

Few trends in the research function in consulting

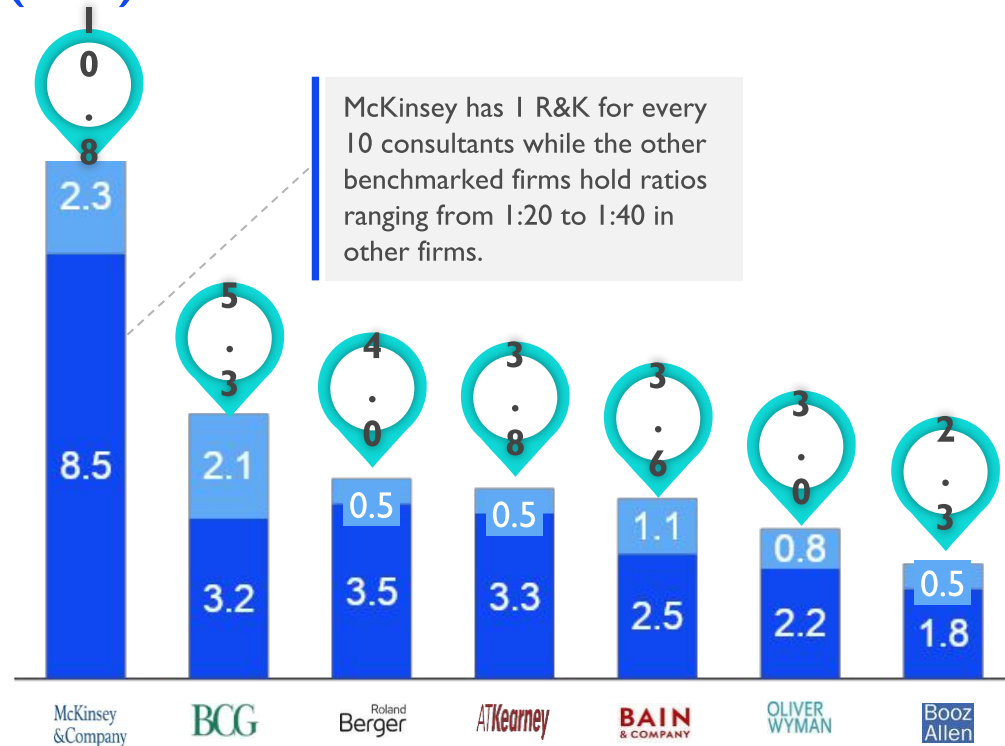
January 2021

Executive summary – Major trends in Research in Consulting

- 1 Research is done more by researchers and less by consultants – Who focus on client facing time
- 2 Research is no longer a cost center
- 3 Research expands its scope
- 4 Change in the profile of the researchers
- 5 Breaking the glass ceiling for researchers
- 6 Adopting an ecosystem logic – Open delivery model and retainer agreements
- 7 Not local not global – Three major regions
- 8 Governance as a key success factor for transformation

1 Research is done more by researchers and less by consultants – Who focus on client facing time

Number of R&K Professionals for every 100 Consultants (2018)



■ Number of Knowledge Professionals for every 100 Consultants
■ Number of Research Professionals for every 100 Consultants

McK leads the way in taking research away from consultants

Benefits

- Clients pay consultant price for consulting and researcher price for research
- Researchers perform better research than consultants
- Research requires focus, consultants can focus after hours, research hinders their work-life balance and increases turnover

Objections

- Consultants learn by doing research => They will always do research, just less of it
- Research is a cost center we cannot grow this cost => See next slide

2 Research is no longer a cost center

Research As A Cost Center

- Research billed as part of the “expenses” of a project (together with travel and other costs)
 - Research not identified as a specific charge item
- Research charged to projects as a “tax” on the revenue
- No billability target for research team

Consequences

- No incentive to invest
- Incentive to push consultants to do the research themselves to increase project profitability

Past model

New model

Research As A Profit Center

- Research billed as a line item on projects - Consulting projects combine multiple expertise
 - Consulting
 - Research
 - Analytics...
- Research charged to projects as a per the time spent based on time sheets
- Researchers have billability targets (although lower than consultants to leave time for knowledge and thought leadership work)

