

# **Consulting Skills Tilburg University**

**Dr. Marcus Schütz**

# Course objective

**The course has the main objective to explore, understand and apply methods used in consulting corporate Top-Managers.**

**It also serves the purpose to enable you using these skills for your own future work.**

**This means that all knowledge and skills have to be applied at highest professional level to enable the students to create value in consulting projects, on both: the consultant's or the client's side of a project.**

# Learning Outcomes

- 1. Acquisition of knowledge on methods and approaches used in Management Consulting**
- 2. Achieving an insight into the global Management Consulting Industry**
- 3. Learning on how to make good use of Management Consulting services from a management perspective**
- 4. Strengthening analytical and problem solving skills in global business problems**
- 5. Apply project management skills**
- 6. Demonstrate effective communication skills**

# Course Agenda

- 1. Overview and introduction into common practices**
- 2. Project proposal and project briefing**
- 3. Proposal delivery (“Beauty Contest”) + Briefing for final project**
- 4. Analytical tools**
- 5. Data skills**
- 6. Presentation of final project**
- 7. Consulting careers**

# Some chat and house rules

It is better to be dead than to be late, ...



# Assessment and grading

<b>Project pitch</b>	<b>team grade</b>	<b>25 %</b>
<b>Project</b>	<b>team grade</b>	<b>25 %</b>
<b>Data analysis and forecasting</b>	<b>individual</b>	<b>25 %</b>
<b>Quality of participation</b>	<b>individual</b>	<b>25 %</b>
		<hr/>
		<b>100 %</b>

**Marking scheme and grading principles:**  
**[www.marcusschuetz.org/grading](http://www.marcusschuetz.org/grading)**

# Project proposal cases



上海大众汽车  
SHANGHAI VOLKSWAGEN

**Arthur D Little**  
Global Management Consulting

**DunAn**

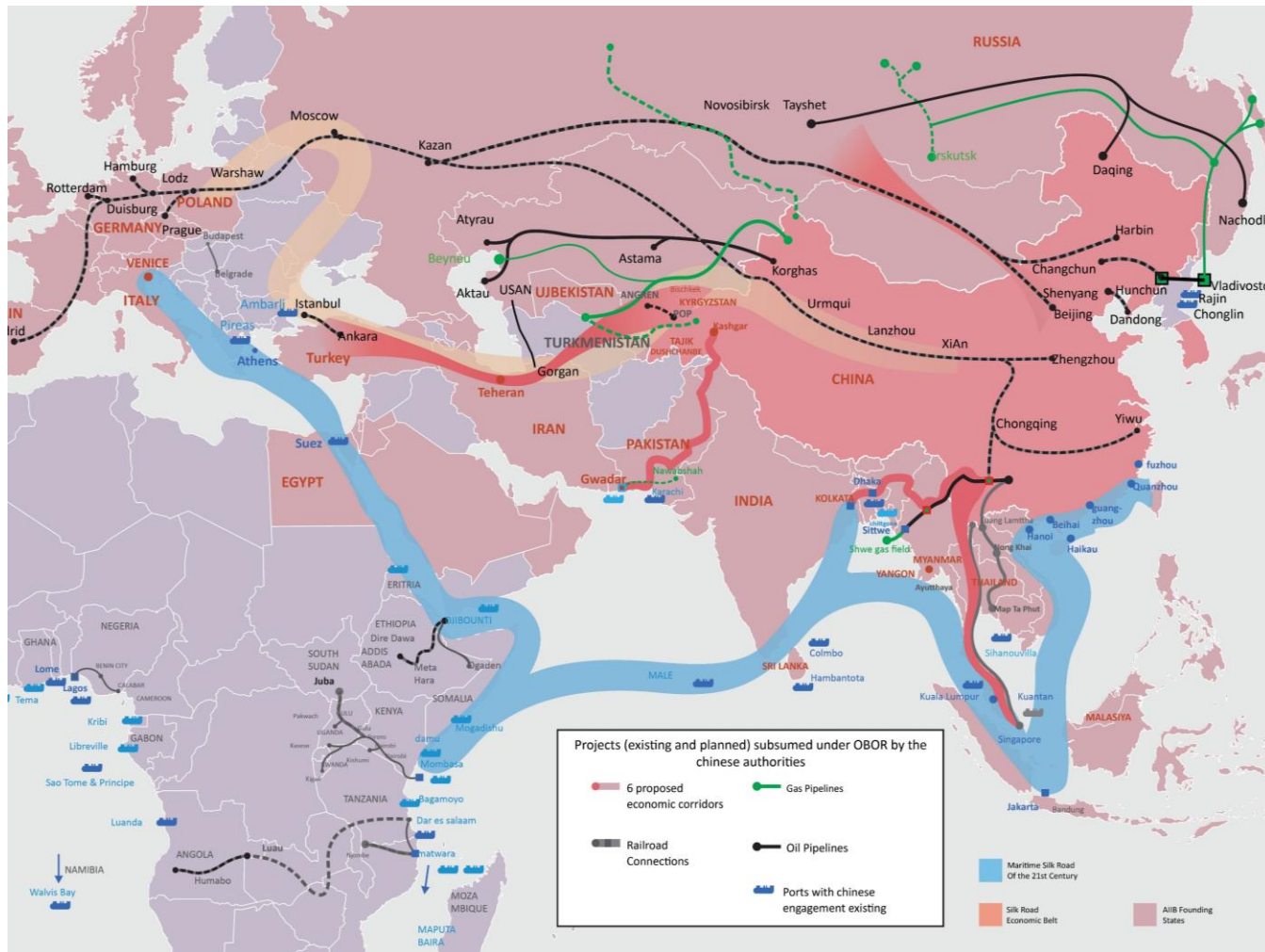
**Molycorp**

**NAXOS**  
MUSIC LIBRARY

**VOLKSWAGEN**

AKTIENGESELLSCHAFT

# Second project assignments are along the “One Belt, One Road Initiative” (BRI, or OBOR)





# What has this to do with us?

## A lot!

www.gvtintermodal.com/en/connection/chengdu-tilburg-rotterdam

HOME DOOR-TO-DOOR CONNECTIONS TERMINALS BOOKING INFORMATION CONTACT

**CHENGDU - TILBURG - ROTTERDAM**

**FACTS**

- Capacity: 84 TEU per train (20FT per two; 40ft; 45ft HC containers and reefers)
- Lead time: 15 days
- Distance: 10.947 km
- Route: Chengdu (International Railway Terminal), China / Kazachstan / Russia / Belarus / Poland, Germany / The Netherlands / Tilburg (RailPort Brabant)

**BOOK NOW**

**ADVANTAGES**

- On average 30 days faster than sea freight
- Only a quarter of the rates of air freight
- Track & Trace during the entire route, including temperature information reefer containers
- Excellent hinterland connections from terminals in China and the Netherlands
- All facilities available at the terminals
- Book S.O.C. (Shipper Owned Container) as well as C.O.C (Carrier Owned Containers)

**WITHIN 15 DAYS FROM CHENGDU TO TILBURG BY RAIL**

Chengdu China

Tilburg Netherlands

Shanghai Ning Bo W Wu Xia Men Sheng Zhen Nan Ning Kun Ming

FROM CHENGDU TO TILBURG			FROM TILBURG TO CHENGDU		
<b>DEPARTURE</b>		<b>ARRIVAL</b>	<b>DEPARTURE</b>		<b>ARRIVAL</b>
Monday	4:00 pm	Thursday	Monday	4:00 pm	Monday

