



4.1 Where Are We Coming From?

In general, companies do not like to give out information about themselves. That is unless the sharing of knowledge is necessary to attract investors. This problem has been around in a major way since the legal framework for corporations was put into place. Now, with the spate of companies spiraling out of control because of not only anymore deceitful accounting and financing but also technical and software practices, the world seems to be cracking down on fraud. I already talked about the new green deal and closely linked the idea of the ethical corporation. The result of the crack-down will and must be an increase in the transparency of corporations' accounts and operations. Just as the whole world is digitalizing, fraud, and scandals are also moving to a more virtual level.

When businesses began to separate ownership from management, the well-known problems¹ began to manifest themselves.² Managers in charge of day-to-day operations are not keen on making known everything they do and have done on their behalf. As a manager, it is easy to rationalize this when your boss is extremely critical. When you know that you are under the watchful eye of a division head, the board of directors, shareholders, or the general public, it is easy to become self-conscious if you feel that you or your staff are under-performing. If you know that the way you're conducting business is a touch on the wrong side of the line between what is and is not legal, then it is natural to be doubly concerned about keeping a low profile.

Fortunately for shareholders and potential investors, there are rules in place to protect them from overly optimistic or otherwise misleading account figures.

¹Schildbach, T.: "Der handelsrechtliche Konzernabschluss", Oldenbourg Verlag 2000.

²Moyer, R. Charles, McGuigan, James R., Kretlow, William J.: "Contemporary Financial Management", South-Western College Publishing 2001.

Corporations do not have free reign in their activities. Important financial details must be disclosed in an annual 10-K report in the United States, and this is usually put out in the form of an annual report in the USA and in many other countries. All of this is designed to protect the owners and potential owners of a corporation.

Having a steady flow of valuable information (knowledge) is not only a boon to investors—it is also tremendously beneficial to decision-makers and employees for their everyday functions. ICT has greatly enhanced the flow of information. The need for good and timely information, combined with the capabilities of computers, has spawned an entire industry: Enterprise Resource Planning (ERP).

The roots of ERP go back to the days of the old mainframe computers that IBM produced. Everything was proprietary. Then microcomputers became more powerful, and when they began to bring down the cost of computing power, companies that were previously dependent on legacy systems for their computing needs began to switch over to server-based systems. The German software giant dominated the server-based enterprise software industry at the beginning. In fact, it was for a long time one of the most powerful companies of its kind, although its position was eroded substantially because company leadership was slow to make its software more compatible with that of competitors when the trend to do so emerged. I compare their situation with the one at Microsoft when the new CEO Satya Nadella³ took over a company that has lost its agility and ambition forcing him to “Hit Refresh.”⁴

4.2 Even Microsoft Had to Hit Refresh

SAP and its competitors have realized that the traditional approach of pushing all of its technology onto the consumer is a bit outmoded. Businesses want to choose what software they use and want to avoid the ‘lock-in’ effect that ERP companies had previously worked hard to achieve.⁵ Many ERP companies had already moved away from their previous strategy by the time SAP decided to make its move. It abandoned the old approach officially in 2001 when the company’s CEO, Hasso Plattner, announced that SAP had developed its mySAP.com software into a set of stand-alone units that can be installed separately.⁶ Today SAP is fully engaged in all areas of businesses and offers even a Marketing Cloud for the entire Customer Journey, but internally—as a highly protected secret—in 2020 still uses Adobe Marketo for

³https://en.wikipedia.org/wiki/Satya_Nadella. Accessed: June 9, 2020.

⁴Nadella, S.: “Hit Refresh – The Quest to Rediscover Microsoft’s Soul and Imagine A Better Future for Everyone”. HarperBusiness, 2019.

⁵Shapiro, Carl. Varian, Hal R.: “Information Rules: A Strategic Guide to the Network Economy”, Harvard Business School Press 1998.

⁶Glick, Bryan: “SAP Consigns ERP to History”, VNU Business Publications, 2001, <http://www.vnunet.com/News/1121188>.

their Marketing Automation activities themselves as the SAP solution obviously does not perform.

