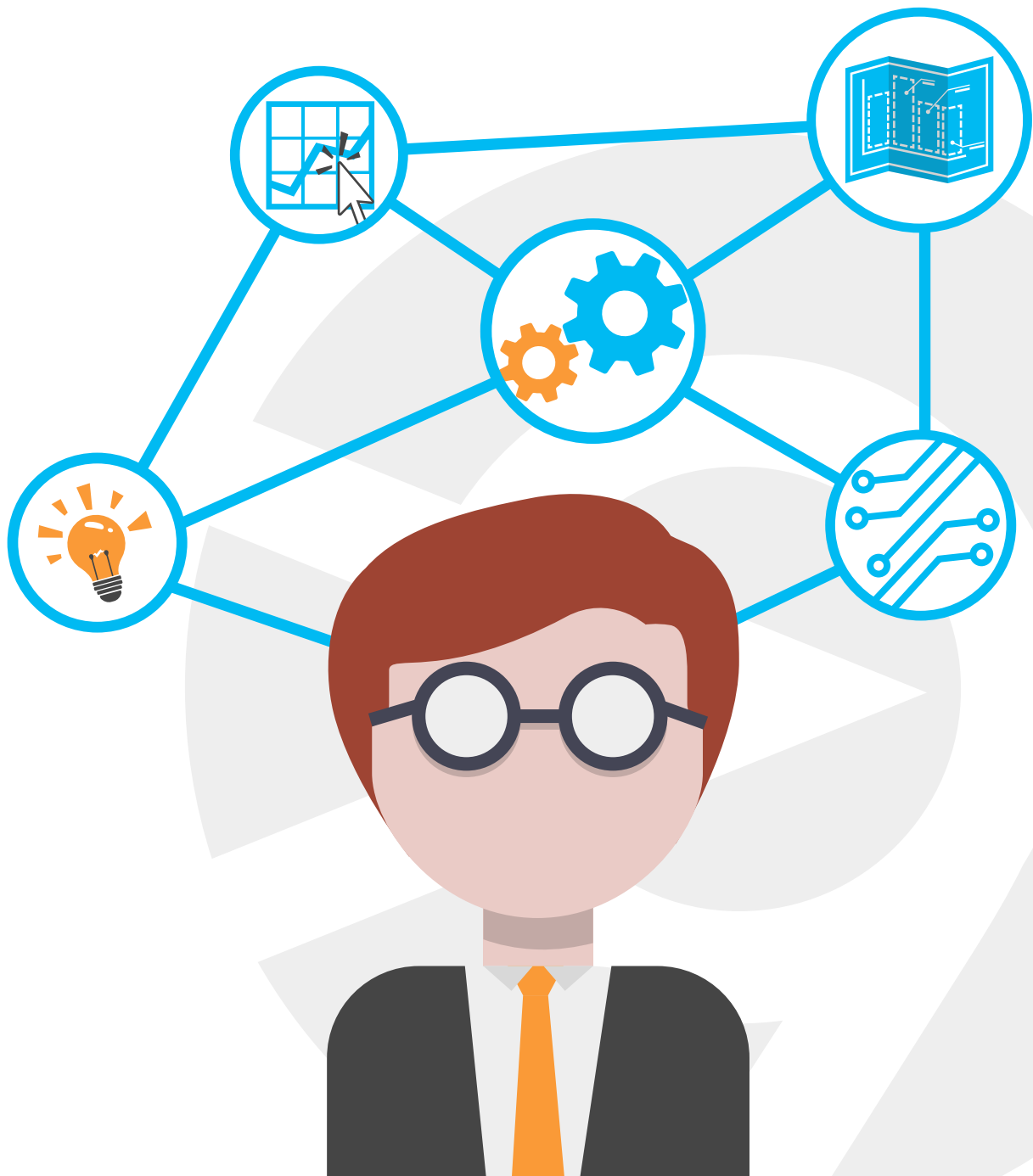


ASSET-BASED CONSULTING

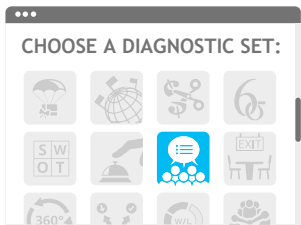
Why Leading Consulting Firms Are Adopting It
(And You Should, Too)





ORGANIZATIONAL INTELLIGENCE ENGINE

Capture uncommon insights from your employees, customers, and clients. 9Lenses maps these insights to your business and your accounts so that you can approach your toughest challenges with expert-level perspectives and make confident, data-driven decisions.