# Think “Powerpointless” and “draw things up later”



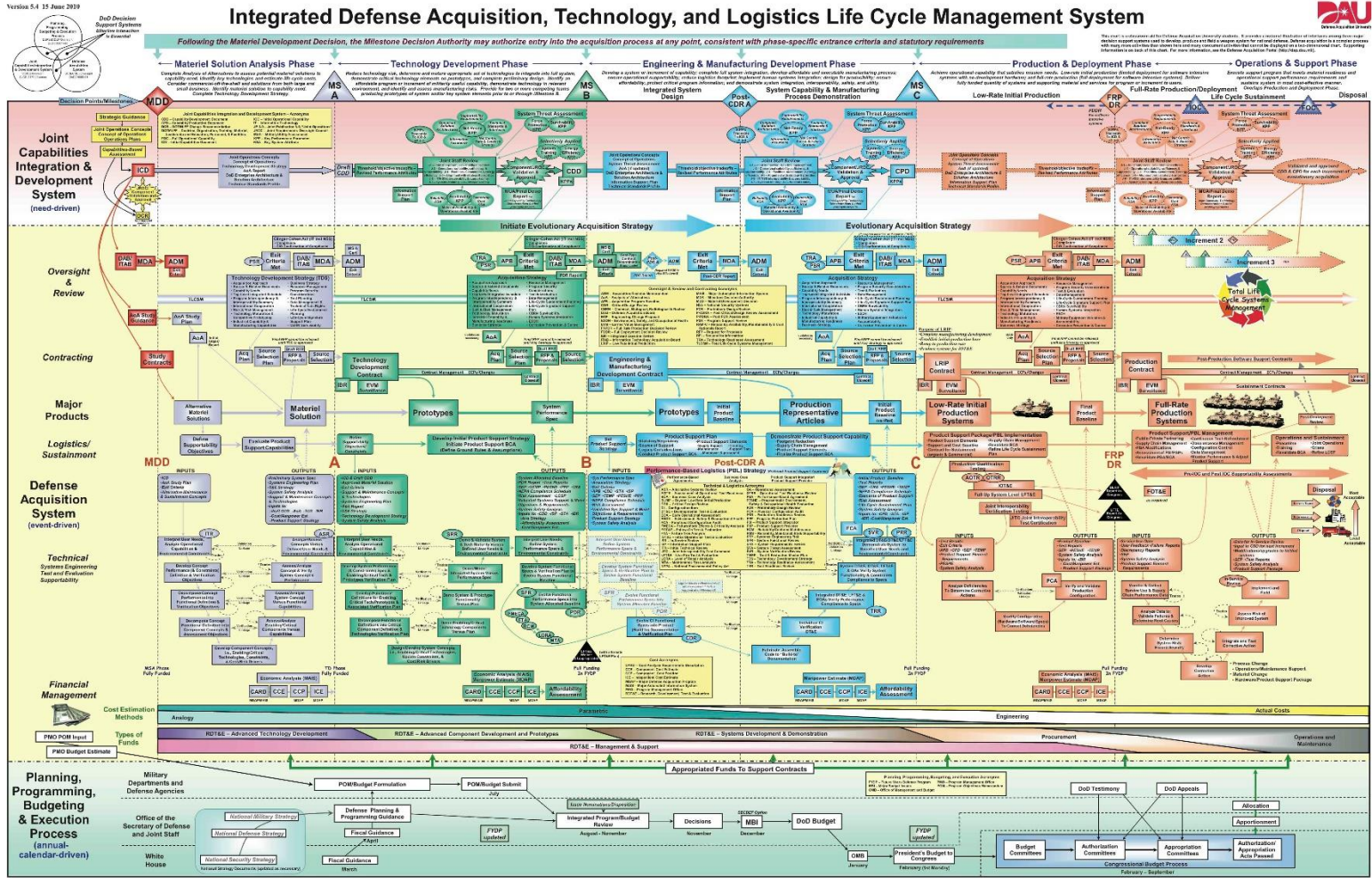
Use paper and pencil.

You will

- Think better
- Structure better
- Express better
- Be faster

Bedtime reading: “Power corrupts. Powerpoint corrupts absolutely”

# “Powerpoint is when you work 7 hours, to say something in 1 hour, which you could have said in 10 minutes”



# You will work in teams

## It is not enough to look good

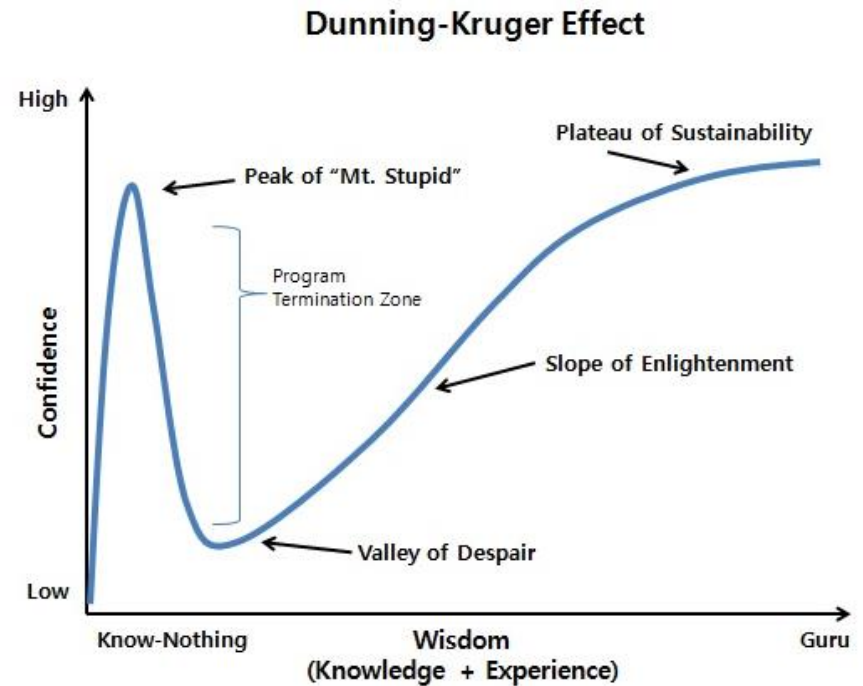
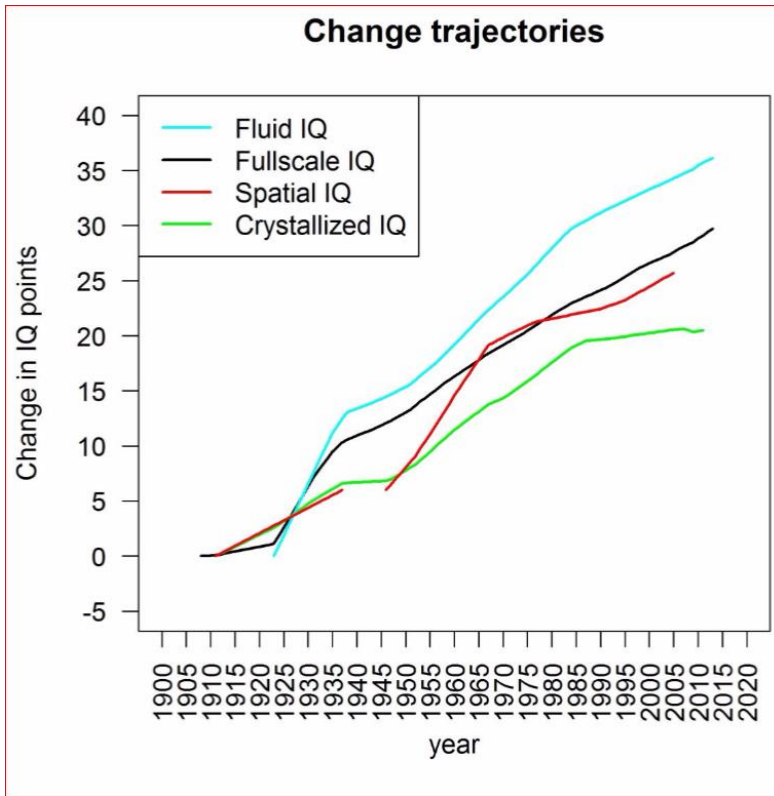
**Yes!**