These are big developments in an industry that has come of age. Why did the need to change arise? The first reason is cost. The initial outlay for software licenses, the necessary hardware, and the implementation is very expensive. Apart from that, maintenance on traditional systems is high, even compared with the legacy systems that preceded them. More importantly, the “lock-in” effect meant not only that a company had to stick with one software company; it also meant that sharing data with the companies and their suppliers and customers was difficult if they did not also use the same platform. Nevertheless, the implementation of ERP at companies around the globe facilitated knowledge sharing and transparency within those companies. And the next big paradigm shift is the so-called “Sharing economy”⁷ where everything is located in the cloud and not anymore decentralized stored.

4.3 Why Are Value Chains Always Forgotten?

The ability for companies to integrate their knowledge and disseminate it throughout their value chains is extremely important. The integration opens up additional lines of communication, so to speak. Recognizing the importance of sharing valuable data and knowledge is the first step, but it is essential not to miss out on the extremely important aspect of timeliness. With today’s technology, this is no longer such a large problem. However, as industry pundits point out, it has not gone away completely. ERP software companies are allowing more choices and integration with the products of other providers, but integration is not very user-friendly and can still prove to be a massive technical headache.⁸ APIs are omnipresent and all do provide APIs for all but in the end, we are still talking about “customizing” which means time and money. A perfect showcase for the challenge ever-faster and dynamic IT offering developments are posing the businesses is the MarTech stack 8000 landscape. Since 2011 the number of available IT solutions and products only for the area of marketing has grown from approximately 100 to more than 8000 which means almost 1000 new products per year.⁹ On the other hand, the SalesTech landscape also faces a rather dynamic growth. Both worlds of suppliers are fighting for buyers and in most cases, they also touch aspects and functions of the other area in the sense that the MarTech and SalesTech landscape are offering more and more products for the same function. Marketing and Sales are stumbling in an internal

⁷https://de.wikipedia.org/wiki/Sharing_Economy. Accessed: June 9, 2020.

⁸Glick, B.: “SAP Consigns ERP to History”, VNU Business Publications, 2001, <http://www.vnunet.com/News/1121188>.

⁹Seebacher, U.: “The B2B MarTech 8000 – How to Survive in Jurassic Parc of Dazzling Marketing Solutions”. In: Seebacher, U.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”. Springer, 2020.

competition and must be careful not to develop their own Tech stack with—in the end—overlapping not communicating solutions.

Financial and operational transparency is continuing to increase in the near term.

The thoughtful executives of Enron¹⁰ and WorldCom¹¹ can be thanked for that, big scandals that—scary enough—today’s world seems to have forgotten already. Recent debacles on both sides of the Atlantic have impacted the freedom of corporations hopefully to the sake of us all. As mentioned before, corporations have never had free reign in their activities since the inception of that particular business form. There has always been a smattering of laws and regulations to keep them under control, though apparently not enough to keep them within ethical boundaries. Now, however, regulatory bodies in the USA and in Europe are quickly clamping down on corporations that are running askew of the law.

Airtight laws are few, and the cadre of lawyers employed by large corporations is smart enough to find and exploit any loophole, given time. In the future, corporations will have to be more forthcoming and honest with their business practices, or they will face the prospect of agencies like the SEC constantly watching over them, ready to dash off more confining laws.

4.4 The Remocal Economy

In the preceding section, I discussed the integration of the value chain made possible by IT, IoT, IoP and big data, and, more specifically, ERP systems. The effects of all this are, of course, much farther reaching than that. Even at the time that Tim Berners-Lee’s idea of the World Wide Web began to take shape, most people would have chuckled at the idea of information being so easily accessible, much in the same way that people did in the 1960s when discussing putting a man on the moon.¹²

Now more than 500 people have made successful flights into space, not to mention the ones who have set foot on the moon, and SpaceX recently successfully relieved NASA from being the Russians passenger due to the lack of a functioning space program. In the USA, data transmission volumes surpassed snail mail in 1999.¹³ Since then, the infrastructure and availability of electronic communication have improved just as dramatically as the cost has fallen. Today, nearly every computer sold comes with a modem. About 350 million people in North America are using the internet which means that worldwide the USA have the highest internet penetration rate with 94.6% of the population using the internet. But the USA also carries the red light in regard to the internet penetration growth rate with only 223%

¹⁰<https://www.investopedia.com/updates/enron-scandal-summary/>. Accessed: June 9, 2020.

