Strategy shapers: A case study of leading strategy consultancies' views on strategy

Organization and Management
Master's thesis
Emma Böös
2014
Abstract

During the past century management consulting has grown into a multibillion-dollar industry influencing the decisions made in companies worldwide. Consultants have had an important role in establishing strategy in the field of management as well as in distributing management concepts and knowledge on strategy to their clients across the globe. This thesis aims to gather in-depth insight on how three leading consultancies, McKinsey & Company, The Boston Consulting Group and Bain & Company, approach the concept of strategy today. The purpose of this study is to identify how leading strategy consultancies define strategy and analyze what they highlight as the most important strategic issues in the business world right now. The study also seeks to find out what kind of similarities and differences these top-tier consultancies have in their strategy views, expertise and their overarching approach to strategy consulting.

The literature review discusses earlier research in the fields of strategy and management consulting. Both fields have evolved extensively and have been strongly bound together during their histories. The literature review sheds some light on the evolution of strategy as a management concept, introducing different approaches that researchers have taken to strategy during its history as dominant management practice. The second half of the review focuses on management consulting, introducing the reader to the history of consulting and discussing different views researchers have had on consultant-client relationships, strategy consultancies as distributors of management ideas and some more recent changes in the field of consulting.

The empirical research in this thesis is conducted as a multiple case study, in which the three leading strategy consultancies, McKinsey & Company, The Boston Consulting Group and Bain & Company, act as individual cases. The research data is collected from the official websites of the case companies, with strict focus on the sections discussing the strategy expertise areas of each company. The individual cases are first analyzed using thematic content analysis. After this phase, a cross-case analysis is conducted between the three individual cases. The three cases are compared according to their views on three themes that emerged from the analysis on the individual cases.

The study indicates that the leading strategy consultancies approach strategy and the burning topics in it today and in the future through similar themes. However, while the themes are to a great extent the same from one consultancy to another, the angle with which they approach the issues and the intensity with which they emphasize them varies greatly, as does the overarching view on strategy work at large. The findings also suggest that traditional macro-level views on strategy and consulting are still strongly integrated in many of the views and operations of these consultancies. However, the more contemporary micro-level approaches are also gaining a foothold among the companies, making their advices to managers as well as their operations as consultants a mixture of old and new approaches.

Keywords  strategy, management consulting, case, cross-case analysis
Table of contents

1. Introduction ........................................................................................................................................... 1

1.1 Purpose of the study ................................................................................................................................. 2
1.2 Key concepts ........................................................................................................................................... 4
1.3 Structure of the thesis ............................................................................................................................... 4

2. Review on earlier research ....................................................................................................................... 5

2.1 Strategy .................................................................................................................................................. 5
  2.1.1 Defining strategy ............................................................................................................................... 6
  2.1.2 Schools of strategic thinking .............................................................................................................. 7
  2.1.3 The early days of strategy .................................................................................................................. 9
  2.1.4 Contemporary approaches to strategy ............................................................................................... 12

2.2 Management consulting ....................................................................................................................... 15
  2.2.1 Defining management consulting .................................................................................................... 15
  2.2.2 Brief history of management consulting .......................................................................................... 16
  2.2.3 Consultant-client relationship ......................................................................................................... 19
  2.2.4 Strategy consultancies as distributors of management ideas ............................................................ 22
  2.2.5 Recent changes in the field of consulting .......................................................................................... 25

2.3 Summary ............................................................................................................................................... 27

3. Methodology ............................................................................................................................................. 29

3.1 Case studies .......................................................................................................................................... 30

3.2 Case companies ...................................................................................................................................... 32

3.3 Research process .................................................................................................................................. 33
  3.3.1 Data collection ................................................................................................................................. 34
  3.3.2 Analysis ............................................................................................................................................ 36

3.4 Reliability and validity of the study ....................................................................................................... 37

4. Empirical research and discussion .......................................................................................................... 41

4.1 Case companies .................................................................................................................................... 41
  4.1.1 McKinsey & Company ...................................................................................................................... 42
  4.1.2 The Boston Consulting Group (BCG) ............................................................................................. 43
  4.1.3 Bain & Company ............................................................................................................................ 44

4.2 Case companies’ views on strategy ...................................................................................................... 45
  4.2.1 McKinsey & Company ...................................................................................................................... 45
  4.2.2 The Boston Consulting Group (BCG) ............................................................................................. 51
  4.2.3 Bain & Company ............................................................................................................................ 56
4.3 Cross-case analysis ........................................................................................................61
4.3.1 Growth ..........................................................................................................................63
4.3.2 Innovation ......................................................................................................................64
4.3.3 Change ..........................................................................................................................65
4.3.4 Implementation ..............................................................................................................66
4.3.5 Sustainability ..................................................................................................................66
4.3.6 Business units and portfolio mix ..................................................................................67
4.3.7 Approach to strategy consulting ..................................................................................68

5. Conclusions ..........................................................................................................................70
5.1 In the crossroads of traditional and contemporary theories ..............................................72
5.2 Suggestions for further research ......................................................................................75

References ................................................................................................................................77

Appendixes ..............................................................................................................................86

List of Figures and Tables

Figure 1: Ten schools of thought (from Mintzberg et al. 1998, 3-7) ........................................9
Figure 2: Early consulting model (from Nadler & Slywotzky 2005, 76) .................................16
Figure 3: Compartmentalized consulting model (from Nadler & Slywotzky 2005, 77) .......18
Figure 4: The arena of management fashion (from Kieser 2002a, 169) .................................24
Figure 5: Case study tactics for four design tests (from Yin 2009, 41) .................................39
Figure 6: The strategy pyramid: The building blocks of full-potential business unit strategy
(from Bain: Business unit strategy) ......................................................................................59

Table 1: Cross-case analysis: cases McKinsey, BCG and Bain ................................................62


1. Introduction

During its hundred-year-long history management consulting has grown from advice given by few “wise men” into a multibillion industry, having extensive impact on how decisions are made all over the globe and in all kinds of organizations in private, public and nonprofit sectors. During 1980s and 1990s management consulting was one of the fastest growing industries in many advanced economies (Fincham & Clark 2002, 3). Today the industry has, depending on source and method of assessment, yearly revenues around $300-400 billion and the growth has not stopped even during past years’ challenging economic situation (e.g. Plunkett, IBISWorld, Marketresearch.com).

As long as there has been a business concept called strategy there has been strategy consulting. In fact, the concept of then still quite unknown strategy was familiarized to wide range of managers and established in the field of management in 1960s by none other than consultants, in particular Bruce Henderson’s The Boston Consulting Group (McKenna 2012). And the influence that consultants have had on strategy did not end there.

Management consultants have, and always had, a significant role in distributing management trends and practices. Strategy is no exception in this trend, and quickly after its proper introduction in the field of management, with the help of consultants, strategy became a dominant part of companies’ planning and decision-making processes. Following the hype around strategy, during the past half a century a vast array of immensely popular and widely used strategy concepts, such as experience curve, growth share matrix, 7-S framework and portfolio management, were created by consultants. Despite the fact that extensive amount of academic research has been conducted on strategy, it is the consultants and concepts deriving from their own analysis that mold companies’ decision-making and strategy practices, leaving academics few steps behind in the competition of exposure in management business literature and media (Clark & Greatbatch 2002, 129).

Companies have become more and more accustomed to using the services of consultants. Consultants offer their clients insight, knowledge and tools that help managers in decision-making and coping with increasing volatility. Consultants can also increase the legitimacy of decisions made in companies, and that way operate as a
form of insurance for managers (Huczynski 1993a; Kieser 2002a, 175-176; McKenna 2012). Especially during times of great changes and challenges it has become almost a norm for managers to call consultants and ask them to solve the problems managers are facing. However, as volatility in the world increases and situations change frequently, managers might find themselves becoming dependent on the help of consultants (Kieser 2002a, 176). New challenges emerge from around the corner and managers often find themselves returning to consultants over and over again in a quest for advice and new up-to-the-minute management fashions (Kieser 2002a, 176). The relationship between a manager and consultant may also become quite intimate making the consultant a trusted advisor for the manager. In this role consultants start advising managers in multitude of issues and incorporating simultaneously a wide range of roles, such as a sounding board, a confessor and a mentor (Maister et al. 2001, 8-10).

In the world of strategy consulting three consultancies have succeeded to gain and endure a substantial foothold of the market. Those companies are McKinsey & Company, The Boston Consulting Group and Bain & Company. Each of these companies has vast geographical and industries-wide coverage and majority of the world’s leading companies as its clients. This gives these companies a considerable power to the decisions made in the world of business.

Given the tremendous influence consultants have in business and strategy work in the world this thesis aims at gathering in-depth insight on how the abovementioned three leading strategy consultancies address the concept of strategy today. Through detailed thematic analysis this thesis describes and discusses the burning strategic issues each of the consultancies highlight in their websites. The study also looks into the similarities and differences these top-tier consultancies have in their strategy expertise and approach to strategy consulting.

1.1 Purpose of the study

The purpose of the study is to identify how leading strategy consultancies describe and define strategy, analyze what they highlight as the most important strategic issues for managers right now and whether they have similarities or differences in their views on strategy. As a secondary focus I analyze the different ways the case companies approach consulting work and how they describe their relationships with their clients.
For the purpose of this study I conducted a qualitative multiple case study with McKinsey & Company, The Boston Consulting Group and Bain & Company as my case companies. My research data was formed of publicly available material on each company’s official website.

The empirical research consisted of two parts. First I conducted a thematic content analysis on each case company individually and identified their views on topics mentioned above through thematic content analysis. As the second part of the study I conducted a cross-case analysis between the three individual cases. In this second part I examined what kind of similarities and differences the case companies have in their approaches to selected themes. The seven themes forming the basis for this second part of the analysis all emerged from research data.

The research data for this study was collected from the public material provided on the official websites of the case companies. I began the data collection by familiarizing myself with contents of the three websites in general. During this process I noticed that each company divides its operations between different industries and expertise areas (see Appendix 1). I chose to limit the data collection to the separate sections each company had dedicated to strategy as one of their expertise areas. This way I let the companies define what they consider belonging under the label strategy and thus enabled comparison between the cases.

My research questions were formed as follows:

1. How do the case companies describe and define strategy?
2. What are the most important present and future themes in strategy according to the case companies?
3. How do the case companies approach consulting work and their relationship with clients?
4. How do the case companies’ views and approaches to strategy and strategy consulting resemble and differ from each other between the cases?
1.2 Key concepts

Strategy: Dominating management concept that is used in setting the long-term future goals and objectives of an organization and determining guidelines on how to achieve them. In the most simplified form it is defined as ‘a plan’. (Chandler 1962, 13; Mintzberg 1978)

Management consulting: Knowledge intensive profession focusing on advising managers in business context (Legge 2002, 74-76; Schein 2002, 21; Fincham & Clark 2002, 6-7). Management consultants have traditionally had an important role in distributing best practices and management concepts. (Fincham & Clark 2002, 2-3; Armbrüster & Kipping 2002-3; Wright 2002, 184)

Case: Focus of the study in case studies, something the study seeks to understand or solve (Eriksson & Kovalainen 2008, 116). Case is something specific and complex, an integrated and bounded system that calls for further investigation (Stake 1995, 2).

Cross-case analysis: An integral part of multiple case research (Stake 2006, 39; Eriksson & Kovalainen 2008, 130), where the focus moves from the individual cases to the research issue, and the individual cases analyzed before moving on to the cross-case analysis are used to give further information about the research issue (Stake 2006, 39-41).

1.3 Structure of the thesis

In the second chapter of this thesis I introduce the reader to theoretical context of this study by review earlier research on strategy and management consulting. I begin the literary review by describing different ways to define strategy and how views on strategy have evolved during the course of its history. As a second part of the literary review I move on to management consulting, introducing the reader to the history of consulting and different focus point consultancies have had over the years. I also describe basic views on consultant-client relationships, strategy consultancies as distributors of management ideas and finally discuss some more recent changes in the field of consulting.

In chapter three I explain my methodological choices and address the reliability and validity of this study. In chapter four the focus is in the empirical research. The chapter
begins with further introduction of the case companies, continues to the analyses of individual case studies and closes with cross case analysis and discussion on the study. The thesis ends with concluding chapter and suggestions for further research.

2. Review on earlier research

I begin the literary review by focusing on strategy, shedding some light on its evolution as a management concept and introducing different approaches researchers have taken to strategy during its history as dominant management practice.

The second part of this review chapter focuses on one of the most important distributors of management concepts, management consultants. I complete the review by summarizing the two separate parts and bringing the focus back to the research at hand.

2.1 Strategy

The concept of strategy has its roots in the ancient Greece (the word originating from Greek words *strategos* and *stratego*) and it was then used in the context of leading an army to defeat enemies (Bracker 1980). From those days on, strategies have been widely used in military and politics throughout the history (Bracker 1980). In business context strategy (or business policy as it was called then) was first introduced in business policy courses at Harvard Business School in the 1920s (Hambrick & Chen 2008), but it became a relevant concept only after World War II (Bracker 1980), more precisely during late 1950s and early 1960s (Bracker 1980; Mintzberg 1994, 1; Nadler and Slywotzky 2005, 78; Kiechel 2010, ix; McKenna 2012).

Before the rise of strategic thinking companies did plan their actions, had a fair amount of knowledge on their products and also some information about their customers. What they were lacking was proper insight on competitors’ actions (Kiechel 2010, xi-xii). The plans were also more ad hoc and intuitive, and weren’t based that much on empirical analysis or methodologies (Nadler and Slywotzky 2005, 78). It can be hard to grasp that only fifty or so years ago the word strategy was not on the lips of every self-respecting manager, for in today’s world even the idea that a company, a nonprofit or a public office would work without a strategy is quite inconceivable (Suominen & Mantere
Shrivastava (1986) even states that strategic management has become ideological among managers and researchers.

Strategy has evolved over time in synch with the changing demands of business world (McKenna 2012). The amount of academic literature on strategy has grown steadily from 1960s on and skyrocketed during the past decades (Srivastava, 1986; Mintzberg et al. 1998, 7; Kiechel 2010, 12). In addition to academic research, management consultants, with the lead of The Boston Consulting Group’s Bruce Henderson, had an important role as early distributors of strategic thinking and concepts (Kiechel 2010, 13-30; Nadler and Slywotzky 2005, 78; Mintzberg et al. 1998, 94-96, 254).

2.1.1 Defining strategy
But what is strategy? Strategy has been described in various ways. Strategy has also been called simply ‘a plan’ (Mintzberg 1978). Chandler (1962, 13) describes it as “the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out the goals”. For Mintzberg (1978, 935) strategy, and especially the realized one, is “a pattern in a stream of decisions”. In Porter’s (1980, xvi) view a competitive strategy entails a “broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals”. Shrivastava (1986) defines strategy as praxis, an organizing principle “consisting of thoughtful, theoretically informed actions” that guide the organization. In this strategy as practice approach strategy is seen as something that people do, as opposed to treating it as something that organizations have (Shrivastava 1986; Jarzabkowski 2004; Whittington 2006; Jarzabkowski et al. 2007).

People have defined strategy in various ways at different times, and there is not a single correct definition that covers it all (Mintzberg et al. 1998, 9). Therefore Mintzberg (1994, 23-29; Mintzberg et al. 1998, 9-15) gathered some of most common approaches to strategy into his Five Ps for Strategy. First, strategy can be described as a ‘plan’, a scheme for a company to move to desired direction and the ways to do that. Planning is about looking forward and anticipating the future. However, not all companies’ strategies are planned ahead. Instead, they can be ‘patterns’ that are formed over time, as the organization acts following a consistent formula. Thus if with planning you look
ahead in time, with strategy as a pattern you look behind to see the patterns your actions have formed. The third ‘p’ stands for ‘position’, a way to look at strategy favored by many, most notably Michael Porter (Mintzberg 1994, 27). Position focuses on the particular market of a particular product, looking down to “the spot where the product meets the customer” as well as looking out to the external markets. When perceiving strategy as the fourth ‘p’, ‘perspective’, people talk about doing things the organization’s own way, with strategy looking inside the organization and up to the grand vision of the company. The fifth and final definition describes strategy as a ‘ploy’ that is intended to trick the competitor by planned maneuver. Although there are five different ways to look at strategy, companies cannot simply choose one and stick with that. The definitions are connected to each other and often companies decide on applying all of the approaches even when preferring one to others. (Mintzberg 1994, 23-29; Mintzberg et al. 1998, 9-15)

McKenna (2012) has studied the evolution of strategic trends distributed (for the most part) by large American consultancies and divides the process into three overlapping sequences. During the early days of strategic thinking, from 1950s to mid-1960s, focus was on organizational structure following the trend to decentralize organizations. Throughout the second phase, especially from the mid-1960s to mid-1980s, strategy was seen as a form of economic theory. During this phase many popular management concepts, such as experience curve, were introduced. The third phase in McKenna’s (2012) sequencing took place from mid-1980s to the end of the 1990s, when companies began to use strategies to legitimize the operations of an organization.

There are several different ways to describe the evolution of strategy, McKenna’s (2012) approach being just one example. However, the important notion here is that the definitions of strategy and the focus of strategic thinking in business has evolved over time, and it most likely keeps developing as the world and demands on business changes. I next describe the different approaches to strategy in more detail.