**No!**



# The Flynn-effect and the Dunning-Kruger effect



„You need a minimum intelligence to understand that you are stupid“

# You need a Laptop Computer for this course

**Yes!**



**No!**



# The so-called Tier 1 Management Consulting Companies and a rough estimation of their recruiting numbers



# Examples of other Management Consulting Companies (not complete) ...

**Consulting Companies**

AT&Kearney | Booz | Allen | Hamilton | Arthur D Little Global Management Consulting | accenture High performance. Delivered.

Roland Berger Strategy Consultants | OLIVER WYMAN | MERCER Management Consulting | IBM®

**Consulting In "Big 4"**

pwc | KPMG | ERNST & YOUNG Quality In Everything We Do | Deloitte.

**In-house Consulting**

PORSCHE | BMW | Bayer Management Consulting | Deutsche Bank | VOLKSWAGEN | CONSULTING | Deutsche Post World Net | MAIL EXPRESS LOGISTICS FINANCE

...



# **Milestones for the Auditing Firms go back to the aftermath of the US Great Depression**

***Securities Act (1933)* requiring mandatory external audit of all publically listed companies.**

**Glass-Steagall Banking Act (1933) requiring investment bankers to hire external consultants or advisors to evaluate the companies they were investing in.**

**The Marshall plan needed advisors to allocate effectively 160 billion (USD, in 2017 terms) to rebuilt Europe and Asia.**

**In the 1950s lawyers and tax accountants received the right to operate in private partnerships in Europe and a multidisciplinary approach in companies emerged (which later lead to conflicts of interest).**

**Companies followed their clients globally, e.g. Baker & McKenzie first entered Venezuela in 1955.**

# **Post WWII Boomtimes fuelled the demand for professional services**

**Japan's Golden Sixties**

**Germany's Wirtschaftswunder**

**France's Les Trente Glorieuses**

**Italy's Miracolo Economico**

# **Corporate Milestones on the way to today's consulting industry**

**1962 Arved Deringer and Claus Tessin establish Deringer Tessin Hermann & Sedehund which later merged with Freshfields to form Freshfields Bruckhaus Deringer.**

**1968 the president of the Japanese CPA Association, Nobuzu Thomatsu, founded Tohmatsu Aoki & Co, that would become Deloitte Touche Tohmatsu.**

**1969 Jean-Francois Prat partners with Robert Badinter and Jean Denise Bredin to form the leading transaction firm Badinter Bredin et partenaires**

# **The emergence of Strategy Consulting (“The Lords of Strategy”)**

**Marvon Bower, who was a trained lawyer at Jones Day, formed McKinsey**

**Bruce Henderson lead the Strategy Revolution at the Boston Consulting Group (BCG) with the development of strategy tools (e.g. experience curve, BCG Matrix etc.)**

**In 1973 Bill Bain spinned off from BCG and formed Bain & Company**

**During the take over battles at Wall Street in the 1970s and 1980s specialized “Takeover Titans” emerged, such as Joe Flom of Skadden, Arps, Slade, Meagher & Flom.**

# **The 1980s and the “Big Eight”**

**Arthur Anderson**

**Arthur Young & Co.**

**Coopers & Lybrand**

**Ernst & Whinney**

**Deloitte Haskins & Sells**

**Peat Marwick Mitchel**

**Price Waterhouse**

**Touche Ross**

# **The growth wave of the 1990s: Globalisation**

## **Mid sized companies grow to scale**

**e.g.**

**Arthur D. Little**

**Booz Allen Hamilton**

**Booz & Company**

**L.E.K. Consulting**

**Monitor Group**

**Roland Berger**

# **The collapse of Enron and Sarbanes-Oxley in the years around 2003**

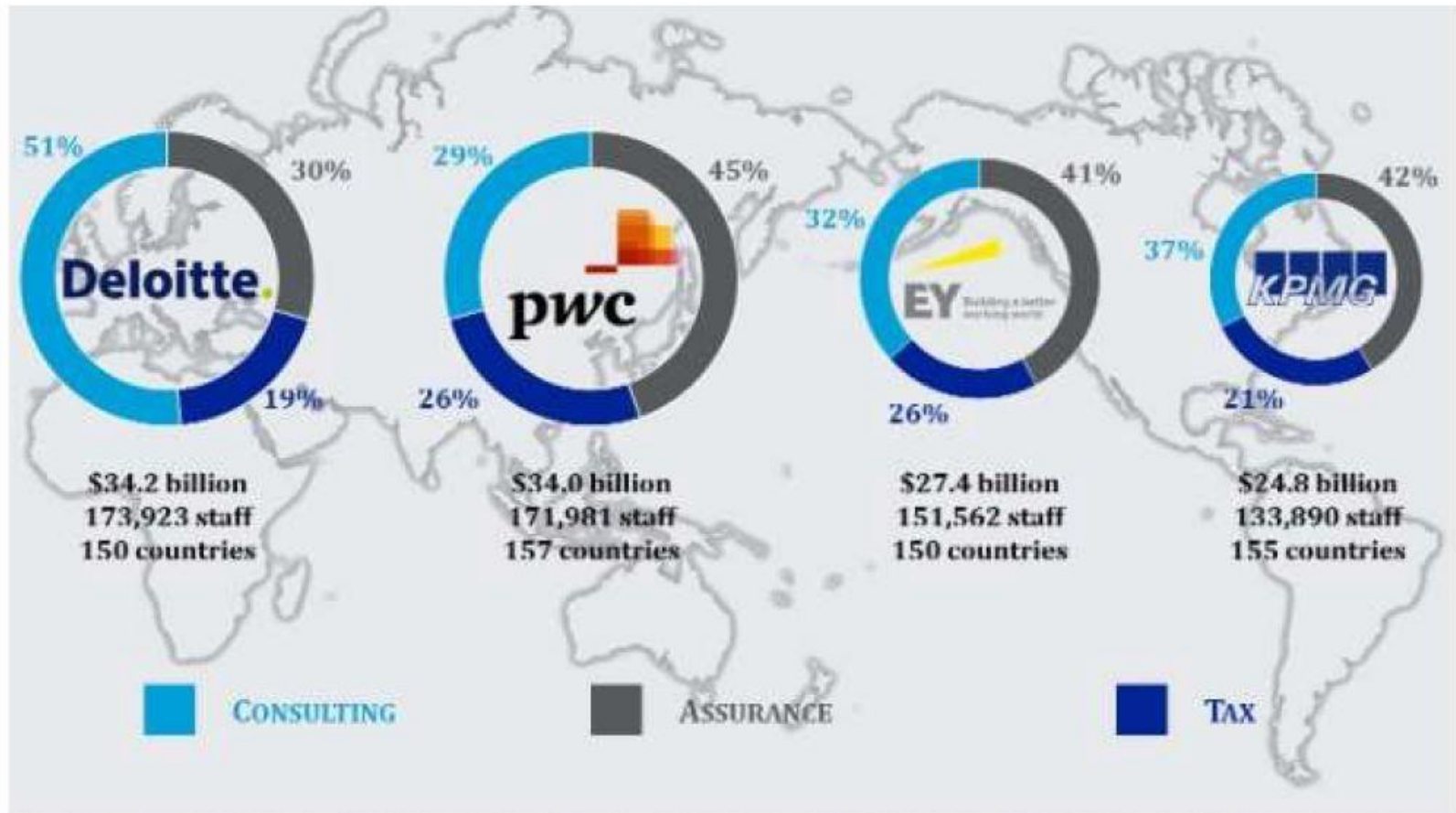
**Arthur Anderson was involved in the fraud and subsequent collapse of the energy trader Enron.**

