

*Any chief executive who hires a consultant to give them strategy should be fired.*  
Henry Mintzberg<sup>1</sup>

## 1 Introduction

A strategy consultant myself, I am not aware of any other job with which people have such a love–hate relationship. On the one hand, it triggers awe and envy. Although perhaps not as much as it used to be, a well-paid career as a strategy consultant is still high on the wish list of many MBA students. And within the whole market of consulting jobs, strategy consultants are on top of the hierarchy – or at least they like to think so themselves. On the other hand, strategy consultants and consultancy firms are heavily criticized both by scholars writing about them and executives having worked with them. If you ask them, they are quite critical about strategy consultants’ added value, ethics and way of working. Illustrative for this critical perspective are books about consulting, bearing titles such as *Dangerous Company* (O’Shea & Madigan, 1998), *Consulting Demons* (Pinault, 2009) and *The Witch Doctors* (Micklethwait & Wooldridge, 1996).

Of all consulting firms, both the awe and the criticism apply strongest to McKinsey & Company – or McKinsey in short. And along with it, they also apply to other major consulting firms such as the Boston Consulting Group, Bain & Company, A. T. Kearney and Booz Allen Hamilton. It seems you either love them or you hate them – or both at the same time. This paradoxical attitude towards strategy consulting is insightful. The very fact that companies hire strategy consultants and pay significant amounts of money for their services shows that they serve an important purpose that is valued by their customers. At the same time, though, the sheer volume and severity of criticisms are strong indicators that something is not entirely right about strategy consulting as it is practised today.

The purpose of this Element is therefore to explore what strategy consulting is, what it should lead to and how it can be practised effectively. I focus specifically on strategy consulting because, surprisingly, despite its impact and controversy, there is not so much written about it. There are numerous works on management consulting in general (Baaij, 2013; Kipping & Clark, 2012; Newton, 2010) and even more so on strategy and on consulting at large. But on the specifics of strategy consulting, with the exception of a few (Armbrüster & Kipping, 2002; Blom & Lundgren, 2013; Delany, 1995; Payne & Lumsden, 1987; Van den Bosch, Baaij, & Volberda, 2005), there is a clear void. With this Element I intend to help fill this void from a dual perspective. As

<sup>1</sup> Interview by Duff McDonald on 7 April 2010, as quoted in McDonald (2013).

a scholar, I aim to give a balanced overview of the research others have done on strategy consulting and the experiences they have described. I will add to that my own views and experience as strategy consultant. By combining these ‘outsider’ and ‘insider’ views, this Element intends to offer a fresh perspective on the specifics of strategy consulting that goes beyond the status quo.

### 1.1 Related Work

Even though not much has been written specifically on strategy consulting, there is an extensive body of literature on management consulting more broadly. Since strategy consulting is a part of that, much of that literature is relevant for strategy consulting as well. Therefore, as a starting point of this Element, I will briefly outline the five main types of publication available. This helps demarcate what this Element is about and is not about, and it serves as a point of reference for further reading.

The first type of publication is comprehensive work that provides an almost encyclopaedic overview of what management consulting entails, where it comes from and how it works. I will single out three of them. The first is the over 800-page reference work *Management Consulting: A Guide to the Profession*, edited by Milan Kubr (2002). Targeted primarily at (prospective) consultants, it contains contributions by numerous authors, giving an in-depth practical understanding of management and strategy consulting. A second reference work is *The Oxford Handbook of Management Consulting*, edited by Matthias Kipping and Timothy Clark (2012). It targets academics and as such offers a more theoretical understanding of the field and outlines avenues for further research. Third, I will mention McKenna’s (2006) *The World’s Newest Profession: Management Consulting in the Twentieth Century*. It is a single-authored and widely praised historical analysis of management consulting and offers a fascinating and deep understanding of management consulting as an emerging profession. For getting a thorough understanding of management consulting and strategy consulting as they have been practised and studied over the past century, all three works are recommended.