2.1.2 Schools of strategic thinking

Mintzberg et al. (1998, 4-7) conducted an extensive review on the literature on strategy and from the review they identified “ten schools of thought” in strategy. The researchers note that each of those perspectives, or schools, has its own limitations and
can be considered “narrow and overstated”. However, as they put it, with understanding the limitations of these schools they can also be seen “interesting and insightful” (Mintzberg et al. 1998, 4).

The ten schools of strategic thinking are further categorized in three groupings according to their approach to strategy. These groups are called prescriptive, descriptive and configuration (Mintzberg et al. 1998, 3-7).

The schools belonging to the first of the groupings are called prescriptive, as they focus more on the idea of ideal formulation of strategy rather than the actual ways strategies get formed (Mintzberg et al. 1998, 5-6). The schools in this group, design school, planning school and positioning school, are more traditional in nature as they try to explain the correct ways of doing strategy (Mintzberg 1994, 2-3).

The second group, consisting of majority of the schools, is not trying to produce ways to formulate strategy but to describe how strategies are formulated in real world. The six schools all have different approaches, but all focus on understanding which processes take place in organizations and which forces affect the individuals and organizations before, during and after strategy formation. (Mintzberg et al. 1998, 5-7)

The third group consists of only one school and is called configuration, because people in this school combine different elements from the nine other schools to form varying ‘stages or episodes’ that evolve during the life cycle of a company (Minzberg et al 1998, 5-7).

The ten schools, their brief descriptions and their groupings are illustrated in Figure 1.
<table>
<thead>
<tr>
<th>School</th>
<th>Strategy Formulation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prescriptive</strong></td>
<td></td>
</tr>
<tr>
<td>The Design School:</td>
<td>strategy formation as a process of <em>conception</em></td>
</tr>
<tr>
<td>The Planning School:</td>
<td>strategy formation as a <em>formal</em> process</td>
</tr>
<tr>
<td>The Positioning School:</td>
<td>strategy formation as an <em>analytical</em> process</td>
</tr>
<tr>
<td>The Entrepreneurial School:</td>
<td>strategy formation as a <em>visionary</em> process</td>
</tr>
<tr>
<td>The Cognitive School:</td>
<td>strategy formation as a <em>mental</em> process</td>
</tr>
<tr>
<td>The Learning School:</td>
<td>strategy formation as an <em>emergent</em> process</td>
</tr>
<tr>
<td><strong>Descriptive</strong></td>
<td></td>
</tr>
<tr>
<td>The Power School:</td>
<td>strategy formation as a process of <em>negotiation</em></td>
</tr>
<tr>
<td>The Cultural School:</td>
<td>strategy formation as a <em>collective</em> process</td>
</tr>
<tr>
<td>The Environmental School:</td>
<td>strategy formation as a <em>reactive</em> process</td>
</tr>
<tr>
<td><strong>Configuring</strong></td>
<td></td>
</tr>
<tr>
<td>The Configuration School:</td>
<td>strategy formation as a process of <em>transformation</em></td>
</tr>
</tbody>
</table>

**Figure 1: Ten schools of thought** (from Mintzberg et al. 1998, 3-7)

### 2.1.3 The early days of strategy

Strategic management research was originally an applied area of study that concentrated in the performance of firms and business concepts affecting performance (Hoskisson et al. 1999). The early academic research in the 1960s, with its main contributors Alfred Chandler, Igor Ansoff and Kenneth Andrews, took an inside view on strategic management and focused on managerial competencies as well as inner strengths of an organization (Hoskisson et al. 1999). Chandler (1962) focused in his renowned book *Strategy and Structure* describing the structures of large American enterprises and how changed strategies cause structural changes in the organizations. Ansoff (1965, 10) on the other hand was more eager to provide practical solutions to help managers in strategic decision-making. Many of the early strategy researchers, such as Andrews and
Ansoff, were highly interested in the “best practices” that can bring success to a company (Hoskisson et al. 1999).

Out of these pioneers of strategy, Chandler and Andrews are classic representatives of Mintzberg’s et al. (1998, 24-45) Design school. Design school’s main objective is to “attain a match, or fit, between internal capabilities and external possibilities” (Mintzberg et al. 1998, 24). One of the Design school’s most known concepts is undoubtedly the SWOT model that focuses on the strengths and weaknesses of an organization and the opportunities and threats it faces from the environment (Mintzberg et al. 1998, 24). Ansoff’s slightly different approach to strategy has positioned him apart from the two colleagues of his, and placed him as a member of Planning school, a group of researchers giving great weight on formal planning of processes (Mintzberg et al. 1998, 48-79).

Due to the case study orientation and interest in seeking “best practices” for managers, the field lacked of generalizability during the early days. This led the discipline to be neglected and at loss of acceptance by other scholars. The foundations for strategic management were laid already in the 1960s, but it was the turn towards industrial organizations (IO) economics in strategic management studies that brought the credibility an acceptance to the field (Hoskisson et al. 1999).

Some of the most known classic theories on strategy are those of Harvard professor Michael Porter’s (Nadler and Slywotzky 2005, 78-80), a noted representative of Mintzberg’s et al. (1998, 82-122) Positioning school. Porter, building on the branch of industrial organizations (IO) widened the focus from mere costs and market share towards the structure of the industry with concepts such as Five Forces (supplier power, barriers of entry, threat of substitutes, buyer power and degree of rivalry) and value chain (Porter 1980, 3-33; Nadler and Slywotzky 2005, 78-80; Mintzberg et al. 1998, 99-100; Hoskisson et al. 1999). Porter (1980, 35-40) defined three different generic strategies - overall cost leadership, differentiation and focus - that can be used in order to “create a defendable position in an industry, to cope successfully with the five forces and thereby yield a superior return on investment for the firm”.

10
First of the generic strategies, overall cost leadership, has its foundation in the idea of experience curve and calls attention to reducing costs in all functions of an organization to reach low overall costs that will secure the company against the five forces (Porter 1980, 35-37). Second and third generic strategies, differentiation and focus, went beyond existing ideas and brought new alternatives to the strategy discussion (Nadler and Slywotzky 2005, 78-80). Differentiation, as Porter (1980, 37) defines it, is “creating something that is perceived industry wide as being unique”. Focus strategy concentrates in particular target group and does not even try to pursue industry wide competition (Porter 1980, 38).

Porter (1985, 33) claims that the only way for a company to understand its sources of competitive advantage is to systematically examine all its activities and figure out how those activities interact with each other. Porter’s (1985, 33-45) second key concept, value chain, was created as a tool for helping companies in this process. Value chain consists of nine categories of activities, five of which are primary activities (inbound logistics, operations, outbound logistics, marketing and sales and service) and four support activities (firm infrastructure, HR management, technology development and procurement) (Porter 1985, 33-45). In addition to finding ways to create and sustain competitive advantage, Porter (1985, 59-60) argues that value chain can also be used in designing organizational structure.

As mentioned before, many of the early strategy concepts were developed and introduced by consultants. Pioneer in that field was Bruce Henderson, founder of The Boston Consulting Group (BCG). In spite of his lack of academic background Henderson has been described as another known representative of the Positioning school (Mintzberg et al. 1998, 94-96). During his time as a leader of BCG, Henderson created several widely adapted strategy concepts, such as experience curve and growth share matrix (Nadler and Slywotzky 2005, 78-80; Henderson 1973, 12-14; Henderson 1970, 35-37). The role and influence of Henderson (and BCG) in the field of management is further discussed in the second part of the literary review, management consulting.
2.1.4 Contemporary approaches to strategy

Criticism against classic strategy research has increased during the past few decades. The critical voices have concentrated on multiple issues, such as its lack of empirical background, excessive focus on solving managers’ problems as opposed to building credible theories and disregarding divergent interests within organizations (Shrivastava 1986). Shrivastava (1986) suggests that because of the same reasons traditional strategy research has become ideological. Classic strategy research focuses on the macro level of strategy and emphasizes the need to understand the environment or situation a firm operates in and the correct usage of resources in order to achieve certain goals (Bracker 1980).

Hoskisson et al. (1999) suggest that strategic management theory has evolved as an pendulum swing, starting from strategic management pioneer’s focus on internal aspects of a firm in the 1960s, swinging to the opposite direction with the focus on industries and external forces during 1970s and 1980s and returning back to its inside-out looking origins during the last decades of 20th century. The shift back to internal, micro-level view of organizations and strategy introduced more contemporary theories on strategic management, such as resource-based theory, knowledge creation, strategy as practice and managers as consumers of strategy.

The resource-based theory has its roots in Penrose’s theory considering growth and diversification of firms, published in 1959 (Mintzberg et al. 1998, 275-276; Hoskisson et al. 1999). When Birger Wernerfelt (1984) introduced resource based view in the 1980s, he suggested that when considering the sources of competitive advantage, companies should turn their attention away from the products firms produce and instead focus on the resources firms possess and develop. Companies can have higher profits by developing so called resource position barriers, analogous to entry barriers or purchasing rare resources with modest price from imperfect markets (Wernerfelt 1984). This resource-based view, that has an important position in Mintzberg’s et al. (1998, 264-283) Cultural school, was developed further into a theory by Jay Barney in the early 1990s (Mintzberg et al 1998, 277-278; Hoskisson et al. 1999). Barney (1991) states that in order for company’s resources to hold the potential of competitive advantage they must possess four attributes: valuability, rarity, inimitability and
substitutability (meaning that no strategically equivalent valuable resources exists). Prahalad and Hamel (1990) address the issue through the concept of core competencies. They state that companies should focus more on portfolios of competencies rather than portfolios of products. Core competencies are based on collective learning and communication within the organization and form the basis for organization’s strategic decision-making (Prahalad & Hamel 1990).

Another example of more contemporary inside-out view is the focus on knowledge as a strategic asset. Probably the most known contributors to this Learning school view are Nonaka and Takeuchi with their knowledge spiral built around concepts of tacit and explicit knowledge (Nonaka & Takeuchi 1995, 70-73; Mintzberg et al 1998, 210-213). They believe that companies should focus more on the management of tacit knowledge in order to transform it into explicit knowledge that can be distributed within the organization (Nonaka & Takeuchi 1995, 69-70).

Shrivastava (1986) emphasized already in the late 1980s the importance of turning attention from material and technical aspects of organizations to social and cultural aspects. He describes strategy as a praxis that incorporates both theory and practice in pursuit of identifying conflicts between organizations and society, and finding solutions to these contradictions. More recently strategy as practice perspective has gained ground in strategy research as a response to long dominant traditional views of strategy (Jarzabkowski 2004; Whittington 2006; Jarzabkowski et al. 2007). In the practice perspective strategy is not seen as something companies have, but as something people do (Whittington 2006). Whittington (2006) emphasizes the need for an integrated view, where intra- and extra-organizational levels of research on strategy as practice are integrated through three elements of practice view: strategy praxis, practices and practitioners. Strategy as practice view incorporates stakeholders also outside top management, and even outside the organization, in strategy discourse and opens up the formation of strategy beyond the traditional narrow group or top executives (Shrivastava 1986; Whittington 2006). This movement towards a more humanized, micro-level strategy research can be also called ‘practice turn’ (Whittington 2006; Jarzabkowski et al. 2007).
As mentioned before, strategy has become so customary in the field of business that a manager showing no interest in strategy is a true oddity, if one even exists, and managers don’t really have a choice whether to use strategy or not (Shrivastava 1986, Suominen & Mantere 2010). In strategy as practice perspective strategies were perceived as something people within and close to organizations do (Jarzabkowski 2004; Whittington 2006). Suominen and Mantere (2010) build on this view and state that while managers have little choice whether to incorporate some form on strategy in their work, they are constantly developing new ways to ‘consume’ strategy. Using practice perspective as the base for their theory Suominen and Mantere (2010) treat strategy as a dominant discourse in business that managers can use for their own purposes by different ways of talking about it.

In their empirical study of managers in three companies Suominen and Mantere (2010) found three tactics that managers use in consuming strategy: instrumental, playful, and intimate. In instrumental tactic strategy was seen as a rational tool that can be used for example to set the future direction or to motivate people. The playful tactic uses strategy in more creative and less serious manner, and strategy can also be criticized through ridiculing it. In intimate tactic managers used strategy as a way to express themselves and their accomplishments, but at the same time felt disregarded because of the dominant and given role of strategy as a management practice. The study strengthened the notion made by several practice-oriented researchers (e.g. Jarzabkowski 2004; Whittington 2006) that strategy is in fact used quite differently in organizations than was presumed by earlier, more traditional researchers (Suominen & Mantere 2010).

The research on strategy has evolved constantly during the past half a century as the world has developed and become more globalized, competition has increased and companies have faced new challenges. The focus of the research has swung back and forth from micro-level to macro-level and back. Also the level of empirical methods and generalizability has altered from time to time. As the concept of strategy matured, some more critical voices arose shifting the focus of strategy from organizations and external forces towards studying the inner workings of the organization and the people in it. The evolution is likely to continue as the world around us changes, and new arenas of research keep on appearing.
2.2 Management consulting

In this second part of literary review I move from research on strategy towards focusing on some of the most influential distributors of strategy concepts and practices, management consultants. In this section I review the history of management consulting, discuss the relationships between consultants and clients and the role of consultants as distributors of management concepts. I also take a look at some of the more recent changes in the field of strategy consulting that have affected the work of consultancies and posed challenges especially on traditional strategy consultancies.

2.2.1 Defining management consulting

Management consultants are often labeled as knowledge workers (Legge 2002, 74-76) or carriers of knowledge (Gammelsæter 2002, 222-223). Similarly, management consultancies have been described as knowledge intensive organizations (Legge 2002, 74-76). Consultants offer their clients something they don’t previously possess, most importantly knowledge and ways to apply that knowledge into practice (Legge 2002, 76).

Management consultants have also been described as transmitters of management concepts (Wright 2002, 184) and their role in dissemination of management practices has been highlighted (Fincham & Clark 2002, 2-3; Armbrüster & Kipping 2002-3).

Management consultants are often defined in relation to their clients. In traditional organization development literature, often written by consultants themselves, management consultants have been described as advisors or professional helpers for managers (Schein 2002, 21; Fincham & Clark 2002, 6-7).

However, the more current critical literature has questioned the view of consultancies as professionals. These critical voices have stated that consultants do not have access to any peculiarly limited or arcane knowledge, and therefore consultancy in fact is not a profession at all, but consultancies are mere ‘ambiguity-intensive’ organizations that use claimed professionalism as ways to strengthen their credibility and authority (Fincham & Clark 2002, 7).
2.2.2 Brief history of management consulting

The focus of management consulting has evolved over time following the transformation of markets and altered needs of companies and their management. Consultants recreate strategy and adjust their consulting activities to fit the new environment as it changes (McKenna 2012). In this section I will describe the major changes in management consulting industry during the course of its history.

Management consulting has its roots in the second industrial revolution, when the role of management got more important and managers started to seek outside advice from then still quite unorganized professionals (Kipping 2002, 30). At the turning point of 19th and 20th centuries consulting as an industry was still in its infancy. The birth of consulting as a business can be traced back to the United States and to Frederick W. Taylor, whose scientific management can be seen as the first management idea that was distributed systematically through publications and meetings among engineering professionals all around the industry (Kipping 2002, 30).

Following Taylor’s example, through the first half of 20th century consulting companies focused strongly in efficiency and technical issues of manufacturing (Poulfelt et al 2005, 6-7; Kipping 2002, 30-32). During this era that Kipping (2002, 30-32) calls the first wave of management, organizational consulting was conducted by “experienced practitioners” or “intuitive wise men” who focused to the internal issues of a firm with a goal to improve its performance (Nadler and Slywotzky 2005, 76-77). These professionals of management helped managers in planning their strategies, organizing the work within their organizations and finally executing those plans (Nadler and Slywotzky 2005, 76-77). This model of early consulting process is illustrated in Figure 2.

![Planning & Organizing → Execution → Enhanced Performance](from Nadler & Slywotzky 2005, 76)

**Figure 2: Early consulting model** (from Nadler & Slywotzky 2005, 76)
The second wave of management consulting began emerging during early 1930s, as the changes in the environment and companies’ structures forced a new set of questions on companies (Kipping 2002, 32). The focus turned from Taylorism and “shop floor level” to the top of the organizational pyramid as management engineers, who in the 1940s renamed themselves management consultants, organized themselves as advisors and partners of top management (McKenna 2012, Kipping 2002, 32-33). According to McKenna (2012), by 1940s the role of management consultants as “acknowledged outside experts on organizational structure” had been established among managers throughout private and public sectors. Consultancies such as McKinsey & Company (McKinsey) and Booz Allen Hamilton seized this opportunity at the market early on and turned the focus of consulting away from traditional engineering mindset towards the idea of general management (Poulfelt et al 2005, 7; Kipping 2002, 32-34).

When the decline caused by the World Wars ended and the business environment changed, companies started to grow and internationalize quickly leading to a rapid growth also in the management consulting industry (Kipping 2002, 33; Nadler & Slywotzky 2005, 77). Through these changes in the industry the consulting practices of past “wise men” started to deteriorate and new approaches to consulting started to emerge (Nadler & Slywotzky 2005, 77).