¹¹<https://www.thebalance.com/worldcom-s-magic-trick-356121>. Accessed: June 9, 2020.

¹²Berners-Lee, T.: “The World Wide Web: A Very Short Personal History”, World Wide Web Consortium, <http://www.w3.org/People/Berners-Lee/ShortHistory.html>.

¹³Barnett, M.: “USWeb Tackles the Internet Economy”, The Industry Standard, September 1998.

during 2000 to 2020 compared to Africa with a value of over 11,000% for the corresponding time frame. In 2003, when I first published this book, in Europe, the Middle East, and Africa, which were lumped together by Nielsen as the EMEA region, the figures were not quite as high as today, as the evaluated growth rate was a staggering 6.3%.¹⁴ If we compare this with the actual figures we see that the internet growth rate for that entire region is in the three-digit percentage area meaning an enormous multiplication of the growth rate (Fig. 4.1).

In 2003 I stated:

Even by a cautious estimate these numbers are fabulous for telecoms, Internet Service Providers (ISP), and networking hardware producers for obvious reasons. What does this mean for other sectors and industries, though? It means new flexibility for employees and companies alike. With a high-speed connection to the office, employees at companies like Cisco can elect to do their work from home or anywhere else for that matter. Several programmers employed by Cisco Belgium routinely spend their winters in sunny Spain.¹⁵ Of course, this is an extreme example—most people are required to come to the office a bit more often than these Cisco employees do.

Charles Handy¹⁶ sees virtual organizations as the wave of the future—a wave that has already begun to beat against our shores, eroding the conventional idea that employees should be present at the workplace unless they are supposed to be out in the field visiting a client.¹⁷

In his article entitled “Trust and the Virtual Organizations”, Handy recounts how a fire ravaged the main library near his home in Britain. Faced with the task of organizing the replacement of the library and its contents, the head librarian had a stunning idea: He decided that instead of *replacing* the library, he would compensate for its loss by building a smaller central library and a small branch library in every village that was previously served by the main library. Each little branch would be equipped with the necessary IT infrastructure to link it to a database at the central library, and to any other library, for that matter.

The reconstruction of the library is now complete. Its new home is in a modern building, which it shares with a tourist information office and a restaurant, among other things. Each branch library has Internet-connected computer facilities that allow its patrons to access subscription-based research sources, the library system’s online catalog, and email. All of this came about as a direct result of a disaster, which proved to be a good impetus for change.

¹⁴McDonald, T.: “Study: Home Internet Access Tops Record 500 Million”, NewsFactorNetwork, March 7, 2002, <http://www.newsfactor.com/perl/story/16664.html>.

¹⁵Petre, X.: Personal interview, April 2002.

¹⁶Handy, C.: “Trust and the Virtual Organization”, VisionaryMarketing.com.

¹⁷Stanley, D.M.; Meyer, C.: “Blur – The Speed of Change in A Connected Economy”, Little Brown & Co 1999.

WORLD REGIONS	Population (2020 Est.)	Population % of World	Internet Users 31 May 2020	Penetration Rate (% Pop.)	Growth 2000-2020	Internet World %
Africa	1,340,598,447	17.2 %	526,710,313	39.3 %	11,567 %	11.3 %
Asia	4,294,516,659	55.1 %	2,366,213,308	55.1 %	1,970 %	50.9 %
Europe	834,995,197	10.7 %	727,848,547	87.2 %	592 %	15.7 %
Latin America	658,345,826	8.5 %	453,702,292	68.9 %	2,411 %	10.0 %
Middle East	260,991,690	3.9 %	183,212,099	70.2 %	5,477 %	3.3 %
North America	368,869,647	4.7 %	348,908,868	94.6 %	223 %	7.5 %
Oceania/Australia	42,690,838	0.5 %	28,917,600	67.7 %	279 %	0.6 %
Total	7,796,949,710	100.0 %	4,648,228,067	59.6 %	1,187 %	100.0 %