Also comprehensive, but more instrumental are the various management consulting textbooks that have been written. Strategy and management consulting are high on the wish list of many MBA students. Numerous textbooks facilitate courses on this topic. Three examples are Marc Baaij’s *An Introduction to Management Consultancy* (Baaij, 2013), Philip Wickham and Jeremy Wilcock’s *Management Consulting: Delivering an Effective Project* (Wickham & Wilcock, 2016) and Joe O’Mahoney and Calvert Markham’s *Management Consultancy* (O’Mahoney & Markham, 2013). These are

comprehensive textbooks giving a representative view of what management consulting in large consulting corporations looks like. They typically combine an overview of the consulting history and industry with more instrumental advice as to how to consult in practice.

On the practical side, there are also books directly targeted at the aspiring or practising consultant. With their first editions printed in 1981 and 1992 and many copies sold, Peter Block's *Flawless Consulting: A Guide to Getting Your Expertise Used* (Block, 2000) and Alan Weiss' *Million Dollar Consulting: The Professional Guide to Growing a Practice* (Weiss, 1992) are amongst the most influential of such books. They offer extensive prescriptions on how to be an effective consultant. Another example is Richard Newton's *The Management Consultant: Mastering the Art of Consultancy*. Although it covers similar contents, the fact that it is written from a more personal perspective makes it a useful additional read. A fourth book in this category is *The Trusted Advisor* by David Maister, Charles Green and Robert Galford (Maister, Green, & Galford, 2000). Like the previous three, this book is an instrumental work, explaining to the reader how to become a trusted advisor. It is particularly worth reading because of its focus on the concept of the trusted advisor, rather than management consultancy. I will return to what this means and why it is relevant later in this Element.

Fourth, also instrumental, are works describing the approach of a specific consulting firm. Unlike the previous three categories, these books zoom in on one consulting company and explain in detail how management consulting works at that particular company. The clear majority of these books is about McKinsey. Examples include *The McKinsey Way* by Ethan Rasiel (1999), *The McKinsey Mind* by Ethan Rasiel and Paul Friga (2001), *The Pyramid Principle* by Barbara Minto (2009) and *The Firm: The Inside Story of McKinsey: The World's Most Controversial Management Consultancy* by Duff McDonald (2013). The first three are written by (ex-) 'McKinsey-ites' actively promoting and distributing the way McKinsey works. As such, they offer an insider's view on what it means to work for the world's most dominant consulting firm. They are revealing, not merely because of their contents but also because of the style in which they are written. McDonald's work is different. It offers a deep peek into the inner workings of McKinsey over time. It is a more neutral and comprehensive analysis of McKinsey that reveals both its strengths and its weaknesses.

Finally, there are the critiques already referred to earlier: James O'Shea's and Charles Madigan's *Dangerous Company: Management Consultants and the Businesses They Save and Ruin* (O'Shea & Madigan, 1998), Lewis Pinault's *Consulting Demons: Inside the Unscrupulous World of Global*

*Corporate Consulting* (Pinault, 2009) and John Micklethwait and Adrian Wooldbridge's *The Witch Doctors: What the Management Gurus Are Saying, Why It Matters and How to Make Sense of It* (Micklethwait & Wooldridge, 1996). These are polemical works criticizing management consulting from various perspectives. Less polemical but critical too is *Critical Consulting: New Perspectives on the Management Advice Industry*, edited by Timothy Clark and Robin Fincham (2002). It primarily emphasizes the rhetorical character of much management consulting. Also insightful is Richard Rumelt's *Good Strategy/Bad Strategy: The Difference and Why It Matters* (Rumelt, 2011). It is a criticism not of strategy consulting per se but of strategy in general. However, given that strategy consultants are amongst the most important causes of 'bad strategy', it does provide useful insights into their work. A sixth work in this category is Ewald Weiden's *Folienkrieg und Bullshitbingo: Handbuch für Unternehmensberater, Opfer und Angehörige* (Slide War and Bullshit Bingo: Manual for Management Consultants, Victims and Relatives) (Weiden, 2014). It is more a parody approaching management consulting with a strike of humour. Its main added value is that it helps take consulting and consultants not too seriously. Together, the critical approach in these works makes them worth reading because it helps understand some of the weaknesses and downsides of management and strategy consulting as it has been practised so far. By highlighting these, they show where improvement is needed to take strategy consulting to the next level.

Altogether these books offer a thorough and balanced view of what management consulting looks like so far, how it has evolved to get there and what the upsides and downsides are. And even though they concern management consulting at large, much of what they say applies directly to strategy consulting. This Element will therefore not repeat for strategy consulting what these works have already said. This means this Element will not attempt to provide a comprehensive overview of strategy consulting, nor does it explain how the big consulting firms do strategy consulting. And, even though it will contain critical notes, it is not a polemical attack on strategy consulting.