From 1950s onward consultancies, in McKinsey’s dominance, focused strongly in reorganizing the growing and more international companies into multidivisional organizational structure (McKenna 2012). The effect consultancies had on business in western countries was enormous: during the period from 1950 to 1970s a vast majority of largest companies in USA, UK, Germany and France (just to name a few) had adopted multidivisional model promoted by consultants (McKenna 2012). As an opposite example McKenna (2012) pointed to the fact that as McKinsey or any other of the leading American consultancies did not set offices in Spain during this decentralization era, none of the large Spanish companies formed their structure in the multidimensional form.

The third wave of management, starting from late 1970s, was initiated through the shift of focus from general management towards value chains, relationship management and most importantly development and use of new information technologies (Kipping 2002,
As the effects of changing environment got more pervasive, the needs of clients got more complex and the demand for more specialized consultants got stronger. Clients no longer wanted general consulting from one “wise man” but turned to number specialized consultants at different stages of the consulting process as portrayed in figure 3 (Nadler & Slywotzky 2005, 77-78).

![Figure 3: Compartmentalized consulting model](image)

One important change within the industry took place during this third wave. As the traditional consultancies had exhausted the markets with their decentralization and organizational studies, there was again room for new approaches to consulting (McKenna 2012). This gap was filled in late 1960s by increasing interest in strategy and the rise of strategy consulting over more traditional organizational consulting. The trend gained momentum in the 1970s with newborn The Boston Consulting Group (BCG) as its leading ambassador (Mintzberg et al 1998, 94; Kipping 2002, 33; Poulfelt et al 2005, 7; McKenna 2012).

The young and still quite unknown BCG realized that it could not compete with decentralization giants such as McKinsey on an already maturing market, but instead it had to differentiate and find its own area of expertise (McKenna 2012). During those days strategy was criticized as a vague and undefined expertise, but BCG executive Henderson took the criticism as strength instead of weakness and chose to concentrate the focus of the company on strategy (McKenna 2012). The decision proved to be quite successful and the domination of the market was elevated by the widely adapted concepts created by Henderson: the experience curve and growth share matrix (Mintzberg et al 1998, 94; Nadler and Slywotzky 2005, 78-80; McKenna 2012). Henderson’s teachings formed reasoning for companies to both seek rapid growth and large market share in order to gain reduced cost and competitive edge, and bring more
attention on portfolio planning (Mintzberg et al 1998, 94-99; Nadler and Slywotzky 2005, 78-80). Other consultancies quickly followed at BCG’s footsteps and strategy consulting boomed in the 1980s. (McKenna 2012)

The third wave of consulting introduced also many new kinds of companies to consulting business, including leading accounting firms that merged during this time period from “Big Eight” to currently known “Big Four” (Deloitte & Touche, Ernst & Young, KPMG and PriceWaterhouse Coopers) (Poulfelt et al 2005, 7-9). Also large IT-companies, such as IBM and Cap Gemini, started providing consulting operations as a reaction to the rising importance of information technology in organizational management (Kipping 2002, 34-38; Poulfelt et al 2005, 7-9).

2.2.3 Consultant-client relationship

Because of the intangible nature of consulting, a great emphasis has always been placed on the reputation of the consultancy and trust based relationship between consultant and client when choosing consultants (Kipping 1999; Maister et al. 2001, 17). For the same reasons consultant-client relationship has been the focus of interest for both academics and consultants (e.g. Schein 1988; Kipping 1999; Maister et al. 2001; Gammelsæter 2002; Kieser 2002a; Schein 2002).

Maister et al. (2001, 7-9) suggest that the role of consultant evolves as the relationship with client advances. Drawing from their personal consulting experience, Maister et al. (2001, 7) claim that consultants usually begin their relationship building by providing a single solution to a specific, one-off problem. Once clients see the value consultants bring to the company, the assignments get more complex and the relationships deepen, possibly raising to the highest level where consultant becomes a trusted advisor for the manager, giving advice in multitude of issues, both personal and professional (Maister et al 2001, 7-9).

In order to maintain the relationship and getting rehired, consultants must keep earning and deserving the trust from one assignment to another (Maister et al. 2001, 17). Rhetoric and networks are important tools for consultants in creating trust and client base. Consultants create ‘good stories’ that identify the value of their services and also answers to the possible opposing arguments clients may have. They also package their
knowledge into concepts such as growth/share matrix of BCG in order to make it more familiar and approachable for potential clients. (Legge 2002, 77)

Regardless of the intensity of consultants’ efforts and the fact that managers were the ones asking the help in the first place, managers are not always willing to adopt new management ideas proposed by consultants (Gammelsæter 2002, 225-226). Gammelsæter (2002, 225-226) suggest that the more stable the inner context of an organization is, the more likely the managers resist the propositions that threaten to disturb the power structures within the organization. On the other hand, in times of organizational turbulence, e.g. when corporate management is changed, organizations and management are more responsive to suggestions from outer context, in this case from consultants. In other words, the influence of consultants is likely to be strongest when organizations’ inner context is destabilized. (Gammelsæter 2002, 225-226)

When managers ask help from consultants they simultaneously admit having a problem and bring themselves in a dependent position (Schein 2002). This may arouse variety of emotions and reactions in managers, including resentment and defensiveness, relief, comfort, and dependence. Consultants need to be aware of their emotions and control their own reactions on them in order to maintain a good relationship with the client. If a consultant uses the insecurities of client and accepts the expert role (often unintentionally) offered to them, clients are likely to close up, hide the true problems they are facing and bring forward less pressing issues until they regain trust in the consultants willingness to listen and be supportive. (Schein 2002, 21-24)

Once the trust has been acquired, consultants have done their tricks and left the client company facing the world on its own, the side effects of using the help of consultants may hit the managers. Managers might notice that even though the original problem has been solved, the solution may have been only for the short term or new challenges wait already around the corner, and again managers feel they cannot make it without a help of an outsider (Gammelsæter 2002, 224; Kieser 2002a, 175-176). This addiction to using consultants is often fed by the consultants themselves; they provide similar solutions to competing companies and thus increased the competition as all competitors are improving their performance at the same time (Kieser 2002a, 176). This increases the inclination of managers to turn again to consultants in the search of another
management fashion that could give their company lead in the competition (Kieser 2002a, 176)

People responsible for creating and maintaining the client relationships are often the partners who own part of the company and whose compensation is hence at least partly connected to the profitability of the use of capital, both intellectual, reputational and relational (Kipping 1999). These partners therefore have an incentive to build and nourish the relationships vital for the company. However, as Kipping (1999) points out, partners, as any other employees in knowledge intensive companies, are volatile parts of an organization and can easily move to another company or spin off and start their own consultancies taking with them both knowledge and relationships with their ‘own’ clients. Therefore it is not only the external relationships that require attention in consultancies, but also the internal relationships and shared identity between consultants (Kipping 1999).

Schein (1988, 5-12) has distinguished several challenges in consultant-client relationships and describes three different models of consultation: the purchase of expertise model, the doctor-patient model and the process consultation model. When a manager has a defined need that he/she is looking for someone to fulfill, we are dealing with the purchase of expertise model of consulting. This model relies strongly on the manager’s ability to first correctly diagnose what kind of service or expertise the company needs and communicate the needs properly to the consultant. In doctor-patient model the reason for symptoms perceived by managers is not clear and the consultant is brought to the company to figure out what is wrong and give recommendations on how to solve the underlying problems. This model relies heavily on the external consultant’s ability to diagnose the problems in the organization without deep inside knowledge about the organization. Schein proposes that a way to avoid the possible shortcomings of the two models described above is to turn towards process consultation, where the consultant and managers work together in to diagnose and remedy the ‘illnesses’ within the organization. The role of the consultant is not to fix the problems but to give the client the knowledge and tools needed to find the solutions more independently. (Schein 1988, 5-12)
2.2.4 Strategy consultancies as distributors of management ideas

Management idea can be define in many ways. For example, it can be “a theory, framework, model, research finding, principle, concept, saw or anecdote that is taught to managers or management students on management courses” (Huczynski 1993a). These ideas are produced by knowledge entrepreneurs and organizations such as management consultants, management gurus, business schools and media (Clark & Greatbatch 2002, 129). The concept of management idea is quite extensive, and so is the number of these ideas produces over the year. Different ideas have often similarities with each other and can therefore be grouped together to form families (Huczynski 1993a). Some these ideas, or families, grow far more popular than others and become management fashions or fads (Huczynski 1993a; Clark & Greatbatch 2002, 129; Kieser 2002a, 168).

Majority of these popular management ideas have been created by management consultants and gurus, and given the attention media organizations have provided them in their channels these ideas have grown into fashions (Clark & Greatbatch 2002, 129). Academic research has been left a few steps behind and is currently focusing more on studying the outcomes of management actions that are based on the “wisdom” of consultants and gurus (Clark & Greatbatch 2002, 129). McKenna (2012) goes as far as stating that academic research has too long been locked in its theoretical models ignoring the practical business applications of strategy.

But how do these gurus and consultants do create their management ideas and how do they grow into fads and fashions?

Consultants work with to vast array of organizations, and through those assignments they gather knowledge of problems and solutions in diverse industries that they later combine into new techniques and distribute them to new clients (Sarvary 1999; Fincham & Clark 2002, 193-195). With this process the information from different industry gets broken down, adjusted and transferred to another, possibly quite dissimilar, industry by consultants. Sarvary (1999) calls this process ‘analogy connection’. According to him it is important to know who does the analogy collection, as it also distinguishes different consultancies. Generalist consultancies tend to do the analogy connection in house and offer highly customized solutions in the specific context of each client, whereas functional or specialist consultancies act as facilitators in
the analogy connection process by providing the client with different set of problems and solutions to choose from and help clients to do the matching themselves (Sarvary 1999).

A big part in the work of consultants, and at the same time one way to make their ideas so successful, is the process of taking complicated problems and decisions, restructuring them and making them appear much simpler to decision makers (Kieser 2002b, 212). As managers face increasing amount of complexity and diminishing amount of time to focus on each issue in their daily work, management ideas that become popular tend to be those that are communicable and easy to understand (Huczynski 1993b, 60). The process from concept to fashion begins with consultants trying to ‘commodify’ the concepts in order to attract clients (Kieser 2002a, 168). Hyczynski (1993b) calls this process productivization. According to Kieser (2002a) a packaged solution gives clients an impression that the methods of the management concept in question have already been tested and proven efficient by other companies. Therefore they are considered safer and hence preferred by managers over simply relying in consultants’ expertise as such (Kieser 2002a).

Once a concept has become a commodity it still requires public discussion among managers, media, academics and wider public to give the concept more scientific legitimacy, create a buzz, and turn the concept into a management fashion (Kieser 2002a, 168-170). The arena where management fashions are produced (Kieser 2002a, 169) is portrayed in Figure 4.
Huczynski (1993b, 222) takes the process of developing management ideas into fashions one step further and emphasizes the importance of marketing the productivized idea. According to him, central for the popularization of management concepts are branding, promotion and further development the management ‘product’ (Huczynski 1993b, 222).

The creation of management fashions is a way for consultants to enhance the sales of their solutions. Consultants sell their ideas by stirring up managers’ fear of lost control and failures as well as using their greed of power and prestige within their organizations (Kieser 2002a, 175-176; Huczynski 1993a). Using a concept that has already been tested by several companies worldwide and which is implemented under the supervision of consultants is a way for a manager to decrease the probability of failure and increase the success rate of the reform (Kieser 2002a, 175). On the other hand, a manager seeking for career advancement can use an emerging management fashion to outperform competition and be in the first wave of users of that management fashion.
(Kieser 2002a, 175; Huczynski 1993a). Consultants and their fashions are also used to fix organizational challenges, motivation for employees and catalysts for change (Huczynski 1993a). All this however requires the manager to bet on the correct management practice and understand that not all of them become management fashions. (Kieser 2002a, 175)

2.2.5 Recent changes in the field of consulting

As management consulting entered new millennium the world kept on moving on faster pace and the needs of clients evolved in synch with that change. Poulfelt et al (2005, 11-13) detected five major trends affecting the needs managers have on consulting, which they believe to continue affecting the field of consulting in the future as well. First of all, due to shortening product life cycles, new competitors, deregulation and technological shifts companies struggle with *keeping up with the pace of change* and rethinking their strategies and operations relatively often. Companies are also under *continuous pressure to reduce costs* and increase efficiency, which makes them evaluate their mix of operations and find opportunities for outsourcing and reallocations. As markets mature and new opportunities emerge from developing countries, companies must *accelerate their product and market development* to remain in the competition. Pressures arise also from *discontinuous technology shifts* and *globalization* forcing companies to re-evaluate their business models and the context in which they operate. Consultancies must learn to be adaptive and find innovative ways to answer these needs.

Even though consulting is vast and ever growing industry, it has not been spared from critique (Fincham & Clark 2002, 6-7). Already during the first upswing of strategy consulting in 1980s some critical voices arose against it. Consultants we accused of using “seagull tactic” with their clients, meaning that they would simply fly over to their clients, fly a couple of rounds over them, drop them a strategy and fly away (Kiechel 2010, 172-173). By this time strategy had become a commodity, causing increased demand on implementation, with which many consultancies still struggled (Kiechel 2010, 161 & 172-173).

Especially from 1990s onwards the negative voices have increased in the business press. As consultancies keep polishing their armors and promoting the excellent results they
are able to produce for their clients, the discussion in the press has turned against consultancies. The critics have stated that the results consultancies parade with are in fact impossible to measure and for that reason the success of these consultancies in fact relies heavily on rhetoric and other communicational means. In order to demonstrate that consultancies are not quite as error-free as they like to portray themselves, media has also begun surfacing examples of consulting projects gone badly wrong. (Wright & Kitay 2002; Armbrüster & Kipping 2002-3)

In addition to the negative voices emerging among press and academics, the situation has become especially uneasy for the established strategy consultancies due to increased demand form implementation rather than mere advice (Prahalad & Hamel 1994; Armbrüster & Kipping 2002-3). Also the accumulation and dissemination knowledge has put traditional strategy consultancies in trouble (Van den Bosch et al. 2005; Poulfelt et al 2005, 18-19). To meet the rising needs, many strategy consultancies have broadened their scope from explorative practices to exploitative and hybrid practices and hence lowered entry barriers in the field of strategy consulting for new kinds of competitors, both established IT-related consultancies and new entrants (Van den Bosch et al. 2005; Armbrüster & Kipping 2002-3; Poulfelt et al 2005, 18-19). However, these shifts within the industry have made it easier for clients to solve their own problems by learning from previous consulting projects or hiring ex-consultants (Van den Bosch et al. 2005), and the pressure on consultancies shows no signs of weakening.

The big scale entrance of enterprise resource planning (ERP) systems in to business decision-making processes combined with the growing demand for implementation services and outsourcing was a huge opportunity of growth for IT-related consultancies. This opportunity was utilized well by them, as well as by many accounting companies that had expanded their operations into consulting. Meanwhile, many of the traditional strategy consultancies chose to stay out of this emerging trend. (Armbrüster & Kipping 2002-3)

Van den Bosch et al. (2005) have given traditional strategy consultancies three alternative options for dealing with the changed situation, which they call ‘follow the herd’, ‘become ambidextrous’ or ‘back to the original’. They propose that most likely to succeed is the ambidextrous model, where the company divides its explorative and
exploitative practices either explicitly into separate organizational structures or a lighter version of contextual separation (Van den Bosch et al. 2005).

Armbrüster and Kipping (2002-3) have come to similar alternatives when evaluating the options strategy consultancies have in facing the pressure of growing numbers of IT consultancies entering strategy consulting markets, and the increasing demand for different IT-related solutions in strategy work. The researchers give strategy consultancies four options to cope with the situation. They can a) enter the market of IT consulting and price competition following it even though it may have effects on their reputation as elite companies. Option b) is to apply a divisionalization strategy, where IT consulting and other emerging branches are formed as separate divisions within the company (similar to Van den Bosch’s et al. (2005) ambidextrous idea). Here the risk is in anticipated clashes of organization culture, compensation models and promotion. Option c) is to stick to the niche strategy regardless of the fact that IT has entered to all fields of operation and cannot be fully discarded. And finally d) companies can engage in alliances with expert companies from different knowledge types. Through these alliances companies can provide clients with full spectrum of service without forcing the consultancies themselves through radical organizational changes that many of the previous options would require. All of these options have their own risks, and regardless of the actions these established strategy consultancies take, it is unlikely that they could no longer regain the former primacy in the field of strategy consulting. (Armbrüster & Kipping 2002-3)

2.3 Summary

The field of strategic management is relatively young and throughout its history it has been strongly influenced by events and forces in the business world and wider economy. Although strategy can be studied from purely academic perspective, it is undeniable that the impact that management consultants have in strategy practiced by managers is at least as powerful as that of researchers’. Some go as far as stating that consultancies have long passed researchers in the competition of creating widely used strategy concepts (Clark & Greatbatch 2002, 129; McKenna 2012).