Fig. 4.1 World internet usage and population statistics (2020 year-q1 estimates). (Source: <https://www.internetworldstats.com/stats.htm>. Accessed: June 9, 2020)

4.4.1 About Structures and Methods

The suitability of a company to make a transformation into a more virtual organization is highly dependent on its culture and structure, which in turn are greatly influenced by the environment in which the company operates. Morgan already then based his assumptions on the hypothesis of organizational etymology¹⁸ and the link to an organization's context influencing not only the development path but also the ethical peculiarities. This is explained well by organizational typology contingency theory, which clarifies the relationship between a company's form and the nature of that company's function and environment.¹⁹

Companies in turbulent environments, such as the automotive, cybersecurity but also the classical plant and mechanical engineering industries encounter unique problems in their daily operations. Compare Boeing with a lumber company. Every airliner that Boeing produces is a custom order with a practically unlimited number of choices that make each plane one of a kind. The several thousand wires that comprise the electrical system of a 747 make for a vast number of possible configurations.²⁰ The problems that are encountered during the production of a plane are unique and require one-off solutions.²¹ We deliberately disregard at this point the fact that Boeing currently faces significant other problems caused by their 777 Max.²² A lumber company, on the other hand, has much easier and routine tasks to contend with and a more limited set of potential problems, most of which can be straightforwardly documented along with their solutions.

The power and control of Boeing are fairly centralized, which lends it the appearance of a bureaucracy. A bureaucracy, however, with its limiting and slow decision-making structure would never be able to efficiently cope with all of the distinctive problems it faces every day. As a result, the company has adapted to its situation by creating temporary work groups that have enough power to handle the difficulties that they encounter. In essence, Boeing is a *bureaucratic adhococracy*,²³ with a two-sided power structure. Overall accountability of the company remains within the pyramid, yet project teams have enough power to cope with most of the company's urgent problems.

The complexity of Boeing's operations and the necessity for timely decisions directly influence its organizational typology, making it more involved. The

¹⁸Seebacher, U.: "The B2B Marketing Maturity Model – What the Route to the Goal Looks Like", in Seebacher, U.: "B2B Marketing – The Guidebook for the Classroom to the Boardroom". Springer, 2020.

¹⁹Morgan, G.: "Images of Organization", Sage Publications 1996.

²⁰Nash J.: "Wiring the Jet Set", Wired Magazine, October 1997.

²¹Shaw, R.: "Boeing 747-400 – The Mega-Top", Osprey Publishing Co 1999.

²²<https://www.businessinsider.de/international/boeing-737-max-timeline-history-full-details-2019-9-3/>. Accessed: June 9, 2020.

²³Mintzberg, Henry; Quinn, James B.: "The Strategy Process: Concepts, Contexts, Cases", Prentice Hall 2000.

simplicity of a lumber company's problems allows for a less complex structure, such as a typical pyramid bureaucracy.

Of course, the nature of the tasks at companies in both of these industries does not really make them ideal candidates for transformation into virtual organizations. At least not the entire organization. However, parts of both *could* be virtual, if provided with a connection to the company's intranet. Many employees in staff positions could easily work from home. The culture of most lumber companies probably would not support such a move, whereas Boeing's culture might.

More apt to make a virtual transformation are companies that work primarily with knowledge. A division exists here, as well. The environment of software and other IT companies is rapidly changing. This, combined with the nature of their work, creates a good basis for companies in these areas to be virtual. Attorneys, on the other hand, are also knowledge workers, but their environment changes slowly. The field of law is conservative and is therefore an unlikely area for firms to begin experimenting with a radically different organization. But what happened in April 2020? All of a sudden also attorneys could easily work from home. One of my friends George, a brilliant and down-to-earth lawyer himself, recently told me:

At the beginning it was a strange situation to work from home. But after few days we were back to normal. Our employees got used to that remote work and all was fine. They even enjoyed it and we got very positive feedback even though I missed meeting my colleagues face to face...!