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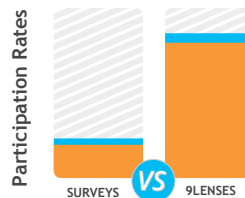
Uncover Uncommon Insights

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Face-to-face interviewing is outdated. Capture insights within minutes, not months.



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Traditional surveys suffer from low participation. 9Lenses sees higher response rates.



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Monitor your progress over time and strive for continuous improvement.



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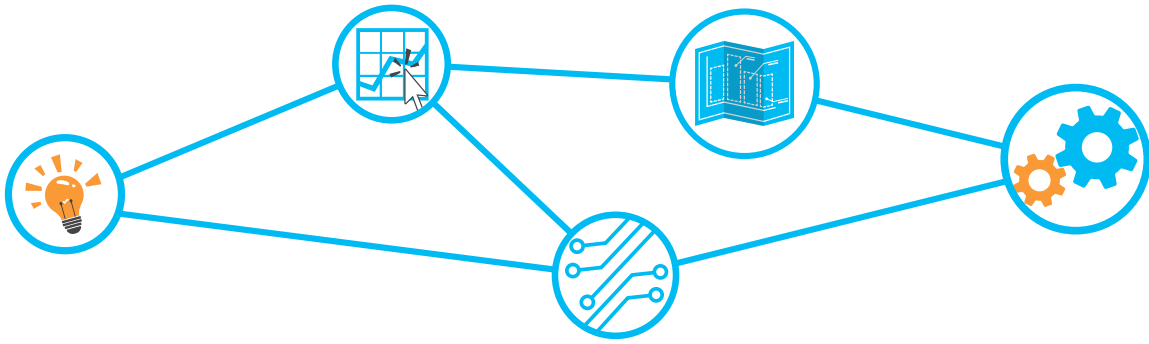
To Learn More: www.9LENSES.com

EXECUTIVE SUMMARY

As the consulting industry faces disruption from technology and changing client demands, many consulting firms are searching for ways to keep pace with evolving client expectations. In this ebook, we will discuss the implications of asset-based consulting as a solution for the consulting industry, the challenges it poses, and its many benefits to consultants.

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INTRODUCTION: WHAT IS ASSET-BASED CONSULTING?

Management consulting is one of the last industries to face disruption in the digital age. While the top-tier firms may have the client base and reputation to continue employing the traditional consulting business model, many small and mid-sized firms are challenged by the new climate technology has created. These firms are searching for ways both to overcome these challenges and to differentiate from their larger, resource-rich competitors. As one result of the search, we see a growing trend in the consulting world: asset-based consulting.

Because asset-based consulting is still a novel concept for many, we'll begin our discussion with a quick explanation. Asset-based consulting refers to an approach to consulting in which tools and software solutions are primary assets, in addition to human capital. Whereas consulting firms have traditionally relied on talent to drive success in client engage-

ments, asset-based consulting augments and in some cases replaces manual effort with tools and business models that allow for automation, making use of the technological innovations available today. In other words, asset-based consulting involves unbundling the traditional consulting offering, taking some of the tasks or services that consultants have traditionally performed with their skills and expertise, and productizing them, turning them into tools that can be used repeatedly and consistently for client engagements. Using tools as a key asset for consulting will allow consultants to achieve more efficient results, demonstrate ROI, and better meet the expectations of today's clients.

