiated efforts in order to establish collaborations with smaller actors in the industry. This is most likely an effect of the toughening business climate. Management consulting companies need a constant interface with the customers in order to collect, process, and spread (sell) knowledge, and when biddings fail, despite factors such as having a strong brand name, new measures have to be taken. Thus, overcoming pitfalls such as lost bids through initiatives toward collaboration is a sign of increased efforts of toward acquiring. Acquiring which in this sense refers to the customer itself and the knowledge it may provide.

Another change is the expansion of business segments where both firms show proof of developments of new business areas within the management consulting area (e.g. risk and sustainability management). Whatever the causes of this may be, there is clearly a rise in demand of these kinds of services. One contributing factor of this rise in demand is arguably the ongoing economic downturn which has created a higher demand for services offering advice on how to cope with unstable, high risk environments. Through the lens of the resource
management framework, this means of responding is obviously a change in the leveraging of the company’s capabilities via a market opportunity strategy.
6. Conclusion

In this chapter, conclusions drawn from the analysis is presented. Answers to the posed research questions are given, propositions to how this research contributes to academia are elaborated, and implications for managerial practices are suggested. Finally, propositions to future research are also given.

At the outset of this thesis we postulated a situation where firms in the management consulting industry are subject to increased pressure due to changes in the environment. This led us to the quest of trying to define how resources were managed in this field of business with the help of the resource management framework. The research questions posed were: (1) how resources were managed in management consulting firms in order to be competitive and (2) whether there were any signs of change with respect to this.

One conclusion drawn from the study is that it is difficult to isolate activities into only one process within the resource management framework. There is a time dependence since it is impossible to bundle inaccessible resources. The bundling in itself, however, is contributing to the structuring, and more specifically accumulating. The process of accumulating is thus also dependent on bundling processes. Another conclusion is that both firms work continuously with resource management processes and activities that occur simultaneously. The attributes of the study of management consulting firms, where the resources effectively are the links between the firms and their clients make structuring and bundling of resources integral for creating value for clients. Especially the process of accumulating internal resources and looking for ways to enrich current capabilities seem to be the way they build capacity to handle a dynamic environment. Evidence was also found that the firms use elements from different strategies in attempts to gain competitive advantage.

Some of the apparent changes we found were the increased integration of the global network where actions such as temporary transfers of individuals have become a common means of leveraging firm capabilities toward clients. Increased investments in hours of education per employee is also an apparent trend in one of the firms and this is an indication of change regarding the processes of stabilizing and enriching. In one firm, traditional patterns with respect to the hierarchical model and career paths have been altered, providing more emphasis on specialized competence as compared to more traditional traits such as leadership and salesmanship. This is both a sign of change with respect to the structuring processes as well as
leveraging processes. Also evident, is the fact that it is common to initiate collaborative efforts when bids are lost toward rivals in order to gain access to client firms. This is also a change when it comes to the process of acquiring. What might be a response to an increase in instability and risk due to the economic downturn during the last couple of years is the development of service areas directed toward such demands and this also depict an increase of emphasis on leveraging via market opportunity strategies. Another change which both companies show proof of is the centralization and outsourcing of back office functions in order to gain economies of scale in some areas. This is a sign of increased accumulating and divesting processes.

The main contribution of this thesis into resource management lies in the addition of empirical research on how knowledge based service firms manage resources to create value for customers in dynamic environments. These firms differentiate from many firms in that the knowledge is the end product while other firms might use knowledge to create a physical product. Also discovered while studying the firms, was that the different processes can be more closely linked backwards than through feedback paths. Through the study, backward dependencies have been found between bundling and structuring processes in particular. The resource management framework also suggests that value creation for customers is done through feedback relationships. Our empirical findings however suggest a more direct relationship between customers and the organizations resource management process when it comes to firms in the management consulting industry. The empirical findings also tend to support some of Sirmon et al’s (2007) proposals of resource management in uncertain environments. Mainly that the enriching and pioneering capabilities are important to respond to changing customer needs and that when there is parity between resources that firms can acquire on factor markets, accumulation of internal resources can be used to create advantages. A theoretical contribution is also the addition of employees as stakeholders when they constitute core resources.

6.1 Managerial Implications

We found that in a highly dynamic environment, structuring resources was continuously worked with in order to comply with the external environment. Customers can provide more than just feedback and also add to organizational learning. Increasing value for customers through investing in resources may also not be sufficient and can also require increased efficiency and divesting of some resources to also provide wealth for owners. Employees as resources are unique in that they have free will and are not owned by the firm. When they
constitute key resources and tend to be volatile as we have seen it may also be necessary to not only acquire and develop them, but also work to retain them. There could also be reasons to rethink the view of customers as being a source of income to include them as a source of learning.

6.2 Future Research

We have investigated how two companies in management consulting work with their resources in order to achieve competitive advantage, and in respect to what they do they are similar in certain ways, yet different. Some of their actions might be representative for the entire management consulting industry yet some of their activities might also differ. Therefore it would be of interest to investigate companies with more similarities. For example, how do companies directed towards pure strategy consulting manage their resources? Does their management differ from our findings or are they similar? Another interesting area of research would be to investigate how smaller management consulting firms manage their resources? How do they differ from the large global actors such as the ones studied in this thesis? Apart from being niched toward a certain competence, what are their most important resources and how do they manage these? It would also be of interest to investigate how firms in this industry act from another point of view. That is, by the use of another theoretical framework studying the same phenomenon (i.e. the leveraging of competitive advantage), perhaps through the lens of the network-based view or the dynamic capabilities framework.
7. References

Company documents

Industry Profile
Marketline (2012), Management and marketing consultancy in Europe, Reference Code: 0201-0424, August 2012

Literature


Reed, R., & DeFillippi, R. S. (1990), Causal ambiguity, barriers to imitation, and sustainable competitive advantage, *Academy of Management Review*, vol. 15, p. 88–102


Werr, A., & Pemer, F. (2005), Purchasing management consultants: from personal ties to organizational procedures, *Academy of management annual meeting proceedings* B1-B6


**Web**

Big Consulting webpage, Accessed: [2012-12-28]

Global Management Consulting webpage, Accessed: [2012-12-28]