Twitter CEO Jack Dorsey beginning of May 2020 even announced in a company-wide email, that employees will be allowed to work from home forever. The company said in a blogpost:²⁴

We were uniquely positioned to respond quickly and allow folks to work from home given our emphasis on decentralization and supporting a distributed workforce capable of working from anywhere... The past few months have proven we can make that work. So if our employees are in a role and situation that enables them to work from home and they want to continue to do so forever, we will make that happen.

Reading these and other posts and messages, my lines from 2003 are confirmed and it seems as if we already realized then what would and should happen. In the first edition of this book I continued writing:

Cisco has an extensive intranet with thousands of pages and on-line applications that handles everything from the employee directory to a program that employees use to keep track of their paid leave time. When companies put so much information on computers connected to the Internet, they must go to great lengths to ensure the safety and integrity of the data.

²⁴<https://www.theguardian.com/technology/2020/may/12/twitter-coronavirus-covid19-work-from-home>. Accessed: June 9, 2020.

Protocols such as Virtual Private Networking (VPN)²⁵ and ‘tunneling’ have become a necessity. Both of these technologies allow an intranet user to create a private connection with the company’s server, thus securing the data from tampering and from viewing.

Many companies have taken a small step toward virtuality by providing employees with cell phones or pagers. It may seem trivial, but it is an important step towards making employees available even when they’re not in the office. Interestingly enough, many conservative industries started adopting mobile communication technology early in its development.

How will companies become more virtual in the future? Perhaps the more appropriate question is: What is *keeping* them from becoming more virtual now? The three main culprits are trust, culture, and pervasiveness of technology, in this order of importance.

The fact that companies are finding it necessary to put policies in place to curtail the increasingly high amount of Internet misuse is not exactly great encouragement for going virtual.

4.4.2 Solving The Trust Paradox

Managers cannot check up on employees’ reports as easily if they do not share a common location. How can managers be sure that employees are staying on task and not pacing back and forth to the refrigerator looking for a snack every twenty minutes? Trust becomes a necessity, and it is really not that big of a step. Trusting someone who works on his own to achieve goals set by management is nothing new. Organizations have trusted mobile salespeople for years without problems. The difference here is that results have always been easily measurable for salespeople. However, with contemporary evaluation techniques, this should not be a problem for any job.

Employees will resist change within their organization’s culture. If employees value their water-cooler chats and the general convivial atmosphere of their workplace, they will be understandably upset if they are all of a sudden plunked down in their home to work, without the opportunity to socialize with colleagues.

As technology becomes increasingly pervasive, the severity of the cultural problem will diminish. Small steps in technology will foster acceptance. If employees were encouraged to continue socializing but to do it in a computer chat room instead of around the water cooler, moving these people to different locations would eventually become easier. Researchers and scientists from Xerox PARC laboratories from all over the world collaborate on projects using Jupiter, which is a shared virtual workspace.²⁶

²⁵Northcutt, S.; Zeltser, L.: “Inside Network Perimeter Security – The Definite Guide to Firewalls, Virtual Private Networks (VPNs), Routers, and Intrusion Detection Systems”, New Riders Publishing 2002.

²⁶Xerox Research Center Europe: “Jupiter Technology”, <http://www.xrce.xerox.com/showroom/techno/jupiter.htm>, Accessed: Jun5, 2020.

Just as the Luddites resisted industrialization and moving labor out of the home (cottage industry), Neo-Luddites will resist the shift of work back to the home.²⁷ It will also be a cottage industry of sorts; only the product will be intangible and might not even be located on the hard disk of the worker, but on her employer's intranet server thousands of miles away.

This brings up a very important issue: How will the employer extract the maximum amount of value from the employee when she is so far away in a remote business world? As employees move out of the confines of physical office space, it becomes extremely important for their companies to recognize and codify the assets that the employees bring with them. In other words, the roles of knowledge management and productivity goals become increasingly important to companies.²⁸ As already said in the latter chapter, the triangle of trust and commonly agreed structures and methods will be essential in order to enable an aligned way of working even in a remote business environment. It behaves similarly to software systems that have to communicate with each other. The secrets of success are aligned and defined processes and interfaces. Using TBM both processes are being defined and communicated as well as the interfaces in regard to handing over ex ante precisely defined pieces of information.