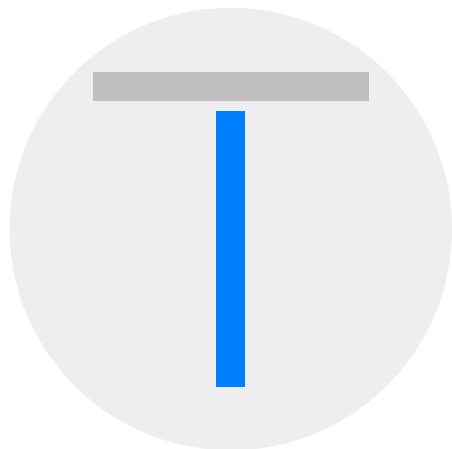
Consequences

- Strong incentive to invest in research
- Get the consultants to do consulting and researchers do research

3 Research expands its scope (1/2)



Increase its level of value add by adding Intake and Insights to the research Process

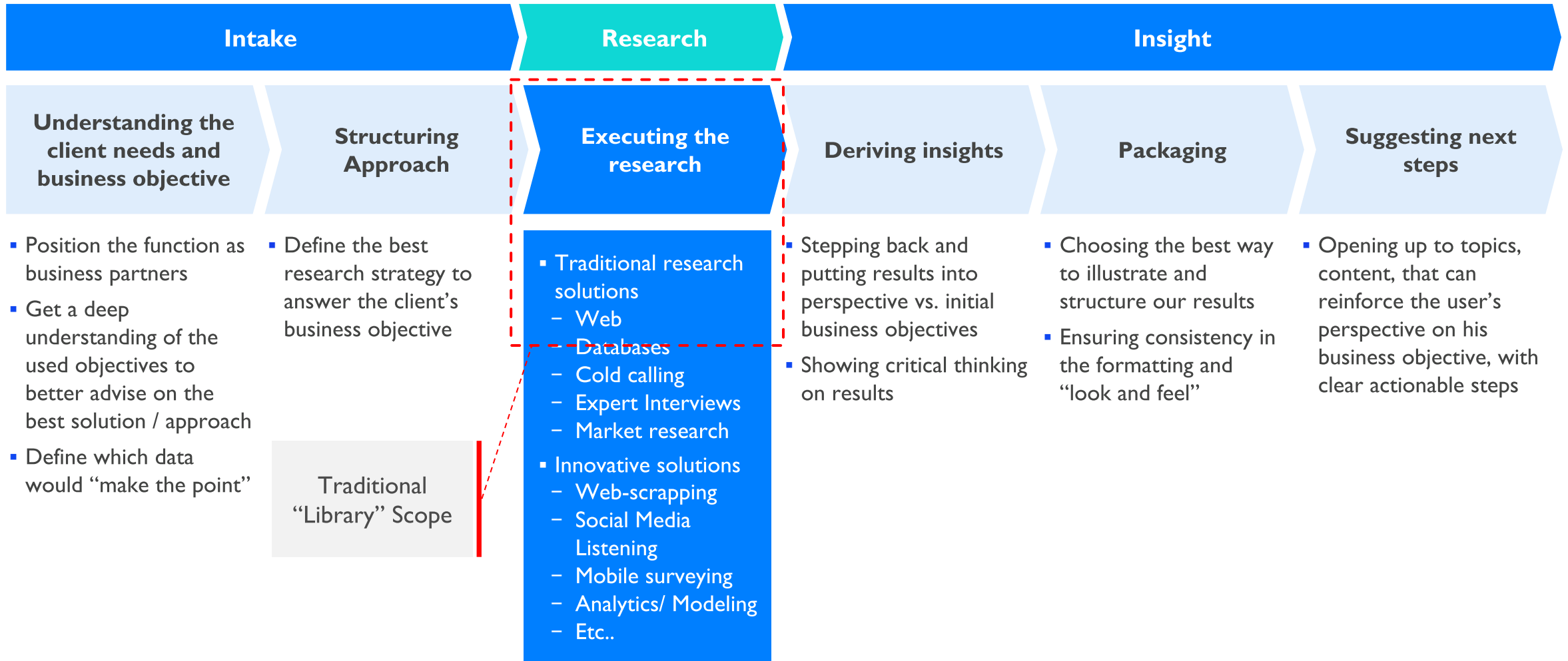


Become a **one stop shop** or **swiss knife** of research by integrating all the research methodologies relevant to get the insights the user needs