From the perspective of the study at hand it is worth noting that both strategy and management consulting have evolved a great deal during their relatively short histories.
The changes in strategic thinking and management consulting have to a great extent resulted from the revolutions in business and economy at large. What is even more important to understand is that the two histories have been tightly bound together from early 20th century on. Strategy would not have gained its dominant position as a management practice as quickly as it did without the extensive contribution of consultants. On the other hand, strategy has been one of the most important “products” of consultancies for several decades. The challenges facing organizations and demands of managers have been a central focus for both strategy research and consulting, and simultaneously acted as glue binding strategy and consultants together.

One way to demonstrate the interconnectedness of strategy and management consulting is to apply the idea of pendulum swing describing the changes in strategy research (Hoskisson et al. 1999, introduced in section 2.1.4 Contemporary approaches to strategy of this thesis) to the changes in management consulting.

As described before, the very first professional consultants applied the ideas of Taylorism and focused on ‘shop floor level’ operations. Quite soon the consulting industry developed, leaving Taylorism behind and focusing more on general management. However, the overall focus still remained in the organizational (or micro-) level.

Coming to the 1970s and 1980s, companies became more global and the external forces of competition and change in the world gained momentum. This led to a growing interest in strategy consulting and changes in the focus of consulting, swinging the pendulum towards more macro-level issues. Similar swing was described in strategy research, with increasing focus in industrial organizations (IO) research and introduction of theories such as Michael Porter’s Five Forces.

All of the strategy consultancies studied in this thesis already existed when these traditional, macro-level views on strategy were dominant. McKinsey, being the oldest of the three, was founded when management consulting was still called management engineering and the concept of strategy was not yet applied widely in business context. BCG and Bain were founded several decades after McKinsey and thus entered a quite different industry. Consulting had already established its position in business world and
experienced the first pendulum swing from management engineering towards general management and beyond, towards strategy. The changes, however, did not end there.

The third swing of the pendulum in management consulting as well as in strategy research began once strategy had become widely accepted concept in the fields of management, consulting and research. It had become clear that the traditional, macro-level views were no longer sufficient. Researchers and managers alike started to look at strategy from more contemporary angle and demanded more micro-level view, including increasing focus on implementation and inner functioning of an organization. Researchers addressing these issues suggest that consultancies are forced to reinvent themselves and adjust their consulting activities in order to meet the new demands and endure their positions at the top of the industry (e.g. Armbrüster & Kipping 2002-3; Van den Bosch et al. 2005). In this thesis I focus on identifying the current views leading strategy consultancies have on strategy and how they see their role as consultants in relation to their clients. With this focus the study also sheds some light on the extent with which the needs articulated above are in fact met by the case companies today.

3. Methodology

The empirical section of this thesis is a qualitative multiple case study on three leading strategy consultancies. The report of the study consists of two parts. First, I describe findings from the thematic content analysis conducted on the three single cases. The second part consists of the cross-case analysis between the cases. Here the analysis is discussed based on seven themes that emerged from the individual case analyses. The aim of the study is not to test existing theories but with a bottom-up approach to carefully examine the data and seek emerging patterns and discontinuities among and between the cases.

Qualitative research is a way to understand and interpret realities in their contexts and it is often used in business context to shed light to unexplored issues or to fill in the gaps from quantitative research (Eriksson & Kovalainen 2008, 4-6). In its most simple definition qualitative research is seen as non-numeric research (Eskola & Suoranta
Data in qualitative research is often gathered from interviews, observations or written documents (Patton 2002, 4).

When choosing methodology for the research I went through multiple options. Yin (2009, 8-13) provided a useful tool to the selection process. According to Yin the selection of research method can be based on three conditions: the form of research question, the extent of control a researcher has over behavioral events and whether the research focuses on contemporary or historical events.

I used Yin’s (2009, 8-13) method to evaluate my research and select the best method for the purposes of this study. When considering the first condition, the form of research question, I realized that majority of my research questions are how questions seeking to explore the current views of the leading consultancies. Evaluating the second condition it was clear that I have no control as a researcher over the phenomenon I’m studying, as I am mere observer of events beyond my reach. Third condition considered the temporal dimension of the study, my study focuses in the current strategic thinking distributed by consultancies in today’s world using historical events only in forming the theoretical framework. From these answers to Yin’s three conditions it became clear that case study defends its place as the most suitable method for this particular study.

3.1 Case studies

In case studies a case (or cases) is the focus of the study (Stake 1995, 133; Eriksson & Kovalainen 2008, 115). The research questions in case studies are set to understanding “what the case is about and what can be learned by studying it” (Eriksson & Kovalainen 2008, 115). One might even say that case study in fact is not a method at all, but the object of a research (Stake 1995, 133-136).

Case studies can focus in single or multiple cases (Yin 2009, 19; Stake 2006, 1-2; Eriksson & Kovalainen 2008, 115). Single-case method is often used when the critical case is set to test a certain theory, the circumstances are unique or rare, the single case is a typical or representative case, the case is set to reveal previously inaccessible phenomenon or the study is a longitudinal case (Yin 2009, 47-53). Concentrating to a single case can give the researcher an opportunity to gain more depth and thorough understanding on a detailed phenomenon (Fletcher & Plakoyiannaki 2011, 183-185).
However, single-case study can be seen as a quite vulnerable method, for it is difficult to know in the beginning of the research if the case actually represents the phenomenon under study and whether the researcher is able to access all the needed data for the analysis (Yin 2009, 60-62).

According to Herriot and Firestone (1983, in Yin 2009, 53), multiple case method is considered to be able to present more compelling evidence and being overall more robust than a single case method. In multiple case setting the study consists of more than one single-cases that hold some significant similarities (and in some cases contradictions) and are used to study a chosen phenomenon, question, group or other matter that bounds the single cases together (Stake 2006, 4-8; Yin 2009, 53-62).

Case studies can be based either on qualitative or quantitative data (Eriksson & Kovalainen 2008, 116-117; Yin 2009, 132-133) and can be classified as intensive or extensive (Eriksson & Kovalainen 2008, 117-125). Intensive, or classical, case studies are a form of qualitative research and usually focusing on one or few cases, aiming to obtain deep and rich understanding about the case(s) in certain context (Eriksson & Kovalainen 2008, 117-125). Extensive case studies on the other hand tend to be more quantitative and positivist in nature and aim to draw generalizable propositions from several cases (Eriksson & Kovalainen 2008, 117-125).

Another way to classify case studies is to group them into intrinsic and instrumental studies (Stake 1995, 3-4). Intrinsic studies are interested strictly in the specific case at hand and not in its influence to a broader question or phenomenon (Stake 1995, 3-4). Intrinsic case studies are usually single-case studies due to their specification to the select case (Eriksson & Kovalainen 2008, 121-122; Stake 1995, 3-4).

Instrumental case studies go beyond the case itself and use the case(s) as a tool to understand some wider phenomenon or event (Stake 2006, 8). Intrinsic studies focus on the case at hand, whereas instrumental study is interested in an issue or a problem that requires further examination and explanation (Stake 2006, 4-8). Also attention to context is different between intrinsic and instrumental studies. In intrinsic cases context needs to be strongly considered, while in instrumental studies the significance of
different contexts is evaluated in relation to the issue, not the case (Stake 1995, 3-4; 2006, 4-8).

The study in this thesis is a multiple case study that is likely to be labeled intensive due to its qualitative nature and the aim to understand and evaluate the views of the specific cases at question. However, the study also has some elements of an instrumental study. The influence these three global management consultancies have in the fields of strategy and consulting is, as explained further in the following section of this thesis, quite extensive. Therefore even though the focus of the study is strictly on the case companies it is likely that the findings have a degree of generalizability also beyond them.

3.2 Case companies
In this multiple case study I have chosen to focus on three companies, McKinsey & Company (McKinsey), The Boston Consulting Group (BCG) and Bain & Company (Bain), as my cases. I selected these three companies because of their importance to the field of strategy consulting, and because they are the most known representatives of globally operating strategy consultancies. As illustrated in the literary review section above, management consultants in general, and consultants from my three case companies in particular, have had a significant importance on creation and distribution of the ‘best practices’ in management and especially in the field of strategy.

McKinsey was among of the very first management consultancies in the world when it was founded in 1926 and is one of the few companies founded that time that are still in these days fully operational and highly successful. The Boston Consulting Group was founded some forty years after McKinsey, in 1963, but under the lead of founder Bruce Henderson the company rocketed to the markets by focusing on advising companies with the then new, and before BCG quite vaguely defined, concept of strategy (McKenna 2012). At the end of BCG’s first decade group of top managers of BCG left the company in 1973 to form Bain & Company, the youngest of the three case companies. Bain quickly joined McKinsey and BCG as leading strategy consultancies and together the three strengthened the role of strategy consulting over the more traditional organizational consulting (McKenna 2012).
The historical value of these three companies on consulting is indisputable, but they have also maintained their lead of the industry all the way to these days. In addition to the extensive attention the case companies have received in management consulting and strategy literature (e.g. Wright 2002; Poulfelt et al 2005; McKenna 2012; Mintzberg et al 1998), McKinsey, BCG and Bain have also established their position as top three companies year after year in different rankings of management consultancies, such as career website Vault’s renowned ranking of most prestigious consulting firms (Vault).

Strategy consulting is a multibillion-dollar industry that keeps on growing. Consultants affect the strategic decisions made by thousands of companies across the globe every year. While academic discussion over strategy has a tendency to be more theory-driven and it is even argued to be distant from the real life (McKenna 2012), these titans of management consulting have been answering the growing needs of organizations already for several decades. The consultancies have provided their clients that struggle in the world of increasing competition and changing environments such concrete practices and concepts as the experience curve, portfolio management and 7-S Framework.

Building on this foundation I believe it is safe to say that the three case companies, McKinsey, BCG and Bain, are somewhat unique and extremely influential with their impact on the industry. Both of these features are strongly associated to case studies (Stake 1995, 1-2; Eriksson & Kovalainen 2008, 117; Yin 2009, 47). By studying the strategic thinking of these companies and what they highlight as the most important questions in strategy today, it is possible to gain better understanding on the management ideas and strategy practiced in the world.

3.3 Research process

I started my research process with forming a preliminary research question where I outlined the basic focus of my study. My original idea was to study what kind influence leading strategy consultancies have on strategy discussion. As I familiarized myself with previous research in strategy and management consulting, I noticed that not only was my preliminary research question quite broad, but that the issue was also already studied relatively widely from different angles. However, the review of earlier research proved that the influence consultants have in companies and their strategies all over the
world in fact is strong. Therefore I chose to narrow and slightly refocus my research question into studying the current views the top-level consultancies have on strategy today. The final research questions are presented in chapter 1 of this thesis.

After forming the research questions I proceeded to finding the right research and data selection methods. Multiple case analysis fitted this research well, as described above in more detail, and the case companies were chosen based on their significance to the industry and issue at hand.

When choosing my data collection method I made the decision between interviews and analyzing public data, deciding on the latter. Each of the case companies has extensive information about their strategy services on their websites where they also publish their own research on the topic. Analyzing this ‘official truth’ posted on their webpages gives great deal of knowledge about the issues these companies hold important and timely at the moment and in the future. The information on companies’ official websites represents, or at least should represent, the collective views of the company and its partners and is freed from individual opinions, with the exception of some of the featured articles in their publications. It is also interesting to analyze what is not said on the sites and whether the companies differ from one another with their official story.

If I had chosen to use interviews as my research method it could have been possible to gain more in-depth information about the concrete practices and the steps they take when advising their clients on strategy. However, with this method an insurmountable obstacle could have arisen quite quickly, for top tier consultancies often have strict secrecy clauses restricting their employees’ from talking about the companies and their processes. Therefore it is likely that I would have received only the polished, official story also from the interviewees. And as the focus of my study was more on the content (i.e. views on strategy) than the actual practices of these companies, the option of interviews needed not to be investigated any further, as analyzing public data suited this focus better.

3.3.1 Data collection
I collected the research data during the course of one year. First visits on case companies’ websites were in February 2013, and last parts of the data were collected in
January 2014. In the beginning of January 2014, before going into more detailed analysis of the data, I went through all of my data sources again and made sure that the parts of data I had collected in 2013 were still the most updated versions of the sites.

I began the data collection by exploring the official websites of all three case companies and familiarizing myself with the structures and contents of the sites in general. I limited the actual data collection in the separate sections each company had regarding their strategy function that were called strategy practice at McKinsey, strategy capability at BCG and strategy service at Bain. This decision was made to ensure that my focus stayed on what the case companies themselves consider belonging under the label strategy and thus enabled comparison between the cases. In addition to the select strategy parts, some of the other sections on the sites (described in Appendix 1) also discussed issues that could be interpreted as strategic. However, as they were excluded from the strategy sections by the case companies, including them as part of the data would have increased the risk of biased interpretations by the researcher. It would have also deteriorated the idea of studying the issues these companies see important specifically in strategy.

As an exception from the abovementioned guideline that was applied strictly in cases of McKinsey and Bain, in case BCG I extended the data collection beyond the section dedicated on strategy capability. First of all, I incorporated a section covering BCG’s Strategy Institute in the data, because the company has divided its strategy insight between these two sections. Second, I used also five articles from bcg.perspectives, BCG’s web-based publication, as parts of my data, because those articles were used in explaining some of the key concepts of Strategy Institute on its sites.

As I was collecting the data for my research I came across Yin’s (2009, 40-45) tactics for testing and demonstrating the quality of a study. One tactic, which was recommended to be used in the data collection phase, was creating a case study protocol that explained the overview of the case study project, procedures to follow while collecting the data (field procedures), case study questions and a guide for the case study report (Yin 2009, 79-90). Yin’s example of the protocol was quite extensive and clearly targeted for a wider study. However, I found the tool quite useful and created a simplified version of a study protocol for my own use.
3.3.2 Analysis

During data collection it came relevant to also evaluate prospective data analysis methods, for in case studies data collection and analysis are often somewhat overlapping phases (Eriksson & Kovalainen 2008, 127-128; Stake 1995, 71-73). Many of the widely used qualitative analysis techniques, such as content or discourse analysis, are applicable also to case studies (Eriksson & Kovalainen 2008, 130). However, there are also separate techniques specifically designed for case studies (Stake 1995, 74-88; Stake 2006, 39-77; Yin 2009, 136-160).

One of these techniques specified for case analysis is cross-case analysis, which I chose as my research method in this multiple-case study. In cross-case analysis each case is first treated as an individual case study (Stake 2006, 1-2; Yin 2009, 156-160). In this study the individual cases were analyzed using thematic content analysis. This kind of theme-seeking process can also be called coding or labeling (Eriksson & Kovalainen 2008, 128-129). The labeling process always has, as do case studies and qualitative research in general, an element of interpretation in it (Eriksson & Kovalainen 2008, 128; Stake 1995, 8-12), as the researcher seeks to identify emerging themes and combine smaller subthemes under them. The researcher has to be conscious of this during the labeling process and further analysis.

During this first phase of my analysis I concentrated on one case at the time, starting with McKinsey, continuing to BCG and finishing with Bain. In the beginning of individual analysis processes I carefully read through my data several times in order to understand each company's views and to identify different themes emerging from the data. I took notes of all the observations I made when reading the data. With the help of those notes I next drew complex mind maps as I sought ways to organize the data and illustrate the connections between different themes that had emerged while reading through the data. With the help of these mind maps I was able to identify two overarching themes for each case under which the rest of the themes could be gathered. It was a coincidence that from each case emerged two overarching themes, for I had not predetermined how many upper level themes I was trying to identify from the cases.

As a second part of the study I analyzed the three separate cases with cross-case analysis, comparing the similarities and differences between the cases. Cross-case
analysis is an integral part of multiple-case research (Stake 2006, 39; Eriksson & Kovalainen 2008, 130), where the focus moves from the individual cases to the research issue and the cases are used to give further information about it (Stake 2006, 39-41). I selected seven themes that had emerged consistently from the data and were at least in some level present in all of the three individual cases. The cross-case analysis of this thesis was formed around those themes. I created a table (see Table 1 on pages 62-63) to summarize the central views the case companies had on each theme and used it as tool in comparing the companies.

3.4 Reliability and validity of the study

When evaluating the quality of a research, three concepts are traditionally considered: reliability, validity and generalizability. However, focusing strictly to these three concepts does not always tell the truth about the quality of the study. In research generally and in qualitative research in particular great deal of focus needs to be set on the selection of evaluation criteria in order for it to be compatible with the study in question. Many of the evaluation criteria were developed for quantitative research and are therefore not always relevant when assessing qualitative studies. (Eriksson & Kovalainen 2008, 290-294)

One reason for the lack of applicability of the traditional concepts in qualitative research is that in qualitative studies reliability and validity are strongly influenced by the actions of the researcher (Eriksson & Kovalainen 2008, 290-292). In case studies this gets emphasized even more, because, as Stake (1995, 135) puts it, in case study the case and researcher interact in unique way that can be hard to replicate.

Reliability is usually considered in quantitative context and it often focuses on repeatability of the study (Eriksson & Kovalainen 2008, 292). In case studies repeating the study can be quite difficult or even impossible (for example when the study is tightly connected to a specific time and place) (Saarela-Kinnunen & Eskola 2010, 194-196). In qualitative research reliability should be built through detailed communication on the different phases of the research process and full articulation of researchers’ possible biases in the research rapport (Eskola & Suoranta 1998, 211-212).
When evaluating qualitative research through traditional methods attention is often paid on fluctuation in data collection that is seen troublesome in quantitative research (Kiviniemi 2010, 81). However, in qualitative research, where researcher has instrumental role in data collection, it is quite anticipated that there will be fluctuation as the researcher learns during the process and often has possibilities to return to data collection even after some intervals of analysis. What is relevant in qualitative research is that the researches is aware of this fluctuation and attempts to control it (Kiviniemi 2010, 81).

