

Slovakia's and Global Consulting Landscape

BY ECENTER (PAVOL KOPECNY), JANUARY 25, 2005

A JOKE:

A physician, a civil engineer, and a consultant were arguing about what was the oldest profession in the world.

The physician remarked, "Well, in the Bible, it says that God created Eve from a rib taken out of Adam. This clearly required surgery, and so I can rightly claim that mine is the oldest profession in the world."

The civil engineer interrupted, and said, "But even earlier in the book of Genesis, it states that God created the order of the heavens and the earth from out of the chaos. This was the first and certainly the most spectacular application of civil engineering. Therefore, fair doctor, you are wrong: mine is the oldest profession in the world."

The consultant leaned back in her chair, smiled, and then said confidently, "Ah, but who do you think created the chaos?"

A local friend of mine said in 1998 *"if you can't load it onto a truck you won't sell it in Slovakia"* expressing the frustrations and difficulties of selling intellectual property to the local firms. *"Most people think you're crazy if you ask them to pay for your ideas and opinions."*

I will leave it up to the reader to judge whether his assessment was correct or not. I experienced first hand that selling consulting projects is still quite challenging. I believe this is caused by:

1. The consulting industry and sales of intellectual property in general is still a relatively new concept in transition economies.
2. Despite recent improvements in local economies, low purchasing power and lack of capital, relative to Western markets, forces a number of companies to simply strive for survival instead of exploring options on how to maximize returns on available capital for

- investments. Attractiveness of the local market is limited, resulting in only a small number of top consulting firms having a presence in Slovakia.
3. Local entities lack experience working with consultants. Check yourself--how many of the top consulting firms do *you* recognize from the table - *The Top 50 Most Prestigious Firms by Vault*.
 4. Most consider only the cost and do not assess the benefits consultants may bring to their clients.

For the lack of official market research about the consulting industry in Slovakia, I can only share my subjective opinion based on dozens of local consulting engagements and hundreds of discussions with executives based in Slovakia [local or foreign]. The landscape of the Slovak consulting industry could be described as follows:

1. More and more people (especially in Bratislava, the capital of Slovakia) are being exposed to working with consultants. The general knowledge on the value consultants provide to clients is still somewhat limited compared to that in more developed western countries. In other words, many people still do not know why or when companies should hire consultants.
2. High-ranked local officials in international firms have gotten their initial experience in utilizing consulting firms; though, most consulting engagements are of a technical nature (see picture Consulting Engagements - stage 3). Lower ranked officials are still in the learning stage of understanding how to benefit from engaging consultants.
3. Only a small percentage of engagements are of a strategic nature (see picture Consulting Engagements - stages 1 and 2).

In multinational organizations corporate strategies are developed in companies' headquarters and they are communicated down to local management. Some involvement and feedback from local management is often essential, but the strategy is drafted at the headquarters. In the case of local firms the approach is somewhat different. In most cases, management feels completely competent to draw its own strategies without the need to consult with outsiders. Alternatively, management is afraid to share information of a strategic nature and feels that leaking of such details may be costly for their firms. Of course, there are also local companies which profit not from delivering value to their customers but from the gaps in the legal system, and they certainly do not need to share their intentions with professional consultants.

Of course, great opportunities still exist:

- Despite the fears of unreasonably inflated charges, the lack of knowledge about the consulting industry makes local executives more attentive and interested in hearing the proposals and letting professionals do the job.
- People are interested in test-driving consulting efforts and assessing the benefits consultants may bring.
- Slovakia's accession to the EU resulted in a substantial number of new foreign firms entering the market. Many of these firms are accustomed to outsourcing non-core activities and work with consultants on tasks of critical and technical nature.

The value may be enormous but it must be done well

It is very common that uninvolved persons can see the picture much more clearly than those looking from the inside. Even more than in other industries – if consulting engagements are undertaken properly they help clients to reach the skies. Therefore, it is important to invest in hiring the most appropriate consultants, and do what is needed to accomplish the desired results.

Hiring appropriate consultants can be done through thorough interview processes in which you may check not only the references of the company and the processes they use but also individuals' skills and attitudes. It is advised that questions be asked relevant to key success factors. In some cases it may be the actual technical expertise; in others it may be the capability to think out of the box. In essence the interview process should be very similar to that you conduct when hiring your own staff.

Consulting Pros and Cons in a Nutshell

Consultants are beneficial to clients because:

- Clients can quickly acquire specialized knowledge and expertise
- They can obtain an objective, non-biased viewpoint
- They can obtain manpower which can not be moved from the day-to-day operation of the firm
- They can obtain a fresh, out-of-the-box view of the company's operation
- They will realize cost reductions (it is usually cheaper to have the top experts come and assist the company with critical tasks than to train internal people to provide the same service).

Sure, there are risks associated with hiring consultants:





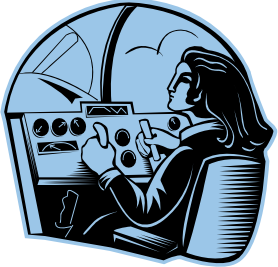
- The costs
- Hiring the right consultant

Why do consulting engagements fail?