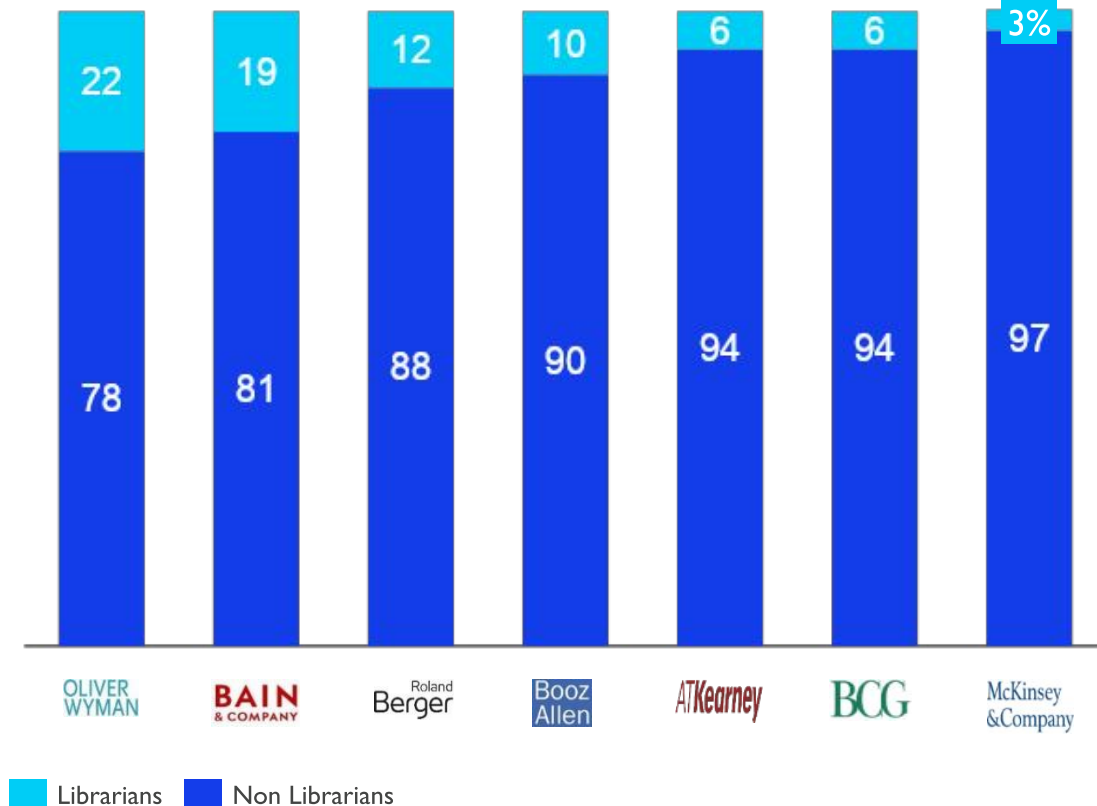
- Web
- Databases
- Expert network
- Social listening
- Web scraping
- etc.

3 Research expands its scope (2/2)



④ Change in the profile of the researchers

Percentage of Librarians in Research Functions (2018)



Traditionally research was led by librarians, whose key role was to give access to data sources

Now research is mostly done by analysts.

Key attributes of analysts:

- Business fluent – Understand and want to know the business issue at stake to provide solutions (not just data)
- Young/Digital natives – Comfortable with web research, social media, cold calling and fast turnarounds
- See research as a stepping stone – Less stable than librarians

Most firms are making the transition but at very different paces and with different strategies (starting from the top or from the bottom)

5 Breaking the glass ceiling for researchers

Leading consultancies now hire researchers with a potential to partner

- Making hiring more challenging
- Bridges between research and consulting – Both ways
- Career tracks have been re-engineered

Consequences

- Research track increases in “prestige” – Better for hiring and likely lower turnover
- Research no longer a “subordinate” function
- Stronger research skills with some consultants

1st
Consultant at Boston Consulting Group (BCG)
Johannesburg Area, South Africa · 500+ connections ·

Message More...