Case studies can be evaluated with general criteria used in qualitative research, but case studies can be evaluated also with specific criteria created for them (Eriksson & Kovalainen 2008, 133; Yin 2009, 40-45). The decision on what evaluation criteria to choose is strongly linked to several characteristics, such as the nature of the study and its audience (Patton 2002, 542; Eriksson & Kovalainen 2008, 290-291).

Patton (2002, 544-545) introduced five sets of criteria that can be used in evaluating the quality of a qualitative research: traditional scientific research criteria, artistic and evocative criteria, critical change criteria and evaluation standards and principles.

Yin (2009, 40-45) introduced a tool called four tests that is commonly used in social sciences to demonstrate the quality of a study, and explained how it should be utilized in case study context. The tests and tactics used in case studies are presented in Figure 5.
<table>
<thead>
<tr>
<th>TESTS</th>
<th>Case Study Tactic</th>
<th>Phase of research in which tactic occurs</th>
</tr>
</thead>
</table>
| Construct validity | • Use multiple sources of evidence   
|                  | • Establish chain of evidence               
|                  | • Have key informants review draft case study report | • Data collection                             |
|                  | • Data collection                           | • Data collection                             |
|                  | • Data collection                           | • Composition                                |
| Internal validity  | • Do pattern matching                        | • Data analysis                              |
|                  | • Do explanation building                    | • Data analysis                              |
|                  | • Address rival explanations                 | • Data analysis                              |
|                  | • Use logic models                           | • Data analysis                              |
|                  | • Data analysis                              | • Data analysis                              |
| External validity | • Use theory in single case studies          | • Research design                            |
|                  | • Use replication logic in multiple case studies | • Research design                            |
| Reliability      | • Use case study protocol                    | • Data collection                            |
|                  | • Develop case study database                | • Data collection                            |

**Figure 5: Case study tactics for four design tests** (from Yin 2009, 41)

I chose to apply these tactics provided by Yin (2009, 40-45) in order to ensure the validity of my research. However, not all of the tactics were relevant or applicable in this particular case study due to the nature of the study and therefore are not discussed further here.

**Construct validity:** Prior to data collection and analysis I familiarized myself in depth with previous literature on strategy and management consulting. As the nature of my study led me into using only one source of data, the public, official information available on the strategy sections of each case company, I used the previous literature instead of multiple data sources to reflect my data and findings.

During the research work I paid close attention to ensuring that an outside observer would be able to follow the chain of evidence from case study question to study report and back and find out the full process of the study. This also helped me during the process and ensured that I did not lose track of my research question and stray too far from the core of the study.
Internal validity: As Yin (2009, 42) notes, internal validity is mainly a concern of explanatory case studies, when researchers might misinterpret causalities and believe that an event was caused by factor x, when it was in fact caused by factor y. As my study is of exploratory kind, similar risk does not exist quite to the same extent. Internal validity in case study research also deals with inferences in broader context. The researcher must prepare in advance for possible misinterpretations and design the research so that those questions are taken into consideration. In this study I was cautious about making any assumptions that were not clearly backed up by the data, and openly expressed all the interpretations made throughout the thesis.

External validity: Testing external validity has to do with testing the generalizability of the findings of a study (Yin 2009, 43-44). In multiple case studies the generalizability is usually connected to replication logic, where each case study is conducted and analyzed with identical protocols and later analyzed in cross-case analysis whether they turned up as predicted (Yin 2009, 54-58). In my study I analyzed the three individual case studies with coherent, replicated protocols. However, as I conducted an exploratory study, I was not expecting to find any specific results but was interested in the emerging themes and their similarities and irregularities across the cases.

Reliability: When evaluating the reliability of a case study it is often asked whether another researcher could follow the same steps with the same case and end up with same findings and conclusions (Yin 2009, 45). To ensure this I created an extensive case study database where I saved all the data I collected (namely printed pdf-files from the websites of the case companies), my notes from data collection and analysis phases as well as my plans for the study. Most of the documents are filed as electronic files in cloud storage, while some of them are written notes stored together. I also created a simplified version of case study protocol (Yin 2009, 79-91) where I wrote down a brief overview of the study in hand and outlined the research questions and different phases of the study.

Case studies have been criticized for lacking rigor and generalizability and, especially in the past, taking a long time and ending up with too long and unreadable output (Eriksson & Kovalainen 2008, 116; Yin 2009, 14-16). Yet another critique has to do with lack of abilities to produce such causal relationships as for example experimental
studies can (Yin 2009, 14-16). Yin (2009, 14-16) acknowledges this critique as relevant things to consider but points out that not only are they false concerns in most situations, case studies do not necessarily need be seen as alternatives for experiments or other fields of studies, but instead complementing them.

Generalizability is limited in case studies, because they often focus on only one or a few cases that have some level of uniqueness in them. Though limited, case studies are not completely beyond generalizations (Stake 1995, 7-8; Saarela-Kinnunen & Eskola 2010, 194; Eskola & Suoranta 1998, 65-68). Eskola and Suoranta (1998, 65-68) suggest that in qualitative research generalizations (when one wishes to do them) should be drawn from the interpretations of the data rather than the data itself. As opposed to talking about statistical generalizability that is often used in quantitative research, in qualitative research can be used a term theoretical generalizability (Saarela-Kinnunen & Eskola 2010, 194).

In business context case studies have been critiqued for their aim to give advice to managers and other decision-makers organizations (Eriksson & Kovalainen 2008, 116). In my study I am not trying to answer specific questions of managers’, but aiming for better understanding of the role of leading strategy consultancies - McKinsey & Company, The Boston Consulting Group and Bain & Company - in strategic thinking and strategy formation of organizations.

4. Empirical research and discussion

4.1 Case companies

In this chapter I move on to the empirical section of this thesis. I begin this chapter by introducing the three case companies, McKinsey & Company, The Boston Consulting Group and Bain & Company. After the brief introductions I proceed to analyzing the views each of the three case companies have on strategy and introduce the themes emerging from each individual case. As a second part of the analysis I conduct a cross-case analysis between the three cases comparing the similarities and differences across them.
4.1.1 McKinsey & Company

McKinsey & Company is the oldest of the three case companies and was founded by James O. McKinsey in 1926. The original business plan of Mr. McKinsey, the former accounting professor at the University of Chicago, was to provide finance and budgeting services to companies. However, quite quickly the focus turned to advising managers with their organizational and management issues. During the time when McKinsey was founded consulting was still a fledgling industry and majority of consultants were so called management engineers, who focused strongly on efficiency and technical issues of manufacturing (Poulfelt et al. 2005, 6-7; Kipping 2002, 30-32). McKinsey separated itself from the vast majority by focusing not only to inefficient companies but provided help also to “healthy companies in reorienting themselves to thrive in a turbulent business environment” (McKinsey: History). McKinsey grew quickly and dominated the field of consulting with its multidivisional model and reorganization focus until late 1960s, when it was challenged in the field of strategy first by newborn The Boston Consulting Group and a decade later by another newcomer, Bain & Company.

Currently McKinsey is a global management consulting company of more than 90 offices in over 50 countries and more than 80 percent of the Fortune’s Magazines list of the most admired companies as its clients.

McKinsey is operates as a matrix organization with 22 industry practices and eight functional practices (see Appendix 1). The company has a separate research center, The McKinsey Global Institute (MGI), focusing on business and economics research and supporting McKinsey’s consulting services. McKinsey also publishes McKinsey Quarterly, a collection of McKinsey’s insights available for free in McKinsey’s websites and distributed as a printed version for the company’s clients.

As one of the pioneers in the business, McKinsey has a great influence in the development in strategy thinking. As lion’s share of the most successful global companies are part of McKinsey’s clientele, the majority of winning strategies in the world have also at some point been scrutinized by consultants of McKinsey.
Strategy is McKinsey’s largest functional practice. It provides a broad set of frameworks, tools and databases for the use of its clients to enhance their strategic planning and help them better understand the state of their companies and the external forces having an effect on the business environment now and in the future.

4.1.2 The Boston Consulting Group (BCG)
The Boston Consulting Group is a private company that was founded in 1963 by Bruce Henderson, a former Arthur D. Little consultant. As a newcomer in the industry, BCG needed to find a way to differentiate from the bigger and better known competitors. For this reason BCG chose then still quite unknown concept, business strategy, as its specialized area of expertise. The basis for the decision is well described in a quote from a BCG’s employee from those early years of the company, Robert E. Mainer:

"He asked what we thought that specialty should be. Many suggestions were offered, but in each case we were able to identify several other firms that already had strong credentials in that particular area. The discussion began to stall. Then Bruce asked a momentous question: 'What about business strategy?' I objected: 'That's too vague. Most executives won't know what we're talking about.' Bruce replied, 'That's the beauty of it. We'll define it.'" (BCG history: 1965)

Currently BCG has more than 75 offices in 43 countries. This global management consulting firm works with clients from the private, public and nonprofit sectors. Its over 6200 consultants also come from all over the world with varying backgrounds.

The company has organized itself in a matrix form, with eighteen industry expertise areas and eighteen capability areas (see Appendix 1). BCG has two institutes, Strategy Institute and Center for Health Care Value, dedicated to research in specified areas. In addition to research institutes BCG has a research program called BCG Fellows, where the most accomplished thought leaders are given time and research resources for developing their possibly groundbreaking and profitable ideas further in order to gain future value for clients. BCG also publishes an online publication called bcg.perspectives with articles on current issues in the business and management.

BCG has been called one of the pioneering strategy consultancies in the world (McKenna 2012, Poulfelt et al. 2005,7) and its strategy capability is still central in its
business. Concepts such as the experience curve, portfolio strategy and many more are results of the research made in BCG’s Strategy Institute and by BCG Fellows, as well as the knowledge gathered from projects with clients.

Notable in the structure of BCG’s operation is the substantial amount of capability areas. BCG has made the decision to organize its operations in 18 capabilities, doubling those of McKinsey’s or Bain’s. For this reason that some of the expertise areas, for example growth, which its competitors have included under their strategy function, are separated as their own practices at BCG.

4.1.3 Bain & Company
Bain & Company was founded in 1973 when BCG’s most successful division, led by Bain’s founder William Bain, detached itself from BCG and formed a new independent consultancy (Kiechel 2010, 78-79, 85). Bain identified itself from the very beginning as a results-oriented strategy consultancy, utilizing well the growing interest in still relatively new concept of strategy. With this focus Bain grew rapidly, with an annual growth rate of 40 percent during its first decade, and had its moment of dominance of the strategy consulting industry in 1980s (McKenna 2012).

Today the company shares the podium of top-three strategy consultancies with the two other case companies of this study, McKinsey and BCG. Bain has 50 offices in 32 countries around the world. As seen from the following quote from its websites, Bain, like its main competitors, takes pride in its extensive and impressive client base: “We’ve worked with the majority of the Global 500, thousands of major regional and local organizations, hundreds of nonprofits, and private equity funds representing 75 percent of global equity capital”. We are proud of our clients' track record, like the fact that our public clients have historically outperformed the stock market 4 to 1.”

What has differentiated Bain from its competitors from the very beginning is their lack of interest in packaged solutions and management concepts. Instead, as Bain chose to identify itself as a result-oriented consultancy it simultaneously chose the path of tailoring all their solutions to each client and focusing strongly on implementation.

Like its competitors, also Bain organizes itself through a mixture of vast industry expertise and a powerful set of consulting services. Bain provides expertise in fourteen
industries and eight services, out of which strategy is considered as Bain’s core business still in these days. Bain publishes its insights in several forms, as books, newsletters as well as videos and multimedia, all collected to web-based Bain Insights.

4.2 Case companies’ views on strategy

In this first part of the empirical research I analyzed the three case companies individually and sought answers to my three first research questions. In the following sections I introduce the reader with the themes that emerged from data of each case and analyze each case company’s approach to consulting work, relationships with clients and what kind of consulting processes they highlight in the data.

I have used italics in this chapter in order to highlight some of the most focal and regularly appearing words used by the case companies.

4.2.1 McKinsey & Company

McKinsey defines strategy at the top of the overview page of Strategy practice as follows:

“Strategy is the integrated set of actions an organization takes to create competitive advantage. It is a complex journey of large and small decisions made in a rapidly evolving external business environment that must take into account a company’s operating rhythm and leadership dynamics.” (About this practice)

The company divides the services of its Strategy practice into six areas: Business unit strategy, Corporate strategy, Global forces, Growth, Innovation and Reputation, government and regulatory strategy (Expertise). Its main insights, tools and processes are described as separate subsections on McKinsey’s websites. These pages were also the data source for this case analysis, as explained in the methods chapter above.

Through the thematic analysis of this data two overarching themes emerged that binds the rest of the contents together. The themes can be summarized into word change and question where.

The world keeps on changing as new global trends emerge and old ones die, economies get more connected, governments take stronger position in global economy and
consumers change their values and consumption habits, just to name a few sources of change. All this has a powerful impact on companies operating in this volatile world.

The question where refers to the importance for companies to know where to compete, invest and in all ways focus their attention on. McKinsey’s analysis has revealed that companies should focus less on market share and execution and more on identifying where the company should be competing, as it is one of the greatest influencers in the growth and revenues of a company.

In will next give more detailed description on how these two themes emerged from the data, what kind of subthemes they consist of, how they are connected to each other throughout the data and what insight McKinsey provides on them.

**Change**

Change was a phenomenon strongly present throughout the data. The first time changes in the business world are mentioned on the pages of Strategy practice is the notion of “rapidly evolving business environment” in McKinsey’s definition of strategy.

The world is changing and the pace in business has accelerated during the past decades and does not seem to be slowing down. McKinsey presses the importance of foreseeing these changes, creating value from being proactive and finding new paths of success before they surface.

Change can be brought on a company by external contributors, but it can also be sought after through innovation processes in a quest for greater growth and improved profits. Either way, change often happens whether companies want it or not. McKinsey helps its clients to focus “on forces that are likely to change and transform the global business environment in the next five to ten years” (Global forces).

The external contributors on change can be divided into two groups, global forces and external stakeholders. These contributors hold many similarities and can be addressed with the same processes when analyzing the effects these groups bring on company’s strategy through changes generated by them.

What McKinsey stresses with both of these groups is the importance of continual monitoring of emerging trends and changes and gathering of insight through intensive
and granular analysis. Managers must have foresight and understanding of the forces before they surface to company level as well as preparedness to react quickly, or even better, be proactive. In order to do this, companies must understand with the help of rigorous analysis and tools (often provided by consultants such as McKinsey) whether the forces are a potential risk or an opportunity for the company’s growth.

Another aspect in managing change that McKinsey calls attention to is prioritizing. Managers must select those trends and regulations that have most important impact on the desired goals of the company and focus their efforts in the alternative scenarios drawn from these specific forces as quickly as possible. Demand for speed is yet another connective theme with global forces and change caused by external stakeholders. The following quotation describes this well:

“If senior executives wait for the full impact of global forces to manifest themselves at both the industry and company level, they will have waited too long. Today, the biggest business challenge is responding rapidly to a world in which the frame and basis of competition are constantly changing.” (Global forces)

McKinsey provides its clients with broad set of tools and databases for identifying the forces and upcoming trends in their industries and further developing their strategy to better fit the changing environment.

Here we come to the point where differences arise between the changes caused by global forces and the ones brought upon by external stakeholders. Quickly after the trends have been recognized and their effects on business analyzed, companies must identify one essential aspect about these forces: can the future changes be influenced by the company before they surface?

Global forces are complex sets of event in the world and have a powerful and often hard-to-manage impact on organizations. McKinsey mentions the role of rapidly growing emerging markets and “the tension between rising resource consumption and the desire for environmental sustainability” (Global forces) as examples of such forces. McKinsey highlights that since companies have no direct possibilities to influence these forces, they must focus on perceiving future trends before they surface and staying ahead of the change. Companies should focus their efforts in being flexible at
integrating the trends in their strategies and practices, in order to either protect the business from the potential *risks* or to capture the *growth opportunities* arising from them.

With external stakeholders companies have more opportunities. External stakeholders are more, yet not entirely, responsive to companies approaching them than global forces and therefore more tangible drivers of change. These groups can be “*regulators, consumers, media and shareholders*” (Reputation) or any other stakeholders relevant to a specific company. What differentiates this group from global forces is that in most cases companies often have a chance of gaining *preferred outputs* through *collaboration* with their stakeholders. Companies can *proactively engage* stakeholders and through *credible and compelling messages* create *win-win solutions*.

However, McKinsey points out that in order to achieve the desired strategic outcomes and *create growth*, or at least *protect economic value*, *top-management involvement* is essential and the company must *allocate their resources* and talent accordingly and create *processes* to support external-affairs strategy.