“Asset-based consulting is a consulting approach in which tools & software solutions are vital assets”





THE RISE OF ASSET-BASED CONSULTING

Consulting is one of the last industries to be disrupted by the technological developments of the last few decades, and so trends such as asset-based consulting are still nascent. Although consultants have been slow to adopt technology as the core of their operations, it is no secret to consultants that the productization of services enables scalability. From the start of management consulting at the beginning of the twentieth century, consultants realized that they could scale their operations and achieve more consistent results if they created roadmaps for solutions based upon their past experience. By using roadmaps as a part of creating a solution for a client, consultants could make solutions more repeatable and consistent, prescribing a similar solution for problems that they

encountered repeatedly. Asset-based consulting takes productization a step further, replacing consulting processes and services with products that automate what consultants have done manually for decades. Because every client faces unique problems, solutions will perhaps always require an element of customization. Using products and tools as the core of consulting, however, will still allow for customization while increasing the consultant's ability to scale business and provide repeatable solutions.

While certainly the human element of consulting is still irreplaceable, and firms will doubtless continue to depend upon talent to some degree, trends suggest that asset-based consulting will soon begin to modernize antiquated processes with tools that can perform more consistently and with a more provable ROI. In the next section, we will examine some of the trends that demonstrate the growing necessity for asset-based consulting.



WHY CONSULTANTS SHOULD CONSIDER ASSET-BASED CONSULTING

There are a number of additional compelling reasons for why consulting firms should adopt asset-based consulting. Industry trends are changing the fabric of traditional management consulting, and asset-based consulting can help consultancies to better champion this change. We'll examine a few of the major trends in detail.

“Asset-based consulting can help consultants navigate the fast changing management consulting landscape”



Geographical Challenges

Businesses are expanding globally in increasing numbers, and as they do so, the traditional consulting model becomes progressively more difficult to follow. In order to unravel what is going on in an organization, consultants traditionally travel to client sites to perform client discovery. These consultants embed themselves in the client organizations and conduct one-on-one interviews with employees in attempt to gain a holistic understanding. In the case

of expanding international companies, the challenges of normal client discovery grow exponentially as consultants must expend more time and resources traveling to different sites around the world. Asset-based consulting that uses tools to replace or complement the client discovery process can ensure that the same insight is gained without the massive expense of time and resources.



Rising Client Knowledge

Due to limited access to information, client organizations in past decades (especially before the Internet boom) knew comparatively little about their industries and competitors, relying instead on consultants to inform them on those subjects. Businesses today, however, are becoming wiser with regard to industry best practices and competitor activities as well as with regard to the details around their own internal operations. As a result, many clients now expect value from consultants beyond the traditional consultant value proposition. Rather than looking to consultants to supply knowledge around the industry and their own operations, strategy, and performance, clients expect consultants to provide innovative solutions and provable ROI. Big data analytics and

technology that leverages organizational intelligence can help consultants gain the level of knowledge necessary to provide those innovative solutions.



Evolving Client Expectations

Client expectations are evolving in other ways, as well. Clients today frequently expect consulting firms to provide [more specialized expertise and customized solutions](#). No longer content with the cream-of-the-business-school-crop talent that the top consulting firms offer, clients want to hire consultants who possess deep knowledge of the clients' industries and experience with the particular challenges the clients are facing. Consulting firms that do not focus on a niche market frequently do not possess this type of hyper-specialized talent. Clients also expect consultants to conduct client discovery more rapidly and with increasing emphasis on solutions and recommendations. Finally, clients demand specialized solutions to their problems rather than the blanket solutions many consultants have traditionally provided.

In addition, clients are expecting more transparency in pricing and accountabili-

ty for performance. Many are demanding pricing based on engagement outcomes rather than on the number of billable hours put into a consulting engagement. Before long, consultants will find it difficult to perform in their “black box” – clients are expecting consultants to be able to explain exactly what clients are paying for and why they are paying for it. This kind of transparency will remain difficult as long as pricing revolves around billable hours rather than outcomes. By productizing their business models and frameworks, consultants can better provide repeatable, trackable solutions to specific client problems. The focus thus lies less on the effort of the consultants conducting the engagement and more on the outcome of the engagement itself. Likewise, the engagement can be priced around the output rather than the input.