Boston Consulting Group (BCG)
University of Johannesburg

Experience

- Boston Consulting Group (BCG)**
8 yrs 2 mos
 - Consultant**
Jan 2020 – Present · 3 mos
 - Lead Knowledge Analyst and Team Manager**
Jan 2018 – Dec 2019 · 2 yrs
Johannesburg Area, South Africa
 - Senior Knowledge Analyst**
Jan 2015 – Dec 2017 · 3 yrs
Boston, Massachusetts & Johannesburg, South Africa
 - Knowledge Analyst**
Jan 2013 – Dec 2014 · 2 yrs
Johannesburg Area, South Africa

From **research** to **consulting**

6 Adopting an ecosystem logic – Open delivery model and retainer agreements (1/3)



Client expectations

- Accessing analytical capabilities

- Accessing expertise & drive change

Typical team *Illustrative*

- 20% of a partner's time
- A project manager
- 2-3 consultants

- 20-40% of a partner's time
- 20% of a specialized partner's time
- An external subject matter expert
- A project manager
- A consultant
- A topic expert from research team

Role of Consultant *Illustrative*



Increasing focus on value added tasks % of time



Role of research team

- Manage access to information and database subscriptions
- Occasionally provide generalist research

- Execute sector specific research
- Manage external providers
- Develop content unique to the firm ("*consulting solutions*")

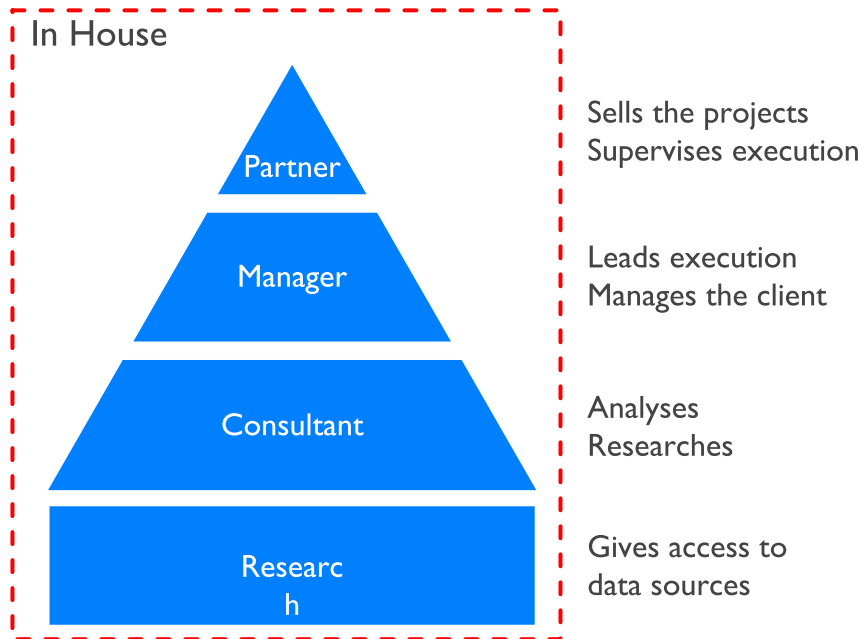
Role of outsources

- Ad hoc /unstructured use
- Some research for projects when consulting capacity is stretched

- Retainer relationship/strategic partnership
- Lean processes
- Feed the team with external data
- Secondary and primary research