**The conflict of interest between the auditing and consulting arms of the company stood eliminated checks and balances which catalysed the fraud.**

**Sarbanes-Oxley came in place, Arthur Anderson filed bankruptcy and Accenture was left.**

- **Deloitte divested all their consulting practices**
- **Price Waterhouse divested the legal practices**
- **IBM and Capgemini acquires PWC Consulting and EY Consulting**
- **Anderson Consulting becomes Accenture**
- **KPMG Consulting becomes Bearingpoint**

# Revenue Breakdown of the Big Four

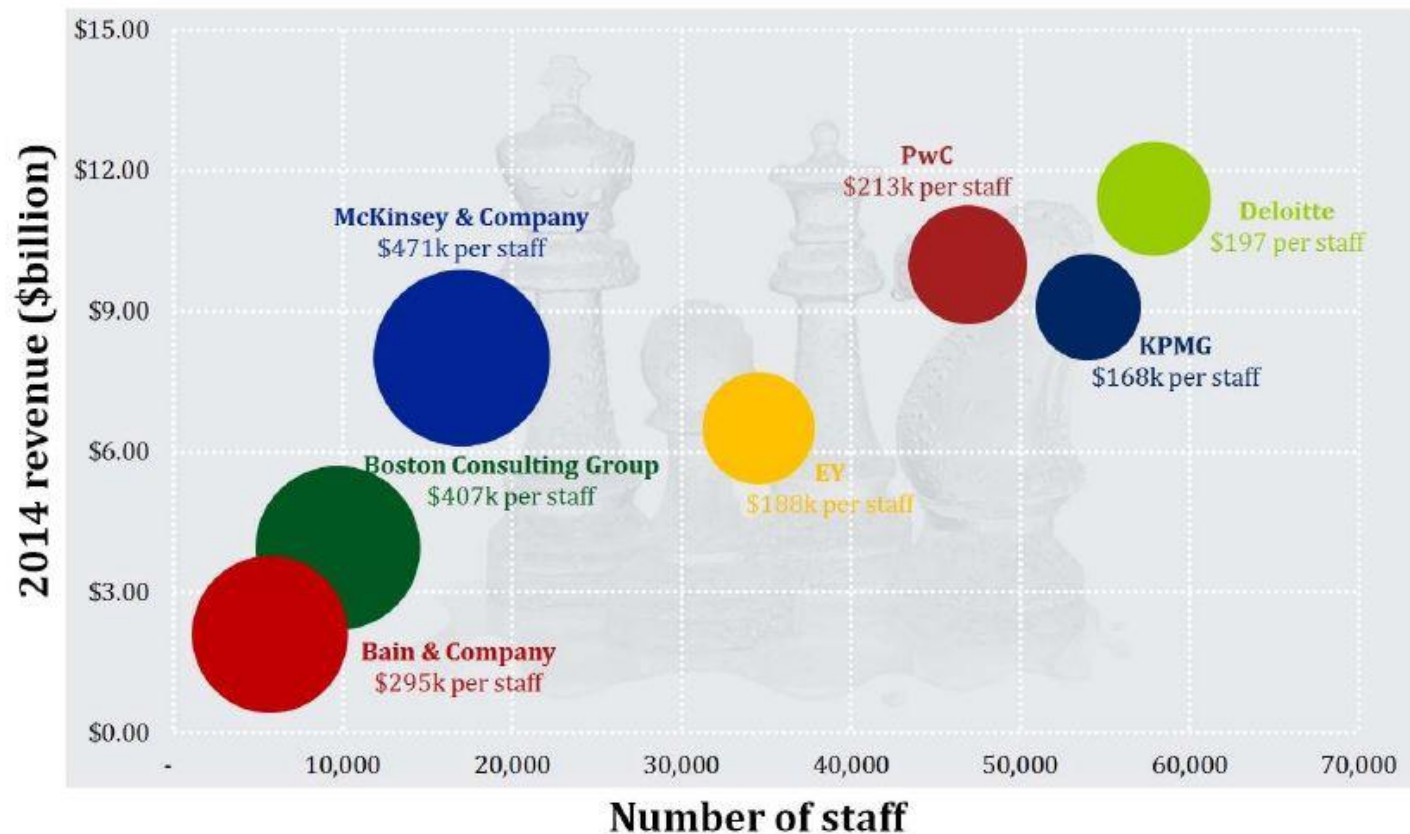


Source: Eric Chin (2017): Clash of the Titans



# Revenue and headcount of major professional service providers

Big Four vs MBB in 2014: Revenue and staff



Source: Eric Chin (2017): Clash of the Titans

# The Consulting Market in specialized fields is highly fragmented

There are thousands of smaller consulting companies and groups or units were companies diversified into the management consulting business.

The majority of consulting companies (in terms of numbers) are run in small practices on a very individualistic and individual basis.