In the first section of this chapter, I discussed some of the changes in business law that are a consequence of the corporate fiascos involving Enron, Andersen, and WorldCom and recently also WireCard. Corporate activities will become more transparent because of them. An aftereffect might be an increase in virtuality. Or will this hinder the virtual organization because of lack of trust?

In addition to the telecommuting benefits that IT provides, it has been possible for some time now for companies to exchange data such as inventory quantities, order quantities, and production volumes with other companies in their supply chain or with any other organization with which they would like to share information. Such dynamic data interchange is the necessary backbone of systems like *Just-In-Time*.

4.4.3 How to Make the Intangible Tangible?

IT and the Internet have led to societal changes that are simultaneously good and bad. This is an issue that is open to much discussion. Some people see the ease of communication of email as a wonderful improvement over snail mail. They did not expect WhatsApp, WeChat, and TikTok to take over essential parts of the communication. Being cheap and fast, it allows me to transmit information across the country or overseas at no cost additional to the overhead of the computer and Internet

²⁷Sale, K.: "Rebels Against the Future – The Luddites and their War on the Industrial Revolution: Lessons for the Computer Age", Perseus Books 1995.

²⁸For more information on Strategic Human Resource Management, see Seebacher, U.G.: "Cyber-Commerce Reframing – The End of Business Process Reengineering?", Springer Publishing 2002.

subscription. Social Media has changed the way we communicate with each other. Great distances no longer hinder social exchanges.

With the increasing use of modern ICT, the publication and dissemination of information have become extremely easy. Big data 24/7 globally available in the century of the Netflix-Industry are driving developments in much the same way that information became more accessible when Gutenberg²⁹ invented the printing press, the Internet has made possible the distribution of information at a much lower cost than with prior means.

The more dependent on technology that businesses and society become, the more information and their 24/7 accessibility will play a role in our day-to-day activities. As a result of this and of the ease of which information can be distributed, we will have to contend with ever greater amounts of data. A search on almost any topic with any of the popular search engines on the Internet will yield a few good results. Finding the information within these results that is relevant for you is another matter.³⁰

The size of the Internet is growing at a phenomenal rate—the volume of data contained on its massive internetwork of computers doubles annually.³¹ With this growth, it becomes increasingly difficult to find what you are looking for. Luckily, new technologies are popping up that will aid in narrowing down Internet sources to a manageable size. If companies, research institutes, and independent researchers ceased to develop this technology, in a few years' time we would most surely drown in the sea of data laid out before us.

Companies must also contend with a countless number of internal data sources. Databases and pages on the Intranet come to mind immediately. More important, however, is the information that has not found its way into the computer system yet. An important objective of any business is to find ways of transforming information from various internal and external sources into meaningful information in the sense of value creating units (VCU). When these meaningful units are distributed quickly enough to someone who can make use of them, these units are then contributing to the knowledge of the organization. A key problem is getting the VCUs to potential users in a timely manner.³²

Recognizing information that has utility is becoming more difficult. The ideas, concepts, and tools that businesses use in their operations are complex and become more so with each passing year. Knowledge acquisition is therefore a very important and very difficult proposition. However, analysis and codification have to be carried out only once for the captured knowledge to be available for future applications.³³

²⁹Man, J.: "Gutenberg – How One Man Remade the World with Words", John Wiley & Sons 2002.

³⁰Sherman, C.; Price, G.: "The Invisible Web – Uncovering Information Sources Search Engines Can't See", Independent Publishers Group 2001.

³¹Coffman K. G.; Odlyzko A. M.: "Growth of the Internet", AT&T Labs – Research July 6, 2001.

³²Choo, C.W.: "The Knowing Organization – How Organizations Use Information to Construct Meaning, Create Knowledge, and Make Decisions", Oxford University Press 1998.