“Clients today often expect consultancies to provide more specialized expertise & customized solutions”



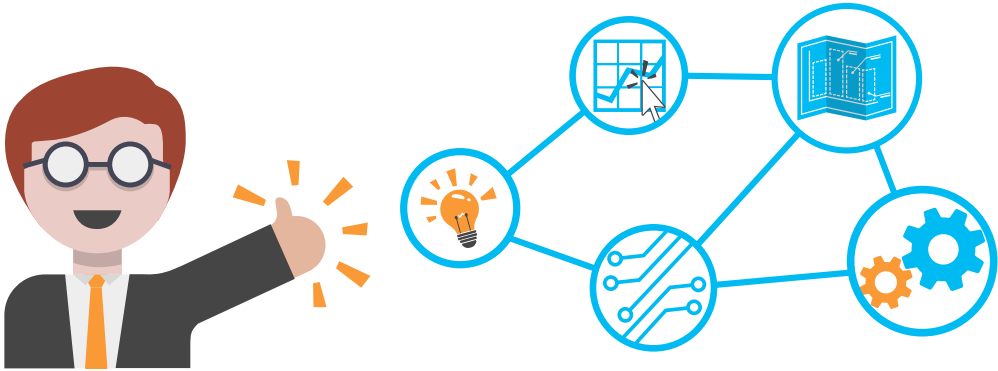
Commoditization

Consulting firms today are facing **ever-increasing commoditization of services**. Many consulting firms **struggle with differentiation**, and as a result, many client organizations struggle to see the value they receive from consultants. Without a compelling value proposition, many organizations, especially those concerned with cutting costs, will turn to other means to achieve their ends. Unless clients can be persuaded that consulting firms can operate better than they can themselves, consultants will lose these clients to internal consulting units – **according to HBR**, businesses have begun to hire small armies of consultants to lead internal strategy. Other alternatives to traditional consulting are also surfacing, such as the web-based HourlyNerd, which uses a network of independent consultants to match a client with

consultant expertise. Eventually, many organizations may create internal initiatives that negate the need for consultant help at all, whether internal or external. Software assets, however, can act as a value creation factor that halts the client's journey to commoditization.

The trends of today's business world are pushing the consulting industry to adapt. In many ways, the job of the traditional

consultant is rapidly becoming productized, as consulting services are essentially dismantled from one amorphous package to a number of defined parts. Human talent will always be a significant factor in management consulting, but in order to stay ahead of the competition and meet client expectations, many consultants would do well to embrace asset-based consulting as a solution.



HOW CAN ASSET-BASED CONSULTING BENEFIT CONSULTANTS?

Now that we've established that today's business trends are pushing consultants to adopt asset-based consulting, let's look in greater detail at the benefits that consultants can reap.

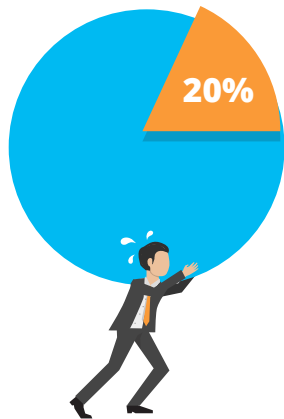


Better Consistency / Repeatability

Because asset-based consulting relies heavily on products and tools, engagements have more consistency in output. Tools perform more or less the same way

every time, so the result at the end is more predictable. This consistency makes both benchmarking against a client's competitors and internal performance benchmarking far easier and more accurate, as an engagement is far more repeatable.

“Because asset-based consulting relies heavily on products, engagements have more consistency in output”



Less Reliance on Manual Effort

The [top consulting firms](#) today rely on talent as their primary differentiator. They market themselves as talent pools and primarily hire from the best business schools. The problem is that while in previous decades consulting was the top choice for

business school graduates, graduates today are frequently looking to enter more innovative companies. Talent retention is also an issue, as most junior-level consultants do not plan to remain in the consulting industry for their entire careers. Asset-based consulting gives consulting firms more to offer than people expertise alone. It reduces the dependence on people, shifting the focus to tools and decreasing the pressure of hiring and retaining only the top business school talent.