## Examples of HR and Coaching Companies



HEIDRICK & STRUGGLES

*AT* KEARNEY

# **Why a “Boutique” is not just a “Small Shop”**

**A boutique is a small store/company which is specialized and represents a certain skill set (or style)**

**A small shop which offers “everything”, is not called boutique. It is called grocer.**

**If you find that you are an outperformer in a consulting company, there are two possibilities of interpretation:**

- 1. You are an outperformer**
- 2. The company is an underperformer**

# Different kinds of management consultant's types (looking at people)

Type	General profile
Functional Expert	Experience and credibility in a functional field
Industry Expert	Overlooking an industry sector based on project or own management experience
Advisor	Combining industrial and functional expertise with a high degree of strategic and tactical experience
Visionary	Combining corporate experience with generalist views into entrepreneurial vision
Diplomat	Using his credibility and network to convince people or convey information in informal ways
“Smart kid”	High analytical and communication skills in the second line of a consulting company
Extended Workbench	Technical workforce with special expertise

# **Non-Executive Directors have a constructive advisory and supervisory role in the board of a company**

**Non-Executive Directors are not employed by and not directly affiliated with the company on which's board they are.**

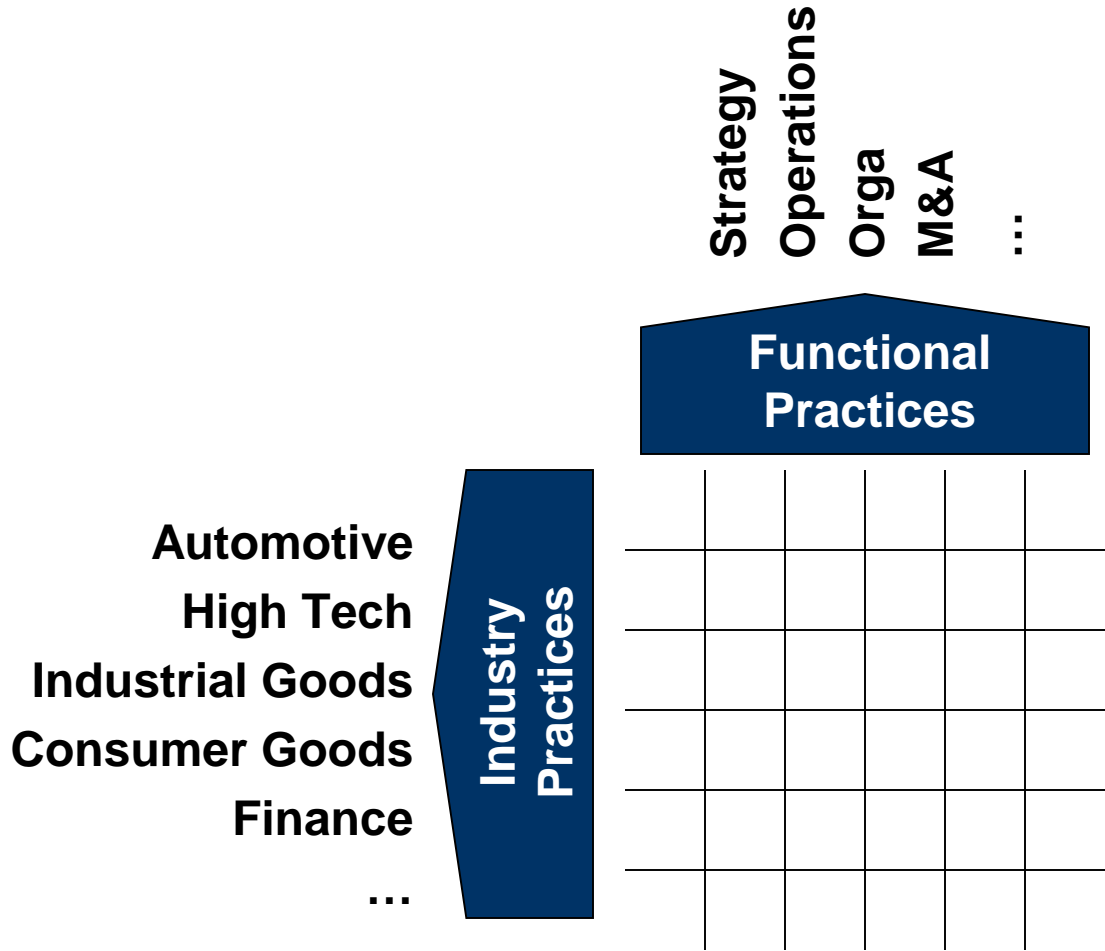
**They are an independent body that**

- 1. challenges the strategy and support's its development**
- 2. comments on the performance of the executive management and their remuneration**
- 3. challenge whether the risk management procedures are appropriate**
- 4. supervises succession planning of the senior management**

**They also provide independent views on:**

- 1. Resources**
- 2. Appointments**
- 3. Standards of conduct**

# Consulting Companies are structured in Industry and Functional Practices



# Different levels and roles in a classical private consulting company (generalized in terminology)



# **“Up or Out” – Legend or Reality**

**“Up or Out” means that after an evaluation period the consultant will either be promoted or has to leave the company**

## **Advantages:**

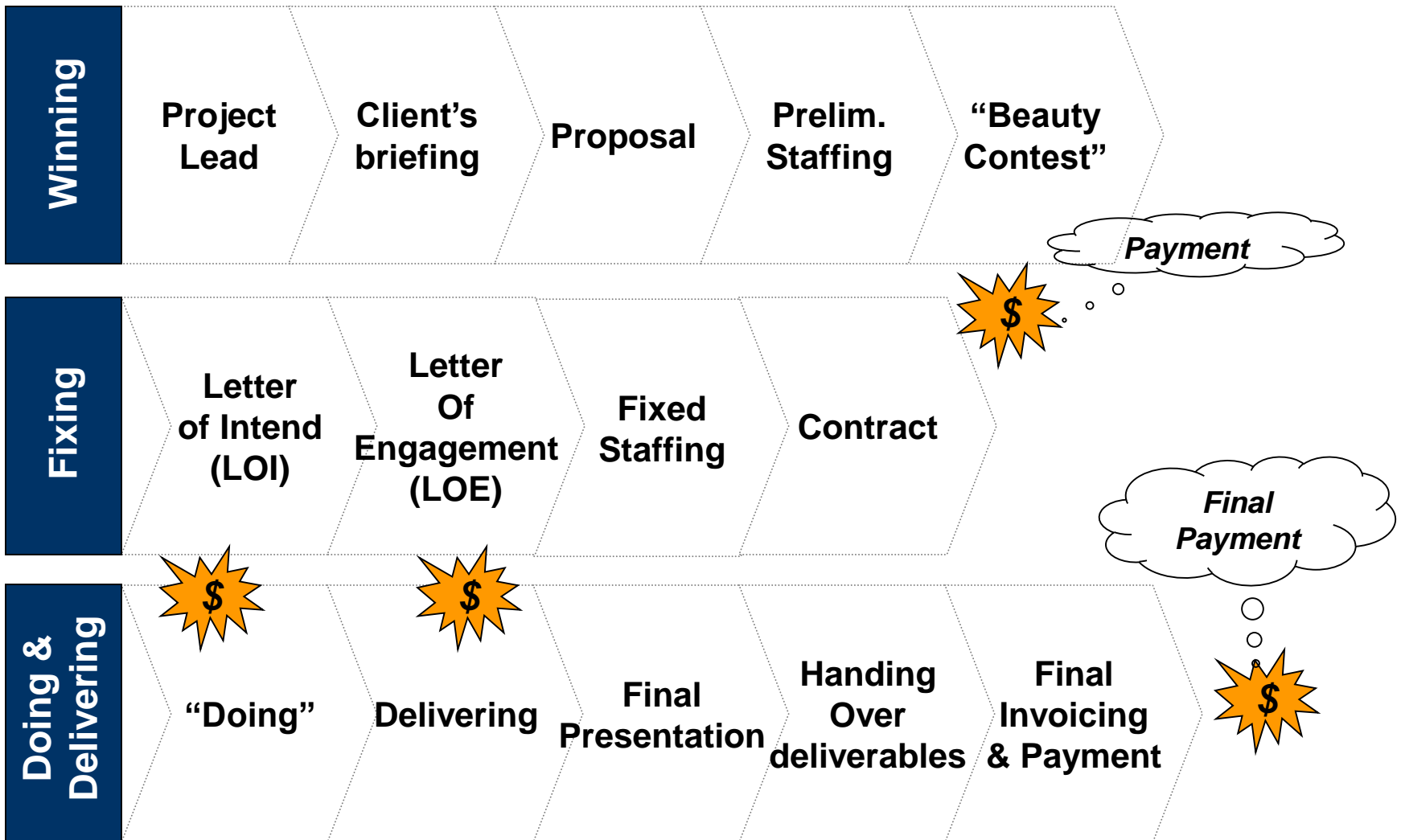
- **Only people with growing capacities stay**
- **Selection of the most competitive consultants**
- **Fast career or “nothing”**
- **High motivation for a certain “breed”**