6 Adopting an ecosystem logic – Open delivery model and retainer agreements (2/3)

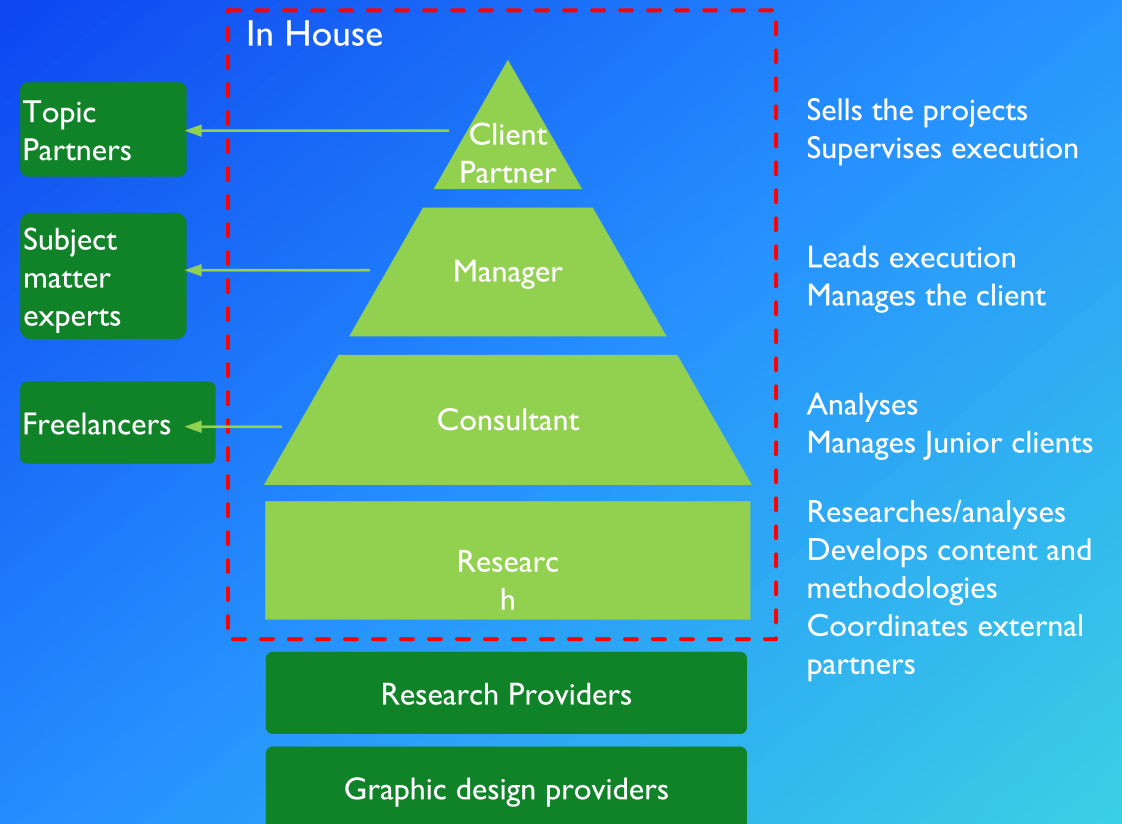
A Closed Pyramid Structure



Past model

New model

Research As A Profit Center



6 Adopting an ecosystem logic – Open delivery model and retainer agreements (3/3)

No Outsourcing Or Transactional

- Most research done internally. If outsourced then transactional (ad hoc, only for capacity)

Consequences

- Inflexible model
- Not extracting much value from outsourcers
- Higher cost

Past model

New model

Retainers

- Strategically integrating outsourcers in the delivery model, using retainers
 - For ex. one leading consultancy made the choice to outsource 40 to 60% of their research

Consequences

- Increases flexibility vs all in house
- Fully leveraging the capabilities of the partners (languages, tools, platforms)
- More control
- Lower cost (esp. lower transactional cost)

7 Not local not global – Three major regions 2/2

Rationale for going “nearshore”



When doing complex/High value add work email is not enough – Need to **connect live** (phone, video, messaging), which is not possible if time difference is too large



Understanding the **local context** of a requests helps – The researcher needs to be familiar with the region



Working **night shifts** doesn't work for intellectually demanding tasks



Diversifying delivery centers allows to tap in **broader talent pools**, minimizes country risks and leverages different intrinsic qualities (discipline, creativity, critical thinking etc)

8 Governance as a key success factor for transformation

Research As An Independent Function

Research governed as a support function, independent from consulting

- Full line of decision within Research, sometimes headed by a COO

Consequences

- Research positioned as a “commodity” service, budgets not growing
- Strategic choices not aligned with the overall business
- Slow or no transformation

Past model

New model

Research Sponsored By A Client Partner

Research sponsored by a Client Partner, ideally at Board level

- Head of Research reports to the partner, who represents Research with the Partner Group

Consequences

- Research positioned as a core service, budgets defended
- Alignment of Research with business priorities
- Fast transformation

infomineo

VALUE ADDED BUSINESS SERVICES