**Where?**

When reading through the data, I repeatedly came across the question where, expressed either literally or otherwise quite explicitly. It was present when discussing *change* in the previous section, but most inherent it was in its subthemes *growth, innovation* and *portfolio*. What combines these three in the data provided by McKinsey on its websites is the focus on *analyzing* and *prioritizing*. The outcomes of these processes are decisions on *where* to invest, compete and grow.

When discussing *growth*, McKinsey states that companies focusing on market share and execution are led astray by traditional views on growth. As opposed to these, in McKinsey’s opinion outdated, views McKinsey stresses the importance of decisions on *where to compete* as most important drivers of growth. McKinsey also challenges the traditional idea that industries could be divided for example into *growing* or *matured industries* and suggests that relying into this kind of thinking is *misleading* and even *downright wrong*. 
“Many so-called growth industries, such as high tech, include segments that are not growing at all. At the same time, industries that most consider mature, such as consumer goods, often have segments that are growing rapidly.” (Growth)

McKinsey’s solution to this problem is to focus on granular sources of growth, in other words breaking down the data from industry level to smaller segments, from continents to countries or even smaller units and so on. This process should be conducted also to existing growth figures within the company to fully understand where the growth is coming from, and where not. From this analysis companies must prioritize growth opportunities, decide where to invest and allocate resources to meet the formed growth strategy.

According to McKinsey’s survey, 84 percent of global executives believe in the importance and role innovation has in their growth strategies, but a striking 94 percent of them were unsatisfied with their performance in innovating. McKinsey takes quite process-oriented approach into tackling the challenge of innovations. It encourages companies to create processes for consistent innovating at scale. First of all, companies must combine creativity with rigorous analytics in order to form an innovation strategy that supports corporate goals. Second, companies must form strong pipelines for innovation through prioritizing and investing on areas that are ripe for innovation (where). In executing innovation strategy McKinsey presses the importance of speed in developing “ideas into profitable businesses” (Innovation). It also recognizes the importance of mobilizing the organization in innovating and proper allocation of resources for the process.

“To create an environment that promotes innovation, we help clients motivate talent by organizing people in the right roles and then arming them with the tools to be successful.” (Innovation)

Managing the portfolio mix is a theme that gets touched upon in many parts of the data and has everything to do with the question where to compete, invest and grow. Portfolio is analyzed and broken into pieces when prioritizing new innovation areas, growth opportunities and, most importantly, when assessing and reevaluating the focus of corporate strategy. When analyzing portfolios McKinsey helps its “clients define an
optimal portfolio mix by looking closely at their current mix of assets, their capabilities, and their aspirations in light of the evolving marketplace” (McKinsey: Corporate strategy).

McKinsey sees the importance of flexible and adaptive strategic planning, where ongoing dialogue and ability to execute the plans, especially reallocation of resources, are essential. Managers must be able to prioritize different portfolio options and make decisions on whether to “generate growth through investment in existing businesses, developing or acquiring new businesses, and exiting unprofitable ones” (McKinsey: Corporate strategy) and also allocate their resources accordingly.

**McKinsey’s approach to strategy consulting**

McKinsey is seemingly very tools oriented company that focuses strongly on providing advice and tools for top management of its clients. It builds its credibility by describing the amount of clients it has helped in variety of industries, including more than 80 percent of the Fortune Global 100 companies. McKinsey also stresses the amount of expertise and insight it has in the form of strategy consultants and advanced “strategy masters”.

With its extensive use of tools and ready-made techniques, developed by its consultants and research centers, McKinsey puts little, if any, emphasis on tailoring its advice for its clients. The company does state that “we bring to bear the latest tools and techniques in strategy development. But while great strategy development can be controlled, it cannot be systematized. Distinctiveness comes from a complex mix of expertise, engagement, insight and process—a mix that McKinsey is uniquely positioned to deliver” (McKinsey: Business unit strategy). However, to continue from this point, McKinsey describes several different tools and methodologies it has created. It seems that the engagement it talks about happens through its extensive methodologies and tools, such as war gaming or strategy walkthrough, instead of thoroughly engaging with the client and finding individual solution for the specific problem at hand.

The trend towards tools and methodologies is strong throughout the data. Each section illustrates an extensive set of tools dedicated for each expertise area. Combining this standardized approach to consulting with relatively low emphasis on implementation creates an image that McKinsey is still relying quite strongly on traditional approach to
consulting. Some might see that as a bad thing, pointing to the increased demand for implementation and tailored solutions for each client (Armbrüster & Kipping 2002-3; Kiechel 2010, 172-173). However, despite this trend and arising critique against traditional strategy consultancies, it is undeniable that the McKinsey approach still works really well, as the company keeps on attracting the biggest clients and holds a steady position among the most prestigious consultancies. One reason for this might be the before mentioned finding in previous research that managers often do appreciate packaged solutions that have already been tested by other companies and thus are more likely to succeed (Kieser 2002a, 175; Huczynski 1993a).

When it comes to other more contemporary approaches to strategy, for example the strategy as practice (e.g. Wernerfelt 1984; Barney 1991; Prahalad & Hamel 1990) theory, McKinsey’s view on companies and decision-making still seems like a quite traditional, top-down approach. It does not talk about decentralizing decision-making or opening up the development of strategies to new layers within the company, but rather discusses the need for top management to allocate their resources accordingly once it is time to implement the strategy chosen by the top management of the company.

4.2.2 The Boston Consulting Group (BCG)

Strategy is one of BCG’s 18 capabilities and has been an integral part of its operations since the company was founded in 1963. As a pioneer in strategy consulting, BCG gives strategy a great weight in managing successful organizations:

“The success of any enterprise depends on knowing what business you are in (or should be in), understanding the current and future sources of advantage in that business, and capturing and maintaining an unassailable advantage.” (BCG: Strategy)

The company divides its strategy expertise in five areas: Vision and mission, Corporate strategy and portfolio management, Business unit strategy, Strategic planning, and Future of strategy (BCG: Strategy). In addition to expertise areas BCG’s Strategy Institute provides BCG’s clients insight in the future forces affecting companies’ strategies. The key strategic concepts of Strategy Institute are: Adaptive advantage, Strategy styles, Ingenious enterprise, Ambidexterity: combining efficiency and
innovation) and Second chapter of transformation: how to finish the journey (BCG: Strategy Institute).

I used as my data for this case the pages on BCG’s websites covering specifically the topics mentioned above. In addition I used five articles from bcg.perspectives, BCG’s web-based publication for giving the required information about one of Strategy Institute’s key concepts.

While doing the thematic analysis based on the data, I discovered two themes covering majority of topics. These themes are alignment and organization.

Alignment was a theme visible throughout the data. In this case I use word alignment quite liberally and describe is as a close synonym with integration as these words were used quite freely in similar contexts throughout the data. Alignment took also other forms that exact literal ones, which I will describe more as I identify the different forms of alignment in BCG’s views on strategy.

Increasing volatility and change affecting how companies operate have forced companies to seek increased agility and flexibility through decentralizing decision-making capabilities throughout the organization instead of keeping all strings in the hands of top management in order to.

I will next describe these themes and their contents in more detail.

Alignment

In the context of this study alignment refers to combining two or more strategic factors, internal or external, in pursue of enhanced competitive advantage. One of the most characteristic examples of alignment in the data is the focus on organizational ambidexterity. BCG describes ambidexterity the same way as Van den Bosch et al. (2005) saying it is “the ability to both explore new avenues and exploit existing ones” (Ambidexterity). BCG recognizes the inevitability of change and increasing volatility in the world of business, but at the same time stresses that not all parts of business change at the same pace or at the same time. Therefore companies are often forced to operate with different styles of strategy simultaneously. The company may have one division operating with classical strategy in a predictable industry where orderly planning and
**forecasting** are sensible actions, while another arm of the company is striving to find a favorable position in *unpredictable* and *innovative* environment using *adaptive strategy* in order to attain required *flexibility* (Strategy styles).

Alignment happens often in relation to organizations’ strategy, or even between the organization and its strategic goals. As BCG points out, in order for organization to function according to its strategy the *mission* of the company must be “*broadly embraced across the organization*” and vision should “*foster the broadest possible alignment*” (Vision & Mission).

Increasing demands for companies’ social responsibility makes *social affairs* strategic decisions for organizations. BCG has identified four common traps where companies can fall into in their social affairs endeavors. First, companies may place excessive focus on *financial* metrics and fail to address *social risks* and *opportunities*. Second, social issues are often seen as a *marketing tricks* or negative outcome of legislation that companies aim to prevent through *lobbying* and public messages, leading to failure in addressing the worries and demands of their stakeholders. Failure is also expected when social endeavors are isolated too *far from the core* business of the company. And finally, companies with *misleading incentives*, like those of some investment banks’ prior to financial crisis, are likely to face fierce critique over time. BCG suggests that companies can avoid these traps and gain *social advantage* by “*sustainably aligning its business model with its broader social and ecological context*”. (Reeves et al. 2010b)

In addition to growing demand for sustainability, also the amount of information and *data* has been growing exponentially over the past few decades and caused problems to many trying to find ways to identify signals emerging from data and utilize them. Though *managing data* can be challenging, BCG reminds that “[c]ompanies that fail to embrace signal advantage will likely be left behind by information-agile competitors”. Companies should *leverage insights* they capture from the data and *align* them with strategic goals in order to optimize their strategic decisions. When companies are organized in an agile enough manner, data can also be used to *continuously reinvent the business model* of a company. (Reeves et al. 2010c)
In addition to *internal alignment*, organizations can *align* with *external* players in the field and form *networks* or *ecosystems* in order to beat the increasing competition and protect against volatile markets. Through alignment into networks or systems companies can “mobilize an extremely broad range of capabilities and assets, innovate rapidly through parallel activity, and distribute risk across many players. Their modular structure facilitates responsiveness to changing needs through recombination, speedy scale-up, and broad-based signal detection” (Reeves & Bernhardt 2011).

Alignment occurs often also in smaller contexts than in relation to corporate strategy. For example, organizations seeking to improve their *experimentation* and innovation practices in order to achieve *simulation advantage* must create organization *culture of experimentation* that encourages employees to innovate, experiment and also *collaborate* internally as well as externally. According to BCG, companies can do this by *integrating* (aligning) and *optimizing* several different levers for improved experimental effectiveness. Such levers are for example *generating ideas at greater speed and lower cost* and *accelerating learning and scale-up* (Reeves et al 2010c). Organizations should also create a. Companies can leverage this *collective intelligence* in more rapid generation of new ideas.

**Organization and decision making**

The second theme, *organization*, was touched upon in many occasions throughout the data, often linked with *decision making*. Strategic decisions have traditionally been based on formal analysis, rigorous processes and explicit decision-making, and organizations were formed to support this view. However, due to increasing pace of *change* and *volatility* at markets companies are forced to be more *adaptive* in all aspects, including the organization itself.

Decision-making in traditional organizations is centralized to few key people, but in *adaptive organizations* strategies are more *emergent* leaving managers in charge of *context setting* for more *decentralized decision-making*. These kinds of organizations embrace *free flow of knowledge and power* and lean processes with few strict rules; only some quite *universal principles* are applied for decision-making and interaction.
Companies can ease their problem-solving operations by designing their organization to support collective problem solving. As traditional, explicit analysis no longer works in volatile and complex situations with overwhelming amount of data, problems will more often be solved “implicitly by -- organization as a whole” (Ingenious enterprise). By making problem-solving a key capability for the organization will enhance creativity in processes.

BCG points out in an article from bcg.perspectives, that how organizations make their strategic decisions depend on two characteristics: degree of turbulence and degree of required change. Even though the ability to adapt is seen crucial for all organizations in today’s world, the amount of adaptation required and how implicit decision-making must be varies. In volatile markets and unpredictable environment an organization “should rely more on experimentation and implicit decision-making”, but in low turbulence it “can solve problems through analytic approaches and explicit decision-making” (Reeves et al. 2010a). Returning to ambidexterity described in the previous section, companies may operate on both kinds of environments simultaneously posing true challenge on organizations and their ability to survive and flourish in the crossfire of differing expectations.

**BCG’s approach to strategy consulting**

BCG has extensive track record in producing top-notch strategy concepts that have been widely spread across the business world. BCG takes pride in these concepts, but also emphasizes that its solutions are always tailor-made for each client, whom with consultants from BCG work in partnership (BCG: Strategy).

BCG’s approach to its clients is, as said above, a partnership. BCG works together with its clients instead of operating as an outsourced resource executing changes. It provides its clients with concepts and in-depth analysis, but also advises and supports clients in planning and further implementation. It seems, according to BCG’s statements on its websites, that the company is aiming to provide clients with concepts they can utilize also after the consultants have went back to their own offices.

BCG was founded after the dominance of management engineering had ended, during the time when McKinsey dominated the industry of management consulting (see e.g.
Poulfelt et al. 2005; McKenna 2012). The company chose to differentiate from the ruling generalists and focus on strategy from early on in its history. Possibly for these reasons BCG seems to have avoided the biggest influences of traditional management consulting and chose to focus tailoring its services and also give some attention to the complexities of implementation.

However, the image BCG creates of itself through its website is not the most modern either. There are notions of decentralization activities especially in volatile environments and some focus on implementation, but at the same time BCG still embraces many views linking them to the traditional top-down view of strategy making. Through the data it seems that the company is in the midst of figuring out the current demands and trends within the industry, or at least has failed in express its focus on them on its website.

4.2.3 Bain & Company

Strategy is one of Bain’s eight consulting services and also core of its business. For Bain, “[c]orporate strategy is a proprietary set of actions that enables a company to be worth more than just the sum of its parts” (Bain: Corporate strategy).

Bain further divides its strategy expertise into six areas: Fundamentals of growth, Business unit strategy, Corporate strategy, BothBrain® innovation, Emerging markets and Sustainability.

I focused my data collection and analysis on the Strategy services section on Bain’s website. The section was formed around the six abovementioned expertise areas.

I arranged the data from Bain under two upper level themes: core and mobilization. Both of these themes were immanent throughout the data and strongly emphasized by Bain right from the front page of Strategy services on.

Identifying and sticking with core business is a focal theme in Bain’s views on strategy, and thus integrated in practically every advice it gives regarding planning, prioritizing and implementing strategies as well as seeking for growth.

Another overarching theme for Bain is mobilization, often closely linked if not synonymous to implementation. For Bain, mobilization is the building block for
successful strategy and needs to be considered from the very beginning of strategy processes.

I next describe more Bain’s views on these two themes as well as its overall approach to consulting and relationships with its clients.

**Core**

In order to *win* and *grow* in the fierce competition organizations must properly define what their profitable core is and focus on it. In a way, core is what links all operations together and the whole organization is built around it. As described below in more detail, Bain emphasizes that all operations and decision companies make, including *corporate and business unit strategies, adjacency moves, sustainability issues, new opportunities* as well as *growth* and other outcomes deriving from these factors, all must be strongly and closely linked to the *core* business.

Core is the platform organizations seeking *sustained value* should build their *strategies* on. From this basis companies can start focusing on what Bain describes as its own core competence in strategy, *growth*. According to Bain, companies must concentrate in “driving their core business to full potential and pursuing adjacencies that strengthen the core” (Fundamentals of growth) when pursuing *growth*. When planning *adjacency moves* companies should be careful not to *overreach* to completely new areas, but rather choose adjacencies that are strategically *near* and *support* the core business. The role of adjacencies is also to make the company more agile and responsive to competition and be sources for *repeatable new growth*.

Core is also the basis for doing business in *emerging markets*. When entering these *unfamiliar* markets companies should adjust, or *localize*, their business to fit the local business environment and better answer local needs (Emerging markets). Therefore the core in emerging markets may differ slightly from the core in developed markets, but the focus in it remains, as well as the aim to strengthen core with adjacencies, possibly acquired through *local acquisitions* that have *strong business fit*.

When it comes to *sustainability*, Bain takes quite straightforward approach:
“We believe that to be successful, sustainability and corporate responsibility must be embedded in the core of our clients’ strategy and operations.” (Sustainability)

Bain argues that if sustainability is anchored in business fundamentals and embedded within strategy, operations and entire value chain organizations can gain clear return on investment in forms of competitive advantage and long term growth. Organizations need to understand the varying agendas of diverse stakeholders, such as employees, customers or governments, and learn to manage these needs. As Bain puts it: “[c]ompanies need to take control of their sustainability agenda before others try to do it for them” (Sustainability). When doing this, companies must fully evaluate and prioritize sustainability issues, identify their own top priorities and focus their resources on them. Sustainability moves must also make strategic sense, in other words provide companies with long term competitive advantage.

While concentrating on the core, Bain reminds companies that core does not always remain stable and permanent, and therefore at times they may have to rethink their core. Organizations must be prepared to react to maturing of the core or changes in the industry, take action and “renew company strategy and capabilities”, including the core of their business. They can do this by “looking deep within their organizations to find undervalued, unrecognized or underutilized assets that can serve as new platforms for sustainable growth”. All the above mentioned aspects are important in making sustainable growth, but not enough without well executed management, a factor that many companies in Bain’s opinion still struggle with. (Fundamentals of growth)

**Mobilization**

Another theme connecting most of the data analyzed was mobilization. As it is written in the introduction section on Strategy expertise’s websites, “Bain emphasizes mobilization from day one” (Bain: Strategy).