## **Disadvantages:**

- **Loose people that are “perfect” in their job, but fail after promotion**
- **No experience is building up in the levels themselves**
- **Expertise shifts very fast to Senior Postions (where it is less needed)**



# Phases of a consulting project (generalized and simplified)



# Topics covered in a Consulting Contract (generalized)

1. Definition of the both parties/companies
2. Definition of project target
3. Project scope
4. Responsibilities of the service provider
5. Responsibilities of the client
6. Project structure
7. Fees
8. Terms of payment
9. Termination
10. Confidentiality
11. Exclusivity
12. Information liability
13. Indemnity
14. Good faith
15. General liability
16. Compliance with law and law applied
17. Appendix: proposal documentation agreed and LOI

# **Example of a paragraph describing information liability of the consulting company**

## **Information**

**The Company is furnishing the Adviser with such information as the Adviser believes appropriate to its assignment (all such information so furnished being the “Information”). The Company recognizes and confirms that the Adviser (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this letter without having independently verified the same, (b) does not assume responsibility for the accuracy or completeness of the Information and such other information and (c) will not make an appraisal of any assets of the Company.**

# **Example of a paragraph defining a confidentiality agreement**

## **Confidentiality Agreement**

**The Adviser shall not, except as required by law or by any regulatory authority, disclose to any other person any information or documents relating to the Company. All correspondence and papers which the Company may provide to the Adviser shall be the Company's sole property and the Company shall be entitled to require the Adviser to return such correspondence and papers.**

# **Indemnity: If consulting company gets in legal obligations related to the project, the client bears the liabilities**

## **Indemnity**

**The Company agrees to indemnify the Adviser and its affiliates and their respective directors, officers, employees, agents and controlling persons (the Adviser and each such person being an “Indemnified Party”) from and against any and all losses, claims, damages and liabilities, joint or several, to which such Indemnified Party may become subject under any applicable law, or otherwise, related to or arising out of any transaction contemplated by this letter or the engagement of the Adviser pursuant to, and the performance by the Adviser of the services contemplated by this letter. The Company will not be liable under the foregoing indemnification provision to the extent that any loss, claim, damage, liability or expense resulted primarily from the Adviser’s bad faith or negligence.**

# **Three other examples for contractual paragraphs: Exclusivity, Good Faith and Compliance with Law**

## **Exclusivity**

**Pursuant to any Agreement the parties will work together on an exclusive basis and neither party shall contact, hold discussions with or reach an agreement with any other party to act in forming or participating in any consortium in relation to the Project.**

## **Good Faith**

**The parties shall at all times act in good faith and co-operate with a view to creating the appropriate entity and successfully developing a railcar leasing business in China.**

## **Compliance with Law**

**Neither party will breach the law of any applicable country in which they perform activities relating to the Project. This clause is intended to be legally binding.**

# Delete yourself from the Internet

- **Professional information, unless cleared by the company or client is not to be shared on the internet**
- **This includes projects which have no clearance to be shared**
- **You job description and responsibilities are by default a corporate secret and should not end up on sites like LinkedIn (your job may give competitors insight into your company's strategy)**

# **Safety of data and information is critical and has to be maintained over all phases of the project**

- **No data to be saved in clouds which are not under full control.**
- **All information will have to be stored on an encrypted hard disk.**
- **No unencrypted like USB-Flash Disks, external hard discs and CDs/DVDs.**
- **Paper print outs are never accessible to third party**
- **E-Mail traffic has to be encrypted.**
- **No emails to or from gmail, hotmail, yahoo, qq etc.**
- **No Facebook, WhatsApp, Wechat etc.**
- **Waste has to be shredded. Laptops and all computers need installed data-shredders which destroy data physically and a clear and fast procedure defined for emergency.**
- **Contact information, diaries and all notes are confidential information (never safe contacts on google contacts etc.)**



# Be aware that “Smartphones” are more of a toy than a phone

**Contacts, call lists and messages on mobile phones might be sensitive information**

**Calendars are sensitive information**

**Lock your phone with a PIN or Password**

**Use full encryption like “Mobile Iron”**

**Physically destroy the GPS radio**

**Iridium satellite phones can be located but provide the opportunity to “get out of the country” without interception**

**Never loose a phone or SIM card**

**“The post office trick”**



# Consider the environment when printing does not only mean saving trees

**Only use network printers in safe environments**

**Be aware that network printers run over servers which might not be under your control**

**Do not to print on the wrong printer**

**Careful with WLAN and Bluetooth connections**

**Do not forget to pick up what you printed**



# What you should know about fax machines

**Fax machines use the phone line and modulate the pixel information by an audio signal and protocol**

**Fax machines might emit strong magnetic fields which can be read wirelessly from a neighbor room**

**Fax machines should be under supervision and in closed and locked rooms with defined access**

**Only use fax machines that eject the print “face down”**

**Ask your client for “safe fax machines”**



# Some rules for the use of voice recorders

**If you want to make use of voice recorders, always ask for agreement. Then start the recording with “Date, Time, Meeting, Participants ... We asked for agreement of using a voice recorder in this meeting and all participants are aware and agree on this procedure ...”**

**If you do not want recording in a meeting, make all participants aware of that.**

**Be aware that mobile phones might also have the feature of voice recording**

**Do not allow mobile phones in meeting rooms, if the location has to be secured.**



# Use of digital cameras

**In security areas where the use of digital cameras is restricted, also mobile phones with cameras have no access**

**Some companies seal the camera lens of smart phones and laptops**

**If somebody takes photos in a restricted, confiscate the camera immediately and hand it over to corporate security personal**