Greater Speed and ROI

Asset-based consulting relies primarily on technology and tools, which can perform many tasks at a far greater speed and scale than people can. The most time-consuming parts of the consultant's job, such as client discovery or data cleansing and analysis, can be replaced or complemented with tools that speed up the project as a whole by a considerable margin. Complex data sets or overwhelming amounts of

data can be more easily sorted, and better connected data enables the consulting engagement team to form deeper insights, make stronger client recommendations, and ultimately achieve a better ROI.



Competitive Differentiation

Two of the biggest technological trends we are witnessing in the consulting world today are data analytics and cloud computing. Because analytics is becoming top of every client organization’s agenda, clients are demanding quantitative, measurable solutions. Cloud computing is also high on a client’s list as it lowers the complexity and cost of deploying new client solutions and accelerators. As a demonstrable means of value creation, assets based on analytical solutions and accelerators, therefore, will become key drivers for consultants to create client value. These assets will provide consultants with a competitive differentiator. They allow consultants to bring something tangible to their clients, from a faster ROI to demonstrating deep knowledge or repeatability of solutions.

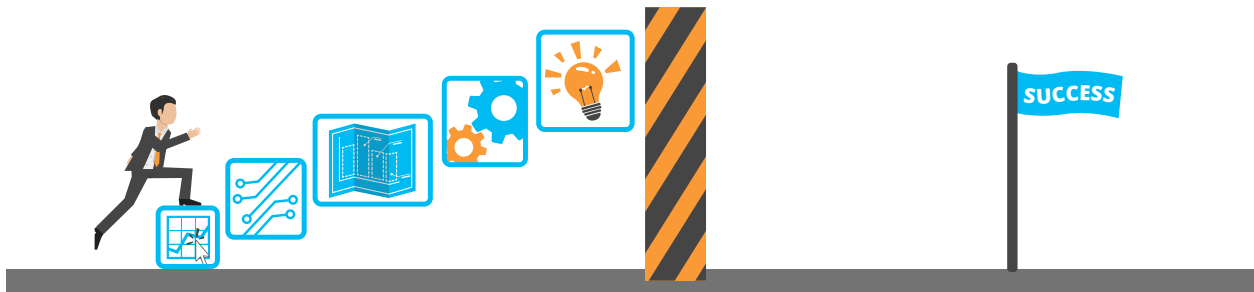


Lasting Relevance

Finally, as a competitive differentiator, asset-based consulting will help consulting firms sustain their relevance in a fast-changing industry landscape. As we discussed above, as clients become their own fountains of industry knowledge, the expectations around the core value proposition of consulting are changing. Value-adding assets allow consulting firms to remain relevant beyond the knowledge and connections their talent pools possess.

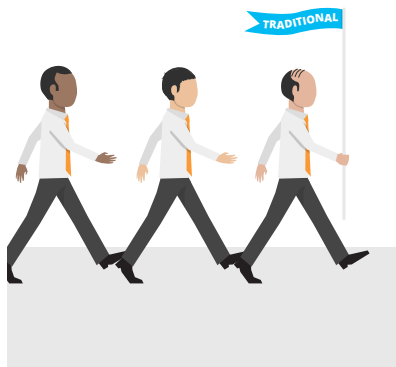
“Analytics has become important to clients, increasing demand for measurable solutions from consultants”





OVERCOMING BARRIERS

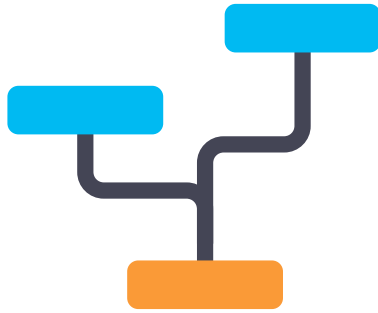
While industry changes are driving consulting firms towards asset-based consulting, adoption does pose some difficulties for today's consultants. Approaching the adoption of asset-based consulting with full knowledge of these barriers will help consulting firms to overcome them quickly.