³³Borhoff, U. M.; Pareschi R. (Eds.): "Information Technology for Knowledge Management", Springer Verlag New York 1998.

4.4.4 How to Overcome the Degradation of Knowledge?

A big problem with this is the degradation of knowledge over time. All of the knowledge that a Video Cassette Recorder (VCR) manufacturer encodes now will be almost completely obsolete in the coming years. The knowledge will still be useful for the repair of VCRs, but there will no longer be a use for the knowledge.

The same is true for business knowledge. As the economy changes and grows in new directions, the techniques and strategies of yesteryear will become less important for dealing with current issues. However, this does not mean that finding and documenting knowledge is futile. Even if old knowledge is not directly applicable to the task at hand, it can be useful and transferable to other situations. Typewriters are for all practical purposes obsolete but knowing your way around a keyboard has become more valuable.

Knowledge in today's economy is of the utmost importance. It is the lifeblood of many companies. The assets of these companies are contained not within walls, but within the minds of their employees. When an employee leaves, he takes with him everything he has learned—all of his knowledge and experience. A well-conceived knowledge management system ameliorates this problem. In addition to this, a knowledge management system makes it unnecessary to solve the same problem twice, and thus increases productivity.³⁴ This is why more and more companies are using MarTech stack to ongoingly collect all data of their clients and prospects with the aim of getting an 360° view on the customers. User Experience and Touchpoint Management are only few of the many colorful buzzwords used in that regard. Combining these data with Artificial Intelligence (AI)³⁵ but also crawlers collecting all virtual breadcrumbs of customers enables companies to grow their marketing toward a real marketing engineering sales engine.

4.5 Predictive Intelligence for the Remocal Economy

With increasing transparency, increasing connectivity, increasing quantity of data, businesses can grow from a *reactive-static business analytic* toward a *dynamic-modeling predictive intelligence* as shown in the Predictive Intelligence Maturity Modell (PIMM) based on my work and research in 2020 on one of my new books "Predictive Intelligence—A Guidebook Towards Intelligence Excellence" (Seebacher 2021). This will allow to predictively forecast developments of markets, products and segments, and also customer behavior. The PIMM describes the growth path of organizations from static and selectively buying of too expensive, mostly lacking depth and quality, external researches and studies for unstructured evaluating and

³⁴Davenport, T.; Prusak, L.: "Working Knowledge – How Organizations Manage What They Know", Harvard Business School Press 2000.

³⁵Russel, S., Norving, P.: "Artificial Intelligence – A Modern Approach", 3rd edition, Pearson, 2016.

discussing market potentials toward a stringent and valid internal 360° interactive and ongoing radaring of all relevant dimensions such as countries, economies, markets, applications, and products but also competitors, tenders, and clients as well as leads (Fig. 4.2).

Having staff dedicated to knowledge management is not enough. Data Science is the new area and discipline. The formalized structure is useful for the global and strategic planning, functioning, and measurable performing of the company, but it does not help in every situation. Every employee should be able to recognize knowledge in the sense of the above mentioned VCUs that can benefit the fulfillment of the company's goals, as well as those within the particular area of responsibility.³⁶

Three of the case studies in the new 2020 edition of this book will describe success stories of applied *Predictive Intelligence* of three of my clients. With these clients, we did not invest any money for external agencies or research institutes. Based on Template-based Management I guided them through the growth path described in my PIMM. Step by step we grew from static business analytics to strategically driving businesses and certain divisions.

The TBM work with my clients on Predictive Intelligence shows that the internal development and deployment of this ever more important topic has major impacts and creates tangible results such as:

- Decreases costs for data by 30–50 percent
- Reduces time for report generation by 60–80 percent
- Increases website sales by 10 percent
- Increases the email click-through rate by 35 percent
- Optimizes email conversion rates by 25 percent
- Reduces sales cycle times by 20 percent
- Increases sales success rates by 24 percent and more and
- Leverages a defined sales force by 30 percent

For a manager conducting a TBM implementation, this is a particularly important point. He must be able to uncover kernels of knowledge and he must be able to identify people within the firm who are able to do this, too. This means making intangible knowledge tangible for the client so that it can be useful for further activities.³⁷ Also crucial is the ability to discover those employees who will be able to learn the usage and application of templates and transfer that valuable knowledge to their colleagues. In addition, the manager must find people who can

³⁶Crawford, R.D.: “In the Era of Human Capital – The Emergence of Talent, Intelligence, and Knowledge as the Worldwide Economic Force and What It Means to Managers”, Harper Collins (Paper) 1992.