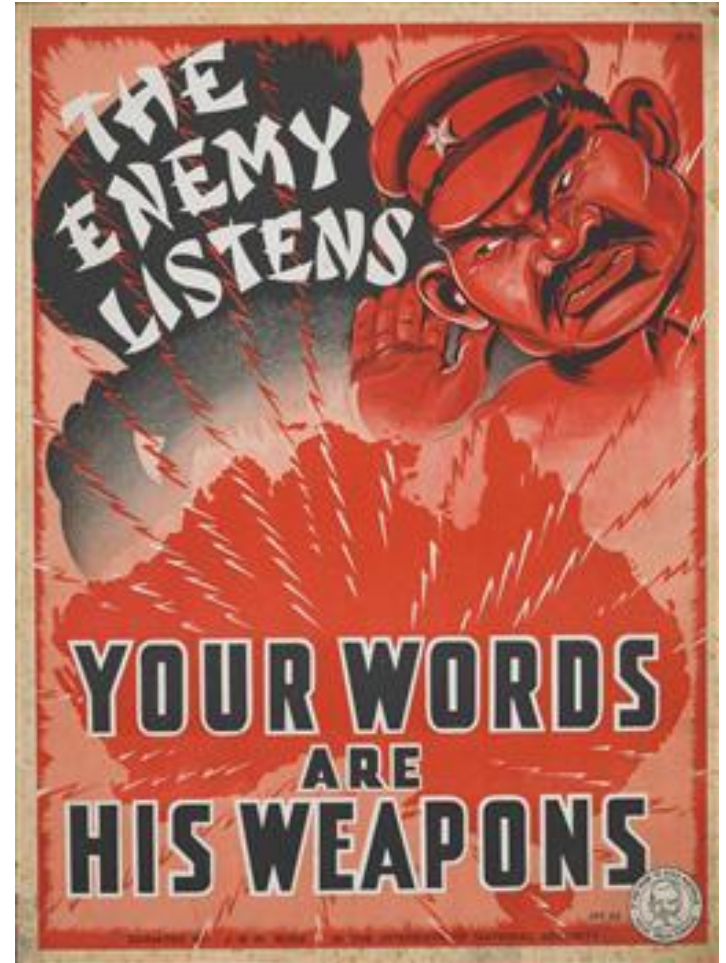


# Guard your tongue ...

Be aware that all information on people, locations, contacts, products, companies, money, projects ... is confidential.

Never anything like this in public places, which include:

- Lifts
- Toilets
- Corridors
- Public planes
- Trains
- Planes



# **EU General Data Protection Regulation GDPR**

**Data protection law to protect privacy of citizens in the EU**

**Enforced in all EU countries since 25.05.2018**

**„Data protection by design by default” (e.g. the highest privacy settings are default settings by law)**

**Subject has the right to know what data is saved (right of access), for which purpose and can revoke the data at any time.**

**Pseudonymization or full anonymization have to be applied where possible.**

**Publishing (and tagging) of photos of people without consent is illegal**

**Routing of data through potentially unsafe jurisdictions, requires consent of subject (e.g. Fitbit data into the US)**

# **Insider trading is a criminal offence**

**Stock market regulators define “insiders” as people who have an internal insight in a company that put them in an advanced position forecasting stock value behavior.**

**Working in a strategic project for a client clearly makes you an insider and trading any securities related to your project or client is illegal.**





# Confidentiality in resumes and job interviews



Client related information can only be used in CVs when the client agrees on that (in a written form).

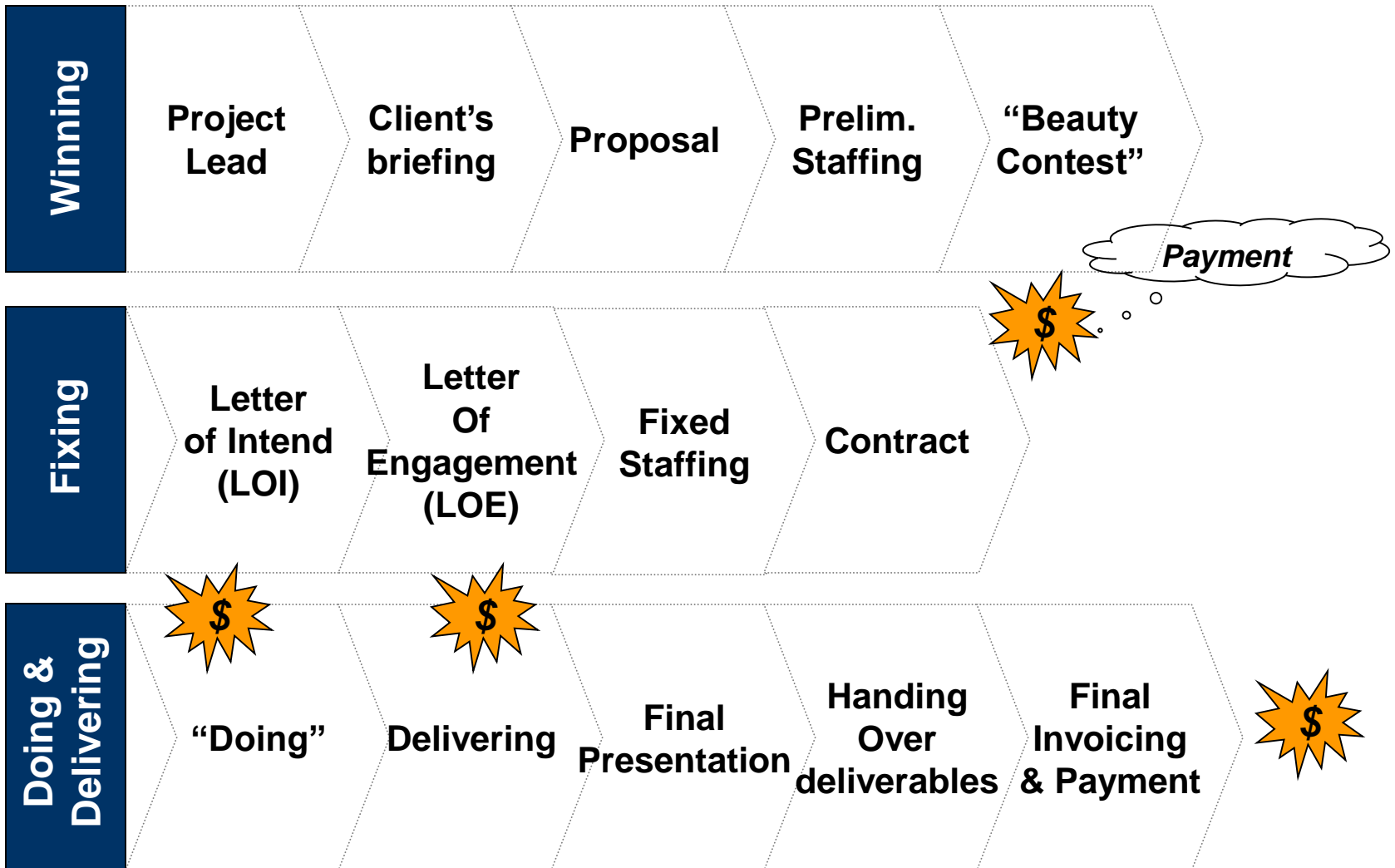
Otherwise any client's name or project quoted in a CV may be a breach of confidentiality.

This is illegal and also leaves a bad and unreliable impression.