Conventions

Because the consulting business model has remained virtually unchanged since its incarnation in the early twentieth century, many consulting firms will find the switch

to asset-based consulting difficult from a cultural perspective. The traditional business model has led to great success in the past and continues to furnish success for the top firms in the industry. While there seems to be little doubt that the consulting industry is facing disruption that will ultimately change this business model, the most successful firms still have the assurance that at least for the time being, they can continue successfully as they always have. As long as these firms continue to attract clients through their reputation and the rapport they have held with businesses for decades, many will be reluctant to overturn the traditional business model. Regardless of the size of the firm, changing to an asset-based consulting model will likely involve deep-set, organization-wide cultural change. Firm leaders must thus be aware of cultural barriers in order to successfully adopt an asset-based consulting model.



Structure

Asset-based consulting involves more than simply adopting a new tool or a new process. It is a new business model that revolves around the productization of services rather than relying solely on talent. Because it requires such deep-rooted change, many consultancies may not be ready to adopt it from a purely structural standpoint. Adoption brings with it the same change management challenges any business faces when it undergoes deep-seated change: buy-in from the entire ecosystem of decision-makers in an organization, understanding how the new model will affect the organization as a whole, new pricing and expectations, keeping everyone aligned, etc. The entire firm needs to be on board with the new business model, and everyone needs to understand that the consulting practice is changing at its core, not that there is simply a new tool available. In order to effectively adopt asset-based consulting, a firm needs to be highly familiar with its own DNA: where its strengths and challenges lie, what doubts or expectations employees have, how well things are be-

ing communicated, how open people are to change, and so forth.



Client Expectations

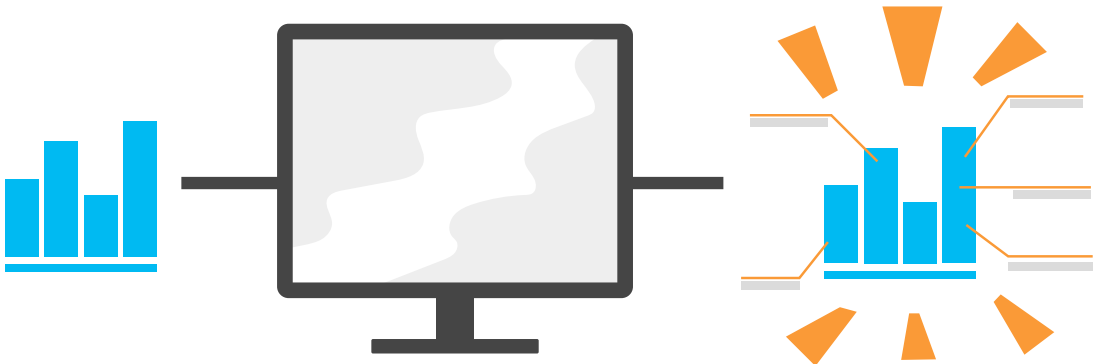
Perhaps because consulting has remained constant for so long, there exist firm client expectations around how a consultant should do his/her job. While client expectations as a whole are certainly evolving, many will doubtless continue to expect consultants to operate more or less as they always have. In addition to universal adoption by the consulting firm's employees, therefore, client buy-in is also necessary. A consultancy's ability to measure and prove ROI is thus key to the adoption of asset-based consulting. Additionally, the asset-based consulting model requires clients to become more self-sufficient in understanding their own businesses.

“A consultancy’s ability to measure & prove ROI is key to the adoption of asset-based consulting”



As we discussed above, whereas before management consulting was involved largely with informing client organizations as to industry best practices and the state of their internal operations, asset-based consulting revolves more around providing clients with the means to solve their own problems. In order to effectively adopt the solutions, therefore, client organizations must already possess a thorough understanding of their own organization. Although many clients are already gravitating towards this model, those that are not may have difficulty perceiving the value of asset-based consulting.

Barriers certainly exist to the adoption of asset-based consulting, but these barriers are by no means impossible to overcome. While some consulting firms may be slower to adopt than others, the many benefits of asset-based consulting will doubtless continue to draw consultants in. Consulting firms that approach asset-based consulting with a thorough understanding of the barriers that it poses will be able to position both their employees and their clients for successful adoption.



ASSET-BASED CONSULTING IN PRACTICE

Because asset-based consulting is a new concept for many, it may help to examine some specific instances of consulting firms that have adopted asset-based consulting, as well as the steps to its adoption. There are a number of ways in which firms can

adopt asset-based consulting. Some consulting firms adopt external tools that replace or complement their services, while others develop their own tools internally.