The main aim of this Element is to look forward and sketch what strategy consulting could, and perhaps even should, look like in the future in order to fully live up to its promise as a profession contributing to society. Therefore, what this Element contains is more an idealized future perspective than an accurate or representative account of strategy consulting today. As it unfolds in the next sections, this leads to a whole-brain, whole-person view on strategy consulting that moves beyond the dominant practice of analytical strategy consulting.

## 1.2 Defining Strategy Consulting

For discussing strategy consulting, it is useful to first define what it means. The goal of this is not to come up with a final or an all-encompassing definition. The goal is to provide the foundation on which the view on strategy consulting outlined in this Element is based. Since both parts of the term ‘strategy consulting’ are up for discussion, I will first define them separately.

### 1.2.1 Strategy

There are almost as many definitions of strategy as there are authors writing about them. This means that any attempt to define strategy will introduce debates and disagreements. Nevertheless, to define strategy consulting, it is essential to define what we mean by strategy. This is not only important to demarcate the differences between strategy and other types of consulting. It also affects what strategy consulting could and should be.

As explained in two earlier books – *The Strategy Handbook*, parts 1 and 2 (Kraaijenbrink, 2015, 2018) – I define strategy as an organization’s unique way of sustainable value creation. It means that an organization’s strategy expresses which value it creates for whom, and how it does this in a way that differentiates it from its main competitors and so that it can sustain this difference for a longer period of time.

This definition is neither unique nor original. It relies on various previous definitions, most notably on the foundational work of Michael Porter (1980, 1991) and Henry Mintzberg (1987, Mintzberg & Waters, 1985). But its emphasis on value creation, uniqueness, sustainability and the ‘way’ organizations achieve these, points to four important aspects:

- The focus is on value creation, not on creating competitive advantage as in many other definitions. Of course, having a competitive advantage as an organization is helpful. But it is only a means towards unique and sustainable value creation, not a goal in itself. The reason of existence of any organization is the value it creates for its customers. Therefore, value creation is centre stage in strategy.
- The emphasis on uniqueness means that strategy aims at standing out compared to the competition. It implies that a strategy reflects how an organization aims to be different from its most relevant competitors. Ideally, this difference reflects both the organization’s unique strengths and the specific needs of the customers it targets.
- The focus on sustainability means that strategy has a long-term orientation. A strategy is sustainable when it provides the organization with sufficient

returns, when it is not based on resources that are soon to be depleted, when it considers key stakeholders' interests and when it is hard to imitate or circumvent by others. If any of these four requirements is not met, a strategy is not really sustainable.

- Strategy concerns the way organizations try to realize the previous three aspects. It is not a plan, a document, a set of goals, aspirations or wishes. It is a way, a series of steps or actions that enables an organization to create value in a unique and sustainable way. And given that both the organization and its environment change continuously, this way is never fixed. This means that strategy is a continuous process that never stops or starts.

This brief definition of what strategy means has important implications for strategy consulting. As we will see in Sections 5 and 6, the continuous, action-oriented nature of strategy that results from it has significant implications for what strategy consultants can and cannot do and what the strategy consulting process looks like. Furthermore, as argued in Section 4, its focus on sustainable value creation also has significant implications for the purpose and outcomes strategy consulting should be looking for.

### *1.2.2 Consulting*

Like with strategy, numerous definitions of consulting exist. Examples include 'Any form of providing help on the content, process, or structure of a task or series of tasks, where the consultant is not actually responsible for doing the task itself but is helping those who are' (Steele, 1975, p. 3), 'you are consulting any time you are trying to change or improve a situation but have no direct control over the implementation' (Block, 2000, p. xxi) and 'Management consultancy is thus a form of situation-specific assistance provided by an independent, external and professional intervention-expert who enables the management of a client's organization to take action in an over complex management situation' (Hagenmeyer, 2007, p. 110). While they differ, together these definitions highlight a number of characteristics defining consulting:

- **External:** a consultant is an outsider that supports an organization or organizational unit but is not a part of it. This also applies to consultants within organizations: they are outsiders to the units they consult.
- **Independence:** while never 100 percent independent – as their income depends on the consulting assignment – a consultant is as independent as possible. This means that they have no personal stake in the issue they consult on or the solution that is sought for.