# Know Your Client



# Phases of a consulting project (generalized and simplified)



**Lucy,**

**I hate you.**


**Because you**


- **Poisoned my cat,**
- **insulted my mother**
- **and stole my boyfriend**


**Fuck off!**

**Antonella**

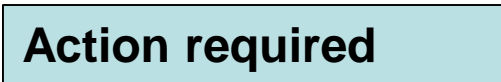
# Every slide has to be complete, concise and leave no room for doubt or interpretation


Lucy,  Who do we talk to

I hate you.  Conclusion

Because you  Reason

- Poisoned my cat,
- insulted my mother
- and stole my boyfriend

Fuck off!  Action required

Antonella  Who is talking

# **Always follow these Golden Rules when you make Powerpoint slides**

- **Slides should explain a point and not decorate emptiness**
- **Use a clear action title or headline**
- **Use graphical structures representing the deduction**
- **Quote sources properly**
- **Only use colours when they represent content (be aware that your slides might be printed black and white)**
- **Never try to be funny on a slide**
- **Never use 3D for a 2D problem**
- **Never use Piecharts (unless your audience really can't imagine a percentage without graphical support)**
- **Never use emoticons (unless you present to the local kindergarten)**
- **Never use animations (unless your audience lost large amounts of brain tissue and you need flashing objects to get attention)**
- **Every slide has a page number, project title, source name, client name and date**

# The average value of a slide represents at least 3000 USD of work

To put things into perspective: for a small project 150 000 USD are charged to the client.

Then the average value per slide is

$$\frac{150\,000 \text{ USD charged}}{50 \text{ slide final report}} = 3000 \text{ USD/slide}$$

**Self test:** Hold every slide up and ask yourself whether this is worth 3000 USD. If not, forget it.

**Supplier test:** Hold every slide up and ask the consultant whether this is worth 3000 USD.

# Past, present and future are three shades of grey

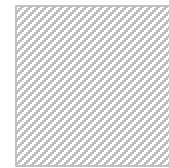
**Past**



**Present**



**Future**





# Powerpoint is not the disease, but a supporting tool to generate useless meetings and unreadable documents

EDWARD TUFTE MAGAZINE 09.01.03 12:00 PM

## POWERPOINT IS EVIL

**Power Corrupts. PowerPoint Corrupts Absolutely.**



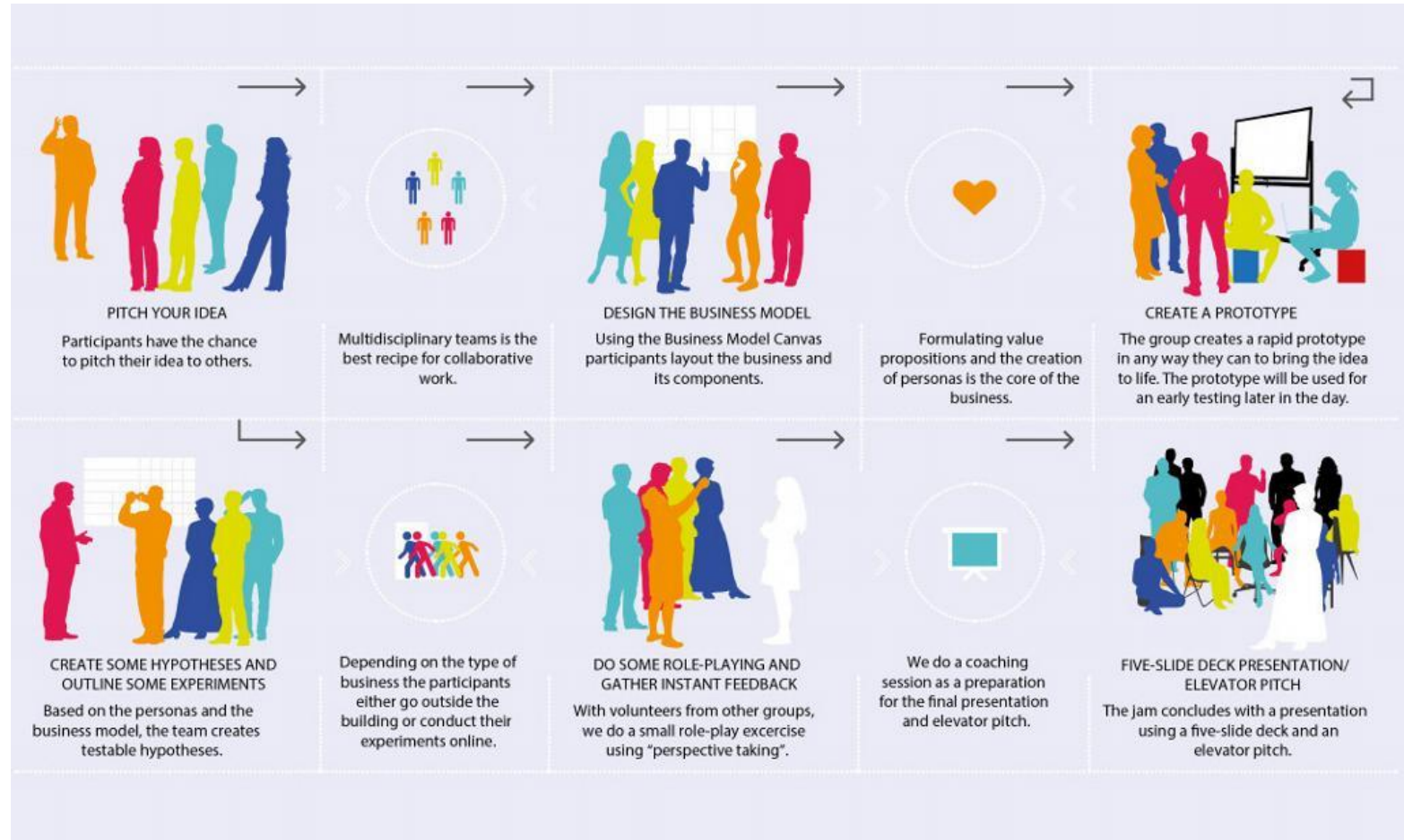
Photo by Genevieve Liang

Imagine a widely used and expensive prescription drug that promised to make us beautiful but didn't. Instead the drug had frequent, serious side effects: It induced stupidity, turned everyone into bores, wasted time, and degraded the quality and credibility of communication. These side effects would rightly lead to a worldwide product recall.

Yet slideware -computer programs for presentations -is everywhere: in corporate America, in government bureaucracies, even in our schools. Several hundred million copies of Microsoft PowerPoint are churning out trillions of slides each year. Slideware may help speakers outline their talks, but convenience for

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# Bad example



# Bad example

**pwc** **ENTERPRISE RESILIENCE**

What can organizations do to prosper over the next decade?

**GLOBAL MEGATRENDS**

**CASE STUDY: TELECOM EVOLUTION**

**CULTURE OF ADAPTATION**

**Using the disruption to your advantage.**

Do your Enterprise Resilience in the shape it needs to be?

NO SAFE BUSINESS MODELS

Change brings new risks but it also brings amazing new opportunities that change the way we do business.

How do you recognize what the future may hold, and adapt to meet it?

It is about understanding how our strategies and processes fit or manager in future uncertainty and market shifts.

**BUILDING YOUR ENTERPRISE RESILIENCE**

**RESILIENT**

**WHAT DO YOU NEED TO DO?**

**COHERENCE**

**ABILITY**

**TRUST**

**RELIABILITY**

**RELEVANCE**

**BE PREPARED**

**BE FLEXIBLE**

**BE PROACTIVE**

**PRACTICE**

**DISCIPLINE**

**CHANGE**

**COMMITMENT**

**RESILIENT**

**WHAT DO YOU NEED TO DO?**

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# Bad example