A good strategy, which Bain portrays as a pyramid (see Figure 6), is built with mobilization as its foundation layer. For Bain mobilization is a process through which to ”convert a strategy into realized results” (Bain: Business unit strategy), and for that reason it has to be considered from the very beginning of strategy process.
Companies have to identify and address possible roadblocks to implementation early on in the decision-making process and evaluate their choices with those possible challenges in mind. The obstacles can also be removed or companies can at least go around them, for example by developing or building required capabilities. Communication is an essential mobilization tool and a way to ensure smooth implementation. When essential stakeholders are kept in the loop from early on, companies can ensure their buy-in once strategy is implemented.

Some of the most crucial aspects in strategy formation are innovation and how to mobilize the organization into innovating and further commercializing the innovations. Bain believes that in order to be successful in transforming innovations into new products and strategies organizations need both creativity and analytics. It argues that quite often, however, these two qualities cannot be found in one person. The qualities are controlled by different halves of human brain, one of which being dominant in each individual. Bain’s BothBrain® approach suggests that successful companies, such as Apple or Nike, have managed to pair managers with right-brain creative talents and left-brain management skills. In order for this pairing to work, managers must be aware and open of their strengths and weaknesses, balance each other’s cognitive skills, trust in each other, possess raw intelligence and relevant knowledge to the challenges ahead,
and have *direct and frequent communication* with one another and *commitment to the business and each other*. (BothBrain® innovation)

All in all, mobilization is essential for companies’ value creation. In the fluctuating world all planning, analyzing, and innovating are useless unless the organization is “*mobilized and equipped to deliver results*” (Bain: Business unit strategy).

**Bain’s approach to strategy consulting**

As youngest of the three case companies Bain, a spin-off from BCG, has shortest history and thus lightest legacy from times of traditional management consulting.

Bain emphasizes how it helps its clients in the form of a *collaborative partnership*. Bain focuses in helping its clients to identify what is essential in their business and together with clients forming the plans and processes for them. It seems that Bain does not offer its clients ready-made tools or packaged solutions but rather aims to differentiate itself through the partnership approach. Bain also aims at appealing to its clients emotions by describing how it truly cares about its clients “*as people*”, how consultants enjoy their work and have fun while doing it and how the company defines its success by the results of its clients.

Bain’s focus on *mobilization* answers to the claimed needs of clients today. Implementation has been on the lips of managers for couple of decades, but many traditional consultancies failed to incorporate it in their portfolios (Kiechel 2010, 161 & 172-173). Therefore the emphasis Bain gives on mobilization can be seen as a competitive advantage for it.

Despite the apparent focus on clients as people in the first couple of sections of Strategy service webpages, it is interesting to notice that after those sections Bain ceases to address any individuals in the rest of its strategy sites and turns its expressions on more passive voice. Also, in contrast to the quite modern image Bain manages to create of itself, many of the solutions Bain suggests to its clients have quite traditional, top-down approaches. Bain does talk a great deal about mobilization, communication and sustainability and has elements of resource-based view in its BothBrain® approach to innovation, but even these views are given from management’s perspective and
initiative, with no real emphasis on bottom-up approaches or decentralizing decision-making, to name a few examples.

4.3 Cross-case analysis

In this section I discuss my findings from a cross-case analysis I conducted on the three case studies described above. For purposes of facilitating the cross-case analysis I created a table addressing seven themes that emerged from the individual cases and the views the three case companies have on each theme (see Table 1). Selected themes were Growth, Innovation, Change, Implementation, Sustainability, Business units and Portfolio and Approach to strategy consulting.

It appears that the leading strategy consultancies in question focus their expertise on similar themes and with quick glance their approaches to those themes seem quite similar. However, when scrutinizing their views in more detail, clear differences arose in the angles and intensity how the companies approached the themes.

Before diving deeper into the themes, however, I first take a quick look at the definitions the companies give on strategy on their websites. The main points of the definitions are gathered in the beginning of Table 1, and the whole descriptions are presented at the beginning of each individual case analysis. By comparing the brief definitions of strategy each of the three companies provided on their websites, I aim to find out if the descriptions would shed any light on the possible differences or similarities the companies have in their views on strategy.

As the definitions are quite brief, they tell only a small part of the story. But what they do tell is that the overall goals for strategies are the same for all three companies. They all describe strategy as something that can help companies to attain competitive advantage. The ways to reach this goal may differ, but all of them include unique decisions and actions affecting the way the organization operates.

With this brief introduction to the cross-case analysis I now discuss in more detail the different ways in which the case companies approach strategy, and the seven themes that emerged from the individual cases.
<table>
<thead>
<tr>
<th>Theme/Case</th>
<th>McKinsey</th>
<th>BCG</th>
<th>Bain</th>
</tr>
</thead>
</table>
| **Defining strategy** | - integrated set of actions and large and small decisions  
- create competitive advantage  
- considering company’s operating rhythm and leadership dynamic | - knowing what business you should be in  
- understanding the sources of advantage  
- capturing and maintaining an unassailable advantage | - a proprietary set of actions  
- enables a company to be worth more than just the sum of its parts |
| **Growth**     | - high emphasis on growth  
- granularity  
- prioritize and choose where to compete  
- detailed analysis (break down)  
- not crucial: market share or execution | - separate capability, not discussed in depth within strategy capability  
- growth through megatrends  
- choosing growth platforms  
- competitive advantage | - Bain’s own core  
- focus on fully operational profitable core  
- close adjacency moves strengthening core and enhancing reactivity  
- when core gets run out: renewing core management execution |
| **Innovation** | - clear strategy  
- innovating at scale  
- strong pipeline  
- repeatable processes  
- capable and mobilized organization | - experimentation  
- generate, test, replicate  
- integrate levers  
- create culture of experimentation  
- collective intelligence | - BothBrain®: combine creative + analytic approaches  
- generating and commercializing profitable ideas  
- continued innovation |
| **Change**     | - global forces and external stakeholders  
- monitoring  
- prioritizing  
- adapting and/or influencing | - inevitable but intensity varies  
- adapting and aligning with strategy | - flexibility and adaptability in strategies  
- scenarios  
- course corrections  
- dynamic decision-making capabilities |
| **Implementation** | - mobilizing organization through processes and resource allocation | - processes  
- culture  
- adaptive organization  
- decentralization  
- practical strategic roadmaps | - mobilization considered from day one  
- identify and address possible roadblocks  
- communicate early to ensure buy-in  
- way to deliver results and create value |

Table 1: Cross-case analysis: cases McKinsey, BCG and Bain
<table>
<thead>
<tr>
<th>Theme/Case</th>
<th>McKinsey</th>
<th>BCG</th>
<th>Bain</th>
</tr>
</thead>
</table>
| Sustainability | - proactivity  
- protect or create economic value  
- collaboration  
- “win-win” solutions  
- implementing through mobilizing organization | - align social & economic context with business model  
- determine positive and negative value flows (risks or opportunities) and maximize flow of value between social and business  
- constant monitoring | - embedded in to core and business fundamentals  
- prioritize and focus resources on top priorities  
- long-term competitive advantage, strategic sense  
- prerequisite for profitable growth |
| Business unit/Portfolio mix | - test the existing strategy: will the strategy win?  
- Focus on the long term success  
- analysis, prioritizing and adaptation  
- “where to compete?” | - portfolio analysis  
- differentiation across portfolio  
- long-term sustainable value creation  
- strategy, financials, parenting advantage | - where to play and how to win  
- create portfolio of leadership positions  
- long-term value  
- differential resource allocation and targets across BUs |
| Approach to strategy consulting | - (quantitative) analysis  
- tools and methodologies  
- top-down approach | - known concepts  
- analysis  
- tailor-made solutions | - clients as people  
- define their success by clients’ results  
- collaborative partnership |

Table 2: Cross-case analysis: cases McKinsey, BCG and Bain (continued)

4.3.1 Growth
Growth has often been seen as an imperative for companies’ long term success. Therefore it was no surprise to find it also at the focus of strategy consultancies. However, the intensity and perspective with which the companies address the issue varies substantially. McKinsey and Bain give great weight on growth on their strategy pages and have chosen it as one of their key focus areas of their strategy practices. Bain even describes growth as its own core competence. BCG, on the other hand, has chosen to separate growth from strategy and positioned it as an autonomous capability within its organization, and thus gives quite little room for growth on the strategy section of its website.

Each of the case companies has the same underlying idea on growth: determine where to compete and grow. For McKinsey this means fine-grained analysis including breaking down growth numbers of a client company as well as different industries and
geographical areas, and finally prioritizing different scenarios and growth opportunities to help managers deciding on where to compete.

For Bain the main things in growth strategy are in deciding what the core business of a company is, seeking growth by making the core business operate on its full potential and strengthening the core by close adjacencies. Bain also emphasizes the importance of generating consensus about growth strategies among management in order to successfully implement the strategies.

BCG mentions growth as one aspect to consider when evaluating and deciding on future portfolio mix in the quest for competitive advantage and growth platforms. It also believes that companies should create a growth vision and use megatrends as a lens in the process.

4.3.2 Innovation

Organizations need innovations in order to create new products, business models and strategies. Again, this view has been adopted by all case companies. Out of the three, McKinsey and BCG have quite similar view on innovating. They both talk about innovating or experimenting at scale and creating replicable processes for innovating. In addition, both companies focus on creating capabilities and culture within the organization that support innovating.

Bain differs from its competitors with its views on innovating and focuses more on individual capabilities in innovating and the emphasis different people give to creativity. Bain draws its view from the functioning of human brain and note that companies should learn to couple people with creative right-brain dominance with those of dominant left-brain analytical skills in order to not only generate ideas but also commercialize them into profitable products.

A connecting thread between all three companies is the focus on “continuity of innovation processes”, citing Bain’s words. McKinsey refers to this when talking about strong pipelines and BCG states that companies should not only encourage innovation but also “embrace creative dissatisfaction with the status quo” (Reeves et al. 2010c).
4.3.3 Change

Change is a theme that was not quite as explicit within the data as the two previous themes, but still more or less significantly present in each case. Since all companies approached change from different perspectives and in different contexts, it was not unexpected to find that views each company has on the subject differ to some extent.

What is in common between the case companies is the focus on monitoring and identifying the emerging trends before they surface as well as their outlook on how companies should react, or more precisely be proactive, towards increasing volatility and change. They all emphasize the need for companies to get more flexible and adaptive, and either secure themselves against threatening forces or find new opportunities from the change.

As explained already in the individual case analysis above, McKinsey places quite extensive weight on change and uncertainty throughout the data collected. The company pinpoints different forces, stakeholders as well as companies themselves as drivers of change, and gives general suggestions on how to operate in each situation, for example whether to focus on influencing the forces or simply adapting to change.

BCG acknowledges change as unavoidable force, but points out that not all areas of business face the same pressures of change; some may not change at all at the moment. Therefore it encourages companies to evaluate how volatile the environment of each part of their portfolio is and how much change is required, and use this analysis to decide how adaptive and emergent strategies they need for each business unit. However, what BCG does emphasize is that organizations should, regardless of the intensity of change, become more adaptive. This way they have secured themselves against the change in advance and are able to revise the ways they operate quickly and effectively.

Bain on the other hand does not dwell in the concept of change that much on its website, but simply points to the fact that despite thorough analysis and intensive scenario planning the forecasted scenario does not always materialize as anticipated, and thus companies need to become adaptive enough to make course corrections whenever. Bain suggests that in order to improve the longed-for agility, companies should actively create more dynamic decision-making capabilities.
4.3.4 Implementation
Though managers’ expectations on implementation as a form of consulting services has grown from 1980s on (Kiechel 2010, 172-173; Armbrüster & Kipping 2002-3), this trend has clearly not been as widely welcomed among strategy consultancies, or at least it has not found its way on their websites. Bain is the only one of the three with clear emphasis on the importance of implementation and mobilization in the data collected for this case study.

Despite their emphasis on the matter is not extensive, McKinsey and BCG do not entirely ignore the importance of implementation. They focus on outlining different ways to mobilize an organization. Both of them approach implementation through formal processes and, as BCG puts it, ‘practical roadmaps’ as ways to mobilize organizations.

McKinsey also mentions the importance of effective resource allocation. Out of the two, BCG talks a great deal more about the need for companies to focus more on decentralizing their decision-making and thus creating abilities and a culture that embraces the inclination to act when needed. As discussed in the individual case analysis, BCG believes that the intensity of these actions and demands for adaptability depends on the volatility of the environment and the amount of change required.

Bain is in its own league when it comes to the weight it gives to implementation and mobilization on its website. As described in more detail in the individual analysis of Bain, the company takes mobilization into consideration at the very beginning of strategy processes. Bain focuses on identifying and addressing possible obstacles preventing implementation and communicating early on in the strategy process in order to make sure that new strategy and decisions are widely accepted and committed to.

4.3.5 Sustainability
Sustainability and social affairs have become more important for companies as expectations from customers, regulators and other stakeholders have grown. The consultancies studied in this thesis have also identified this trend and each has dedicated a section from their sites to address this phenomenon.
The consultancies are also quite unanimous with their approaches to how to address social issues. They believe that companies can find long term profitability and competitive advantage if they fully integrate social and sustainability issues with their core business. They also point out that companies do not need to react to every emerging sustainability trend despite how much media coverage it gains, but instead they should prioritize social issues in the same manner as any other strategic decision and focus resources on top priorities.

McKinsey and BCG have somewhat opposing views on influencing and lobbying in social issues. McKinsey points out that companies should try to communicate with their stakeholders and try to convince them to change or moderate their demands in issues harmful for the company. BCG on the other hand warns companies from taking too much of a lobbying focus, because even though it may prevent the harmful legislation or other regulation from coming into effect it will not satisfy the expectations of company’s stakeholders and thus fails to address the actual issue of being sustainable and socially aware.

4.3.6 Business units and portfolio mix

Decisions on how to create profitable business units and ideal portfolio mix are probably the most central strategic decisions companies make. The views the consultancies have on these issues are not something that differentiates them from one another. Quite the contrary, alike with their approaches to sustainability, views on business units and portfolio mix unite the three case companies. Each of them have devoted separate sections on their websites for both corporate strategy and business unit strategy, and concentrate their focus on decisions such as where to compete, how to outperform competition and how to create sustainable long-term value for the company.

Rigorous analysis and ability to adapt to changing environment are emphasized also here at the very core of corporate strategy, as in most of the other themes as well. Companies must base their decisions on thorough analysis on numerous scenarios drawn from large quantities of data. Companies also have to make sure that their resources are allocated according to the current strategies, and that they are flexible enough to be smoothly reallocated when basis of strategy changes.
Bain emphasizes that the portfolio should be a collection of units with leadership position on markets. In unison Bain and BCG point to the need to create differentiation across the portfolio. McKinsey has created a tool called “Ten timeless tests of strategy” for testing its clients’ strategies for their ability to withstand and beat increasing competition and other external forces.

4.3.7 Approach to strategy consulting

In addition to case companies’ more specific strategy views it is interesting to take a wider lens and look at the ways these consultancies approach their own role as advisors and the kinds of help they offer their clients. In this discussion also the overarching approaches these companies have on strategy work and strategies get emphasized.

This part of the analysis proved to be the most challenging one already in the individual case analysis phase in the light of avoiding biases, for many stereotypes and interpretations exist about the ways each of these companies operates. Acknowledging this possible bias, I paid extra attention on focusing strictly on things arising from the data.

With this said, although many similarities between the companies were present also in this part of the analysis, the analysis revealed clear and important differences in how these companies wish to position themselves in the market.

McKinsey has the longest history of the three, and it likes to portray itself as a professional company with long and convincing track record and impressive client list. As its competitors, McKinsey emphasizes its vast resources for identifying and analyzing future trends as well as for scrutinizing with in-depth quantitative analysis its clients’ current situations. What differentiates McKinsey the most from the two other case companies is its substantial emphasis on the extensive array of tools and “package solutions” it uses in solving the problems identified from the analysis. McKinsey does not give much weight on tailoring their solutions, and combining this with the lack of attention on implementation and seemingly top-down approach to strategy work makes McKinsey seem quite traditional in its views on both strategy and consulting.

BCG also emphasizes strong analytical skills and extensive research resources, as well as its widely used strategy concepts. However, it takes a step away from McKinsey’s
package oriented approach and announces that its solutions are always tailor-made for each client. BCG describes its relationship with its clients as a partnership. All in all, when adding to this the increasing focus on decentralization of decision-making and more generally on the abilities and culture within the organization it can be said that BCG’s approach is a bit more contemporary compared to McKinsey. However, BCG has not either been able to complete the turn towards contemporary approaches to strategy and consulting.

Bain takes the biggest step away from its competitors when discussing the use of concepts and tools and emphasizes that its work always happens in close collaboration and partnership with its clients. The following sentence from Bain’s introduction section on strategy illustrates well the picture it wants to create about itself: “We define our success by your results, we enjoy our work and have fun doing it, and we care deeply about our clients as people” (Bain: Strategy). What is interesting though is that there seems to be a controversy between these statements and some of the more traditional viewpoints it takes. For example Bain adopts quite strong managerial focus and lacks concentration on the inner functioning of the organization giving no emphasis on decentralizing the decision-making or empowering the employees, to name a few examples.