- **Professionals:** consultants are qualified individuals who have the relevant mindset, experience, skills and expertise needed to support their clients. They have high standards and are committed to doing the best for their clients.
- **Support:** consultants help organizations solve problems, execute tasks or achieve goals that they cannot do on their own. This also means that consultants are not responsible for or in control of what they consult on.
- **Change:** a consultant initiates, designs, facilitates and/or executes change in organizations. Their task is to help an organization make those improvements that help it survive and prosper.

Along these lines, a consultant is an external and independent professional supporting organizations make changes. Consulting then is providing organizations support with making changes as an external and independent professional.

### *1.2.3 Strategy Consulting*

Combining the two aforementioned definitions, strategy consulting is providing organizations support with making changes to achieve unique and sustainable value creation as an external and independent professional. Or simply, helping organizations achieve unique and sustainable value creation as an external and independent professional. With this simple definition as a starting point, we can now dive deeper and scrutinize in detail in this Element what strategy consulting entails and how to do it.

Before we do so, we need to make two more observations to complement this definition. First, strategy consulting is not something reserved for big corporations, neither on the client's side nor on the consultant's side. All organizations need strategy, no matter how small they are. Even independent freelancers need to have a unique and sustainable way of value creation to survive and prosper. And strategy consultancies can be large firms, small firms or independent consultants. All of them can provide their clients with support with making changes as external and independent professionals. Therefore, whatever is said about strategy consulting in this Element applies to these various types of consultancies and clients.

Second, while the definition is simple, strategy consulting is complex. As Kubr (2002) reminds us, it is both multidisciplinary (involving social, psychological, legal, technological aspects etc.) and multifunctional (concerning marketing, production, engineering, finance, HR, R&D etc.). This multi-sidedness of strategy makes strategy consulting one of the most complex types of consulting. Even though other functions such as marketing, engineering or finance have their own internal complexities, the very fact that strategy concerns their integration adds another level of complexity to strategy consulting. When we

furthermore add that strategy takes place in an environment characterized by high volatility and uncertainty, it is obvious that strategy consulting is a challenging job. More importantly, and as referred to in the introductory quote, it means that strategy consultancy is about many things – but not about something as static and disengaged as providing an organization with a strategy.

### 1.3 Strategy Consulting as Profession

The words ‘profession’ and ‘professional’ have appeared several times in the aforementioned text. This brings us to the decades-old discussion about whether management consulting – and therefore also strategy consulting – is a profession or not. McKenna (2006) and Kubr (2002), for example, explicitly use the word profession in the title of their books and also several other aforementioned works explicitly address this question. Therefore, it needs to be addressed in this Element as well.

#### 1.3.1 *Why It Matters*

The question of whether strategy consulting is a profession is part of a broader discussion on whether or not management and strategy are a profession and whether they should be (Khurana, 2007; Rousseau, 2012; Spender, 2007). The sheer attention that is given to this question by academics suggests it matters. And it does, for two reasons.

The first reason is that, through their language and behaviours, strategy consultancies tend to present themselves as professionals and their job as a profession. By doing so, they suggest that they are like, for example, healthcare providers, lawyers and accountants, following agreed-upon practices, rules and guidelines. If this is how they present themselves, it is legitimate to ask whether they rightfully do so. Because if this is not the case, this may challenge consultants’ credibility and ethics.

The second reason is that, if strategy consulting is or aspires to be a profession, then the ideas of what a profession entails serve as a frame of reference to assess current strategy consulting practice. We can then assess whether strategy consulting fulfils the criteria of being a profession. And where it does not, this provides directions for where strategy consulting should go. In other words, if strategy consulting aspires to be a profession, then the criteria of professions provide a normative framework for what strategy consulting should entail.

#### 1.3.2 *What It Means*

Whether strategy consulting is a profession or not depends on how we identify whether something is a profession. There are three ways to do this. The first is



a trait-based approach. It means listing the traits of a profession and assess whether strategy consulting has these traits. Traits that are mentioned include (1) one or more professional associations, (2) formal training and certification, (3) a standardized and shared body of knowledge, (4) a code of ethics to which one commits, (5) professional liability for the work done, (6) self-discipline and self-regulation and (7) a focus on contributing to the greater good (Baaij, 2013; Kipping & Clark, 2012; Kubr, 2002; McKenna, 2006).

