

## COMMENTARY

## Disruption in the consulting industry moves into Act 2

By Sandy Gopalan

ACT 1 has played out according to script. As predicted by industry watchers, the world of consulting has experienced a significant disruption over the past few years. Enterprises have roped in former consultants for internal strategy groups. At the same time, technology has gone mainstream. Businesses are demanding more comprehensive consulting services and want results, not just reports.

In response, consulting firms can be seen adding implementation services to their bouquet of offerings, evolving into end-to-end service providers. Pure-play strategy consulting houses have moved left, enhancing their portfolios with analytics, technology and programme-management capabilities and service lines; on their part, top-tier technology-services providers have moved right, by beefing up their management-consulting capabilities via accelerated hiring and merger-and-acquisition (M&A) activity.

In the last few years, many leading industry analysts and thought leaders have dwelt upon these developments, foretelling a phenomenon at work today in most top-tier con-

sulting firms, where erstwhile strategy houses as well as IT-services consulting players have moved to the centre, holding out an end-to-end proposition, spanning strategy through implementation.

Act 2 has begun – the curtains have just gone up. This started around a year ago, with a number of top-tier consulting firms beefing up their design-consulting capabilities through hiring and acquiring boutique firms. Up until recently, even those following the consulting industry closely hadn't heard about this array of specialist design and/or innovation consulting firms until they were acquired by top-tier strategy and technology consulting companies. Once is an occurrence, twice a coincidence, and thrice, nothing less than a trend. The market is truly abuzz. What really is behind right-brained, casual-looking creative-design consultants showing up on the radars of traditionally left-brained, pin-striped consultants? The answer may well be held by the customer.

Over the years, large corporations have continually rejigged and steadily optimised their businesses, and consultants have been an integral part of that journey, leveraging industry best practices and analytical tools to

aid the process. While there is still a lot of untapped promise, turning it into opportunities hasn't become any easier.

As we enter the digital era, digital technologies are upending established business models and spawning unheard-of paradigms. "Uber-isation" has taken the management lexicon by storm. Startups are in vogue. Digital technology-based innovation is unleashing a wave of disruption – be it banking, shopping or healthcare.

## DISRUPT – OR BE DISRUPTED

Executives are acutely aware of this new reality and the pressing urgency to disrupt before they get disrupted – much like what happened to Kodak, Blockbuster, the travel agency business or the taxi business. They see the opportunity to create disruptive innovation that builds on an in-depth understanding of customers and leverages digital technologies like never before. Management consulting is responding by adding innovation advisory capabilities and design thinking-based approach to their traditional consulting quiver.

Consulting as a craft works best for known problems with possible solutions that may have been applied earlier. Innovation requires

the ability to look into the future, identify the opportunity and realise it. It calls for a collaborative, prototype-based, iterative approach, which is at the core of design thinking. Design thinking is a rigorous human-centred innovation methodology that looks at a problem through the eyes of the people who experience it, provides actionable insights around unmet needs and untapped opportunities, generates unexpected ideas for changes and learns by testing rather than guessing.

This approach at the heart of all design consultancy is more empathy-based. It goes beyond understanding what people are doing and focuses more on the "why", in the process uncovering unmet emotional, psychological, and functional needs that drive behaviours. This sets the stage for breakthroughs and building the foundation for new products, systems, services and more. Top-tier consulting firms are now adding this human-centric approach to the front-end of their consulting process by re-skilling, hiring and acquiring. Design thinking is emerging as the new tip of the spear in consulting.

Even so, management-consulting companies acquiring and integrating design consulting firms and design talent is not as straight-

forward. There's every likelihood of a clash of cultures. Will the free-spirited design consultants feel constrained in a structured consulting environment? Can MBA-heavy consulting firms appreciate the aspirations and motivations of design consultants from, say, liberal arts backgrounds? Is acquisition the preferred option? Or will we see a Uberisation of consulting too, and an ecosystem of design and management consulting talent that can be more plug-and-play?

This is not to suggest that good old-fashioned consulting is on the wane – it will still bring large parts of revenues for consulting firms. What is most pertinent to note is that balancing the two worlds will be the key challenge.

So does the nattily dressed chief executive of a Tier 1 consulting firm need to watch out for the jean-clad design consultant in Converse and Keds? Sit back and enjoy the popcorn as Act 2 plays out.

Is there an Act 3? Well, the ticket did not come with a schedule.

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