McKinsey, a top management consulting firm, provides a good example of a consulting firm that adopted tools to complement its traditional client services. McKinsey created McKinsey Solutions, a collection of software tools, as an answer to the challenge that the rise of big data

posed. McKinsey Solutions provides tools that are embedded in client organizations to help clients create sustainable improvement. McKinsey Wave, for example, is a program management tool that aids change management by tracking progress and connecting employees across all levels of an organization. Consultants are involved in training clients to use these tools and providing ongoing support and professional expertise as long as necessary.

KPMG, a premier financial consulting firm, provides an example of a firm that fully replaced a service with a software tool. Rather than only providing traditional financial advisory services to their clients, KPMG [created a cloud-based software approach](#) to finance and accounting. This productization of services allows KPMG to offer financial advisory services at a fraction of the cost, bring in more clients, and gain a competitive edge.

BearingPoint, a top European consulting firm, supplies an illustration of a firm that acquired external assets around which to focus its business. BearingPoint [created an entire asset-based consulting services line](#), acquiring a number of software solutions such as HyperCube, which navigates big data, and ABACUS, which supports regulatory financial reporting.

Depending upon the types of services a consulting firm offers, there are obviously a variety of ways in which firms can adopt tools as assets. There are some types of tools, however, that can benefit virtually any type of consultant. Tools that replace the traditional client discovery process, for example, are long overdue in the consult-

ing industry. Traditional client discovery practices are vastly outdated, as the majority of consultants continue to rely upon one-on-one interviews and survey tools to perform discovery and highly manual Microsoft tools to perform data cleansing and analysis. With these traditional methods, consultants [lack the ability to ask consistent, connected, and secure questions at scale](#). Client expectations of speed and measurable ROI demand a change in the way client discovery is performed. Transforming the discovery process so that it becomes reliant upon tools instead of human capital will allow consultants to self-disrupt discovery, allowing for data collection that quickly leads to deep quantitative and qualitative insights.

Another opportunity for consultants to adopt assets is through their business frameworks. These frameworks were initially created to better scale solutions, but technology provides further opportunities for consultants to scale their frameworks. By using tools that essentially “frameworkize” data, consultants can plug data straight into a framework that gives it context and allows for more rapid and meaningful analysis.

The journey to asset-based consulting will differ for every firm, but there are a few basic steps to adoption that consultants should keep in mind:

- **Identify Goals.** First, a consulting firm should examine its offerings and practices to identify what can be rebuilt as software tools. In order to determine what offerings would be successful as tools, a

firm must first understand thoroughly what its goals are in adopting asset-based consulting – for example, shortening the engagement life-cycle, giving clients better ROI, or achieving better data security. Once the goals are established, the firm can identify how to achieve those goals through asset-based consulting.

- **Identify Tools.** Once a firm knows what it wants to productize, it can begin the search for tools. At this stage, the firm must decide whether it wants to replace a process or offering with a tool, or whether it simply wants to complement a process with a tool. Additionally, it must determine whether it wants to develop its own tools or acquire them externally.
- **Assemble Talent.** Because asset-based consulting centers around data and tools, consulting firms may require a new type of talent. Firms will need analysts who have experience with both data science and business consulting. This talent can be acquired afresh, or firms can invest

in developing and training their existing talent base.

- **Educate Clients.** As a firm adopts asset-based consulting, it is important to ensure that all clients and prospects fully understand the changes that are taking place and the benefits of making those changes. Some clients will likely embrace the changes, but others may be unhappy. It is important, therefore, to educate clients and prospects around the ROI of asset-based consulting.
- **Measure Results.** As with any new initiative, progress and results should be carefully tracked and measured. If a tool does not help meet the goals established at the start, it should be fine-tuned.

As the consulting industry adjusts to the technological advances of today's business world, asset-based consulting presents itself as a readily achievable solution. Consulting firms that identify ways to adopt software tools as their primary assets will likely begin to find themselves well ahead of the competition.



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