A second way to assess whether strategy consulting is a profession is to follow a developmental approach. This means looking at whether the stakeholders involved in strategy consulting are currently taking the required actions needed to turn it into a profession. This means assessing whether a deliberate, conscious and coordinated attempt is going on to translate a set of scarce cultural and technical resources into a secure and institutionalized system of social and financial rewards (Kirkpatrick, Muzio, & Ackroyd, 2012).

A third way is to not look so much at whether the field is or is developing into a profession, but to look whether strategy consultants act as professionals and follow a professional approach. This includes having appropriate competences, avoiding conflicts of interest, being impartial and objective, treating sensitive information confidentially, not accepting inappropriate payments, offering good value for money and taking into account a wider social concern and ethical principles (Kubr, 2002).

### *1.3.3 Whether Strategy Consulting Is a Profession*

Evaluated against the seven traits of the first approach, there is a widely shared conclusion that management consulting, and thereby strategy consulting implied, is at best an emerging profession. We find this conclusion most clearly in the work of McKenna (2006), but also in other works including those of Kubr (2002), Baaij (2013), Kipping and Clark (2012) and Greiner, Motamedi, and Jamieson (2011). All of them conclude that management consulting hardly qualifies as a profession on any of the seven traits. There are, for example, professional institutions (such as the International Council of Management Consulting Institutes, ICMCI), but their membership is low and they have no authority. As mentioned on their website, for example, ICMCI represents 64,200 individual consultants. This is less than 10 percent of the total number of management consultants in the United States alone.<sup>2</sup> Also, there is a lot of strategy consulting training, but this is mostly given within the boundaries of a single consulting firm and focused on distinction rather than on creating a shared body of knowledge. Furthermore, there is no shared code of ethics,

<sup>2</sup> [www.statista.com/statistics/419968/number-of-management-consultants-us/](http://www.statista.com/statistics/419968/number-of-management-consultants-us/), numbers for 2018.

no professional liability, no self-regulation, and no clear focus on the greater good. In this light, as practised today, strategy consulting is clearly not a profession.

When following the developmental approach, the conclusion is similar. Even though strategy consulting presents itself often as a profession, there are no signs that it is developing in that direction. There are scattered initiatives, for example by the ICMCI, but there are no widely spread or coordinated attempts to realize this. And this is not surprising. As McKenna (2006) and Kirkpatrick, Muzio, and Ackroyd (2012) observe, consultancies have no interest to develop into a profession because professionalization would only constrain them. Currently they benefit from their professional image without the constraints and responsibilities that come with being an actual profession.

According to the first two approaches, we can conclude that strategy consulting is neither a profession nor developing in that direction. However, there seems to be some agreement that strategy consultants do follow a professional approach. While there always will be exceptions, the large majority of strategy consultants does work in the manner Kubr describes earlier – they have relevant competences, avoid conflicts of interest, try to be impartial and objective and so on. Together these three brief assessments lead to a straightforward conclusion: strategy consultants are professionals but they don't function as a profession nor are they developing in that direction.

### *1.3.4 Whether Strategy Consulting Should Be a Profession*

A final important question is whether strategy consulting should be a profession. We can take two perspectives here: a societal perspective and an individual perspective. When adopting a societal perspective, the answer seems clearly confirmative. As argued and well supported with evidence and examples in the comprehensive works referred to (Kipping & Clark, 2012; Kubr, 2002; McKenna, 2006) and the critical ones (McDonald, 2013; Micklethwait & Wooldridge, 1996; O'Shea & Madigan, 1998; Pinault, 2009), consultancies have had a significant role in the failure of many of their clients and also in stimulating illegal and unethical practices – the Enron scandal and McKinsey's involvement in it being the most notable example. Therefore, from a societal perspective one could easily argue that their unconstrained power and self-interested behaviour ought to be constrained by institutionalization, formal training, certification and self-regulation.

Answering that same question from my personal perspective as a strategy consultant, though, leads to a different answer. As a consultant, I don't want to be constrained. I like the freedom I have and the fact that there are no standards