- Hiring a consultant who tells you and your colleagues what you WANT to hear, not what you NEED to hear;
- Failure to check out a candidate's references and qualifications thoroughly;
- Unwillingness to embrace a change - Inability to accept the change you have worked so hard with the consultant to bring about.¹

¹ <http://www.aafp.org/fpm/970400fm/cover.html>

Please note that these examples are simplified to a substantial level. They are drawn to illustrate activities with which consultants help and the way they help.

1. Help to find the desired future state.	2. Help to find the best path to get there (to desired future state).	3. (a) Take you there or (b) help you to get there
<p>1.</p> 	<p>2.</p> 	<p>3. (a)</p>  <p>3. (b)</p>  
Examples		
1. To become the first space travel agent	2. Develop a business plan and an action plan.	3. Negotiate terms with vendors or help the client to prepare excellent presentations to potential customers
1. To build the most successful	2. Build the smallest phone	3. Assistance with

commercial mobile phone ever	attachable to your watch.	development, manufacturing & sales of the phone.
1. To become the most profitable and reliable car manufacturer	2. Feasibility study on relocation of manufacturing to an Eastern European country	3. Setup of new manufacturing facility, operations and information technology in the chosen country.
Type of Skills needed:		
1. Visionary (Dreamer)	2. Dreamer with specialist's knowledge (The path is often unique)	3. Specialist (Driver or Navigator – have done it number of times)

The Top 50 Most Prestigious Firms by Vault

(Vault Guide to the Top 50 Management and Strategy Consulting Firms) based on more than 2,500 consultants surveyed)

2005 RANK	FIRM	SCORE	2004 RANK	HEADQUARTERS
1	McKinsey & Company	8.353	1	New York, NY
2	Boston Consulting Group	7.96	2	Boston, MA
3	Bain & Company	7.717	3	Boston, MA
4	Booz Allen Hamilton	6.67	4	McLean, VA
5	Gartner	6.381	7	Stamford, CT
6	Monitor Group	6.327	5	Cambridge, MA
7	Mercer Management Consulting	6.144	6	New York, NY
8	Deloitte	5.955	11	New York, NY

9	Mercer Oliver Wyman	5.811	9	New York, NY
10	Mercer Human Resource Consulting	5.728	13	New York, NY
11	A.T. Kearney	5.69	8	Chicago, IL
12	IBM BCS	5.673	16	Somers, NY
13	Accenture	5.513	12	New York, NY
14	Towers Perrin	5.468	19	Stamford, CT
15	Roland Berger Strategy Consultants	5.447	10	Munich, Germany
16	The Gallup Organization	5.38	NR	Washington, DC
17	Parthenon Group, The	5.327	15	Boston, MA
18	Marakon Associates	5.28	14	New York, NY
19	BearingPoint	5.241	20	McLean, VA
20	L.E.K. Consulting	5.214	17	Boston, MA
21	Capgemini	5.173	18	New York, NY
22	Hewitt Associates	5.031	23	Lincolnshire, IL
23	Cambridge Associates	5.01	NR	Boston, MA
24	Watson Wyatt Worldwide	4.77	30	Washington, DC
25	Stern Stewart	4.707	24	New York, NY
26	NERA Economic Consulting	4.667	25	White Plains, NY
27	Arthur D. Little	4.66	NR	Boston, MA
28	Advisory Board, The	4.62	NR	Washington, DC
29	Hay Group	4.556	27	Philadelphia, PA
30	Charles River Associates	4.444	22	Boston, MA
31	ZS Associates	4.428	33	Evanston, IL
32	Mars & Company	4.414	26	Greenwich, CT
33	DiamondCluster International	4.413	21	Chicago, IL
34	Putnam Associates	4.294	49	Burlington, MA

35	Corporate Executive Board	4.28	38	Washington, DC
36	Kurt Salmon Associates	4.225	32	Atlanta, GA
				Waltham, MA/ Mountain View, CA
37	PRTM	4.198	34	CA
38	PA Consulting	4.144	37	London, UK
39	Navigant Consulting	4.023	46	Chicago, IL
40	Giuliani Partners	4.01	40	New York, NY
41	First Consulting Group	3.963	NR	Long Beach, CA
42	Dean & Company	3.844	39	Vienna, VA
43	Katzenbach Partners	3.824	NR	New York, NY
44	OC&C	3.8	28	New York, NY
45	First Manhattan Consulting Group	3.748	29	New York, NY
46	Aon Consulting	3.707	42	Chicago, IL
47	Greenwich Associates	3.678	NR	Greenwich, CT
48	Lexecon	3.6	NR	Chicago, IL
49	Huron Consulting Group	3.515	NR	Chicago, IL
50	Braun Consulting	3.409	45	Chicago, IL

Source: Vault Guide to the Top 50 Consulting Firms, 2005 Edition

(the rankings methodology is available through:

http://www.vault.com/nr/consulting_rankings/consulting_rankings.jsp?consulting2005=8)

Quality of Life in the Top 50 Consulting Firm

RANK	FIRM
1	The Gallup Organization
2	Boston Consulting Group
3	Putnam Associates
4	Droege & Comp.
5	PRTM
6	Bain & Company
7	Mercer Management Consulting
8	Monitor Group
9	Marakon Associates
10	Katzenbach Partners

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