In fact, what unites all of the three companies throughout the data is the quite strong focus in advising top management. Is this a strategic choice as top management tends to be the group most using the services of consultants, or could it be interpreted as a signal of their somewhat traditional approach to strategy as something only top management does? The answer cannot be reliably inferred from the material.

Based on the factors discussed in this chapter and especially in this last section, it seems safe to say that all of the leading strategy consultancies researched in this study have at least some aspects of the traditional view on strategy and management consulting still tightly embedded in their work. However, simultaneously some of the more contemporary approaches to strategy and consulting are gaining a foothold among these consultancies, making their views a mixture of old and new.
5. Conclusions

This thesis was set out to investigate and compare how three leading global strategy consultancies, McKinsey & Company, The Boston Consulting Group and Bain & Company, describe and define strategy and what they highlight as the most crucial focus points in it for managers today. I divided the research question into four sub-questions to help the structuring of the thesis. The questions were:

1. How do the case companies describe and define strategy?
2. What are the most important present and future themes in strategy according to the case companies?
3. How do the case companies approach consulting work and their relationship with clients?
4. How do the case companies’ views and approaches to strategy and strategy consulting resemble and differ from each other between the cases?

To acquaintance the reader to the wider theoretical context of the study, I introduced the focal theories and contributors on both strategy and management consulting in chapter 2. I concluded the chapter by binding the two areas of research together and showing the relevance of the research on the study in hand.

My empirical research was an inductive multiple case study that was divided into two parts. First, I sought answers to the first three of my research questions by analyzing each of the case companies individually. Second, I proceeded to the fourth research question and analyzed the three companies with a cross-case method to find out the similarities and differences the companies have in their approaches to the issues stated in questions 1, 2 and 3. For the cross-case analysis I identified seven themes that had emerged from the individual case analyses and covered the main issues in strategy emphasized by the case companies. The views of the companies were then compared and analyzed in section 4.3 Cross-case analysis. The data analyzed in both parts of the empirical research was collected from public sources, namely from the official websites of each case company.

The findings from this study suggest that the case companies focus on many similar issues when they discuss strategy and the burning topics in it today and in the future.
However, while the themes might be to a great extent the same from one consultancy to another, the angle with which they approach the issues and the intensity with which they emphasize them varies greatly, as does the overarching view on strategy work at large. Also the overall view on interaction and relationship with clients differs between the case companies.

The views of the case companies were most coherent when discussing the ways to organize companies’ business units and portfolios or the ways to address social issues in the society at large. When asking from any of the case companies, they will tell you that rigorous analysis, correct decisions on where to compete, and differentiation from competitors and among business units combined with adaptability to changes are the keys to sustainable long-term value for companies. They will also tell you in unison that sustainability issues must first be analyzed and prioritized, after which the most important issues affecting the value creation of the company must be integrated in all of its operations.

Among the rest of the themes analyzed the cohesion was less comprehensive, though many similarities were found in most of them as well. For example when discussing growth each of the companies had similar underlying views, but somewhat differing ways to address the issue, as described in section 4.3.1 Growth.

Clear differences between the companies emerged in their views and emphasis on implementation and change, as well as with their approach to consulting work. The differences were not only in their views on the issues, but also in the intensity with which they addressed them. For example, for Bain implementation, or mobilization, was something it emphasized throughout the data, whereas the two other case companies gave the issue far less weight on their websites.

Even greater differences appeared in the ways these three approach the consulting work and how they seek to position themselves in the markets and in relation with their clients. McKinsey portrays itself as a company with long and successful track record and impressive set of rigorous analysis, tools and methodologies ready for solving every problem its clients may have. However, it does not speak about creating relationships with its clients or adjusting its solutions to their needs. BCG too highlights its history
and highly successful management concepts it has created along the way. However, BCG differentiates itself from McKinsey through the focus on tailoring its solutions in partnership with each client. Bain, as mentioned before, takes the furthest step away from tools and concepts and focuses in developing collaborative partnerships with its clients, through which it seeks custom made solutions for each client. Each of the companies uses these different approaches to create trust among their clients. As Legge (2002, 77) mentions, consultancies use rhetoric, ‘good stories’ and packaged, approachable solutions to increase trust and grow their client bases. The findings from analyzing how the case companies approach consulting work and position themselves in the market supports this view of Legge.

5.1 In the crossroads of traditional and contemporary theories

A I have suggested before in the cross-case section of this thesis, the case companies still build much of their advice on the traditional, outside-in view on strategy that had its dominance in strategy research during 1970s and 1980s (Hoskisson et al. 1999) and continued to influence organizations also after that time. During the same time period, in 1970s and 1980s, strategy consulting was at its peak with BCG and Bain flourishing as newcomers in the industry and McKinsey reorienting itself towards a more strategy-driven focus. The companies focused on identifying best solutions and practices in current strategy issues and molded them into simplified models and tools that were easy to promote for their clients. Some of BCG’s most known concepts, experience curve and growth share matrix, were also established during this era of traditional strategy research, and are described as representatives of so called Positioning school in which also notable traditional strategist, Michael Porter, belongs to (Mintzberg et al 1998, 82-122).

This tendency towards best practices and packaged solutions that has its roots as far as in 1960s in the work of strategy pioneers such as Igor Ansoff and Kenneth Andrews (Hoskisson et al. 1999) is still timely among the case companies, especially with McKinsey but to some extent also in the work of BCG and Bain.

Many of the focus points of the three leading management consultancies have elements from Porter’s theories, such as the Five Forces (Porter 1980, 3-33). In accordance with the traditional macro-level view on strategy, each of the case companies invests
substantial amount of time and resources in monitoring and analyzing the external forces and trends affecting the business environment and companies operating in it. Some of the forces may be different from the days when Porter first introduced his model, but the external focus still remains.

In addition to monitoring and analyzing their environments the case companies still apply some of the Porter’s (1980, 35-40) three generic strategies that were designed to overcome the five forces. Especially Porter’s on differentiation and focus strategies are still relevant in the work of these consultancies. The third generic strategy, cost leadership, on the other hand does not receive that much attention from the consultancies today.

Differentiation strategy is visible for example in how the case companies emphasis the decision ‘where to compete’, stressing that clients must prioritize their opportunities and seek territories where they have the chance to outperform their competitors. Bain and BCG emphasize differentiation also between different business units in order to ensure a portfolio full of leadership positions in different businesses.

McKinsey’s granular approach to growth has elements from Porter’s focus strategy (1980, 30), stating that companies should find a specific focus instead of aiming for industry wide competition. In addition, each of the companies emphasizes focusing and prioritizing efforts in sustainability issues. As Bain puts it, companies should not jump at every sustainability issue that get attention in media, but to prioritize those issues and stakeholders that have maximum, positive or negative, influence on company’s performance.

Bain applies another one of Porter’s concepts, value chain (Porter 1985, 33-45), when it discusses the importance of getting control of company’s sustainability agenda before others do that. Bain states that in order to achieve that, companies must accept “responsibility for the full value chain, not just a company's direct footprint” (Sustainability).

Since the focus of the consultancies studied is still leaning towards more traditional strategy ideas, the contemporary approaches, such as resource-based theory, knowledge creation, strategy as practice or views on consuming strategy, do not get that much
room on the strategy pages of these companies, at least yet. However, the companies do not entirely ignore current theories, and glimpses of some of these approaches can already be found within the cases.

Although the focus of the companies is still quite strongly on resource allocation rather than in developing resources that hold potential for competitive advantage, the resource-based theory (Wernerfelt 1984; Barney 1991; Prahalad & Hamel 1990) is not completely without attention among the cases. For example Bain’s BothBrain® approach to innovation calls attention to combining people with different skills and capabilities in order to create unique combinations of creativity and analytical skills.

BCG’s focus on decentralizing decision-making and problem-solving capabilities in volatile and changing environments also takes a step towards more contemporary approach to strategy. First of all, the idea of adaptive organizations has elements from strategy as practice perspective (Shrivastava 1986; Jarzabkowki 2004; Whittington 2006; Jarzabkowski et al. 2007), as it states that in adaptive organizations strategies are more emergent, their decision-making is decentralized across organization and problems solved implicitly by the organization as a whole. This view can also be traced to knowledge creation theories, made known especially by Nonaka and Takeuchi (1995), as BCG emphasizes that in addition to decentralized decision-making adaptive organizations must embrace and encourage free flow of knowledge across the organization.

While the focus towards more contemporary theories in strategy research increased among academics, also the needs managers had towards consulting changed. The focus turned more towards micro-level issues, such as implementation. According to the data analyzed each of the case companies have responded to the demand at some level. However, especially McKinsey still has quite limited focus on implementation on its websites, as opposed to Bain that has taken this demand quite seriously and emphasizes its focus on the mobilization throughout its strategy sites.

As the subtitle of this section suggests, it seems that these leading strategy consultancies are in the crossroads of traditional and contemporary approaches to strategy and management consulting theories. All of them still have many elements of traditional
macro-level views tightly embedded in their work, but simultaneously some of the more contemporary approaches to strategy and consulting are slowly gaining a foothold among these consultancies. Based on the analysis of the public data provided by the case companies it seems that out of the tree consultancies McKinsey still relies most on the analytical and macro-level approaches, whereas BCG and especially Bain seems to be deliberately positioning themselves slightly more towards the people-centered micro-level views.

These orientations are not completely unexpected given the fact that McKinsey as the oldest of the three has operated majority of its history in environment where these traditional views were in fact the new way of seeing management. During the first thirty to forty years of McKinsey’s existence strategy was not a dominant management concept, if it was recognized at all in the field of management. McKinsey and Bain on the other hand were founded several decades later and focused from the very beginning on differentiating from and challenging the dominant organizational consulting (then still focus of McKinsey) and focused on strategy. Bain as the youngest of the three was in fact founded not so long before the first critical voices towards traditional views on strategy and consulting emerged, so one might suggest that it was at the peak position out of the three in meeting the new demands.

What must be understood when talking about this study is that it focuses on analyzing the themes emerging from the official data provided by the case companies. This means that the findings and conclusions drawn from the data discuss the issues these companies have chosen to emphasize on their sites. Therefore a researcher approaching the companies from different angle and with different method focusing on the actual daily practiced of the companies might find different themes emphasized by the companies. This could be an interesting focus for further research, as described in the final chapter of this thesis.

5.2 Suggestions for further research

Management consulting is a multibillion-dollar industry influencing the decisions of companies worldwide in daily basis. As long as strategy is the dominant way for companies to organize their decision-making and organizational planning and consultancies keep advising the companies in their strategy-related questions, research
on strategy consultancies defends its importance. In this thesis I have focused on the current views of three leading strategy consultancies by analyzing the official material on their official websites. The data was limited to the information these companies want to provide about themselves to whomever who visits their sites and wants to learn more about their strategy expertise.

In further research it would be interesting to take a closer look at these companies and the themes and other characteristics identified in this study. By interviewing the consultants or observing their work it would be interesting find out if the themes emphasized as important focus areas in the official material in fact are relevant in consultants daily work as advisors in strategy. If the reality and the themes highlighted in official communication differ from one another, it would be interesting to investigate the underlying reasons behind that phenomenon.

As this study focused on three large, global consultancies it would also be interesting to conduct similar study on small boutique strategy consultancies and see if the findings differ from this study, in other words, to find out whether smaller and more local consultancies focus in different issues in strategy consulting.

One other question that emerged while doing this study concerns the role of official websites in attracting potential clients for consultancies. How important are they in convincing clients about the experience and expertise of consultancies and do the consultancies take this into account when planning their websites and the information they publish in them? This question arose when I noticed that, to my great surprise, especially BCG had quite poorly structured sites that did not seem to be updated very often. For example, BCG still emphasizes Web 2.0 as one of future focus areas (Future of Strategy) and has failed to correct a major error (same explanation for two different strategy styles) on website of Strategy Institute over the course of almost one year (Strategy styles). In addition, all of the three companies had exactly the same information on their strategy sites during the almost year-long period that it took to finish this thesis.
References


**Reports and rankings on management consulting**


**Case companies: publications and other online sources**

**Bain & Company**


The Boston Consulting Group

Ambidexterity.


Future of strategy.

Ingenious enterprise.

Reeves, Martin, Morieux, Yves & Deimler, Mike (2010a, March 25). People advantage.

Reeves, Martin, Salha, Henri and Bokkerink, Marcus (2010c, August 04). *Simulation advantage.* https://www.bcgperspectives.com/content/articles/strategy_consumer_products_simulation_advantage/, 14.1.2014


Strategy Institute.

Strategy styles.
http://www.bcg.com/about_bcg/institutes/strategy_institute/strategy_styles.aspx,
13.1.2014

Vision & Mission.

**McKinsey & Company**

About this practice. www.mckinsey.com/Client_Service/Strategy/About_this_practice,
12.2.2013


84
Global forces.  


McKinsey: Business unit strategy.  
http://www.mckinsey.com/client_service/strategy/expertise/business_unit_strategy, 2.3.2013

McKinsey: Corporate strategy.  


Reputation, government and regulatory strategy.  
### Appendix 1: Operations of the case companies

<table>
<thead>
<tr>
<th>Expertise areas</th>
<th>McKinsey</th>
<th>BCG</th>
<th>Bain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Business Technology</td>
<td>• Center for Consumer and Customer Insight</td>
<td>• Strategy</td>
</tr>
<tr>
<td></td>
<td>• Corporate Finance</td>
<td>• Corporate Development</td>
<td>• Performance Improvement</td>
</tr>
<tr>
<td></td>
<td>• Marketing &amp; Sales</td>
<td>• Corporate Finance</td>
<td>• Private Equity</td>
</tr>
<tr>
<td></td>
<td>• Operations</td>
<td>• Digital Economy</td>
<td>• Customer Strategy &amp; Marketing</td>
</tr>
<tr>
<td></td>
<td>• Organization</td>
<td>• Globalization</td>
<td>• Organization</td>
</tr>
<tr>
<td></td>
<td>• Risk</td>
<td>• Growth</td>
<td>• Mergers &amp; Acquisitions</td>
</tr>
<tr>
<td></td>
<td>• <strong>Strategy</strong></td>
<td>• Information Technology</td>
<td>• Information Technology</td>
</tr>
<tr>
<td></td>
<td>• Sustainability &amp; Resource Productivity</td>
<td>• Management in a Two-Speed Economy</td>
<td>• Results Delivery®</td>
</tr>
<tr>
<td>Industry</td>
<td>• Advanced Electronics</td>
<td>• Marketing &amp; Sales</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Aerospace &amp; Defense</td>
<td>• Operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Automotive &amp; Assembly</td>
<td>• People &amp; Organization</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Chemicals</td>
<td>• Postmerger Integration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Consumer Packaged Goods</td>
<td>• Risk Management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Electric Power &amp; Natural Gas</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Financial Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Healthcare Systems &amp; Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• High Tech</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Media &amp; Entertainment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Metals &amp; Mining</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Oil &amp; Gas</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pharmaceuticals &amp; Medical Products</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Private Equity &amp; Principal Investors</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Public Sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pulp &amp; Paper/Forest Products</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Retail</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Semiconductors</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Social Sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Telecommunications</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Travel, Transport &amp; Logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>• Automotive</td>
<td>• Engineering Products &amp; Infrastructure</td>
<td>• Airlines &amp; Transportation</td>
</tr>
<tr>
<td></td>
<td>• Metals &amp; Mining</td>
<td>• Retail</td>
<td>• Consumer Products</td>
</tr>
<tr>
<td></td>
<td>• Biopharmaceuticals</td>
<td>• Financial Institutions</td>
<td>• Financial Services</td>
</tr>
<tr>
<td></td>
<td>• Private Equity</td>
<td>• Social Impact</td>
<td>• Healthcare</td>
</tr>
<tr>
<td></td>
<td>• Consumer Products</td>
<td>• Health Care Payers &amp; Providers</td>
<td>• Industrial Goods &amp; Services</td>
</tr>
<tr>
<td></td>
<td>• Process Industries</td>
<td>• Technology</td>
<td>• Media</td>
</tr>
<tr>
<td></td>
<td>• Energy &amp; Environment</td>
<td>• Insurance</td>
<td>• Metals &amp; Mining</td>
</tr>
<tr>
<td></td>
<td>• Public Sector</td>
<td>• Telecommunications</td>
<td>• Oil &amp; Gas</td>
</tr>
<tr>
<td></td>
<td>• Engineered Products &amp; Infrastructure</td>
<td></td>
<td>• Private Equity</td>
</tr>
<tr>
<td></td>
<td>• Retail</td>
<td></td>
<td>• Retail</td>
</tr>
<tr>
<td></td>
<td>• Financial Institutions</td>
<td></td>
<td>• Social &amp; Public Sector</td>
</tr>
<tr>
<td></td>
<td>• Social Impact</td>
<td></td>
<td>• Technology</td>
</tr>
<tr>
<td></td>
<td>• Health Care Payers &amp; Providers</td>
<td></td>
<td>• Telecommunications</td>
</tr>
<tr>
<td></td>
<td>• Technology</td>
<td></td>
<td>• Utilities &amp; Alternative Energy</td>
</tr>
<tr>
<td></td>
<td>• Insurance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>