³⁷Stewart, T. A.: “The Wealth of Organizations – Intellectual Capital and the 21st Century Corporation”, Doubleday 2001.

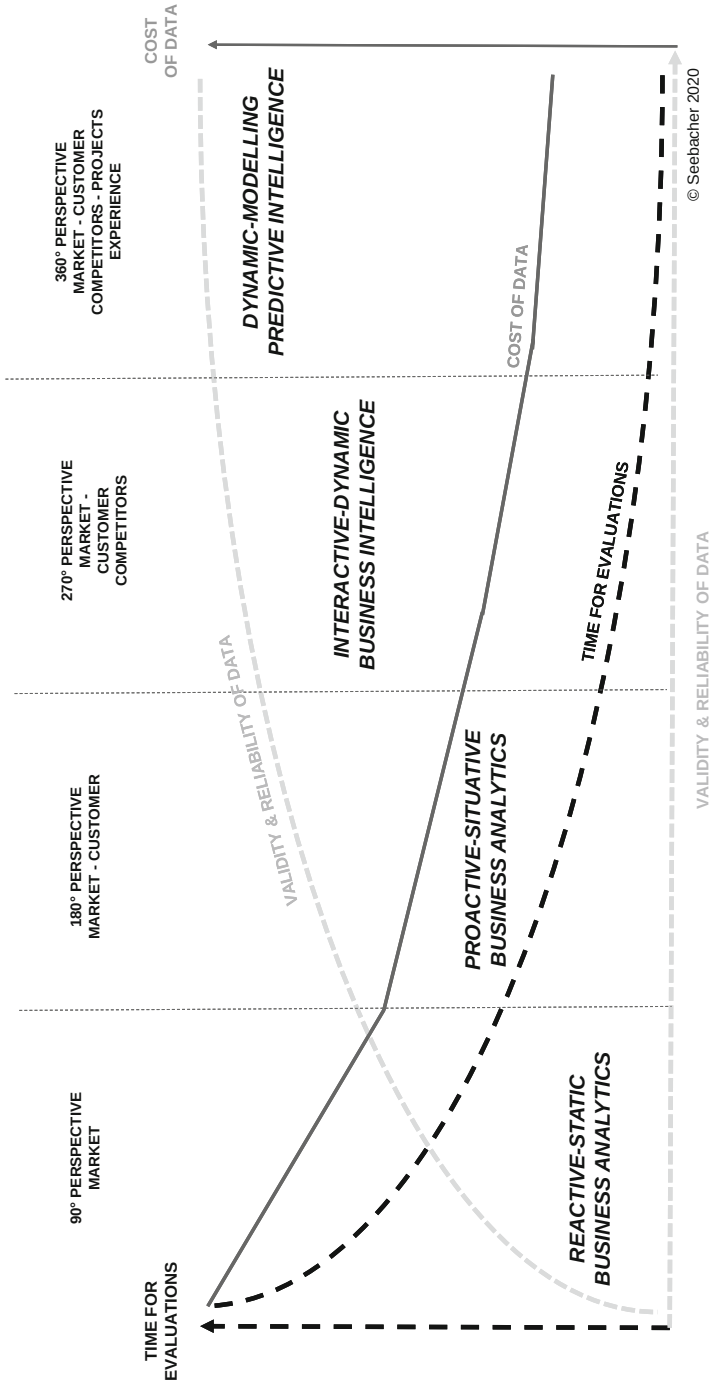


Fig. 4.2 Predictive Intelligence Maturity Modell (PIMM) (Seebacher 2020)

collaborate with him in the development of the templates within their own areas of responsibility and others who are good lateral thinkers and possess the ability to develop the templates across functional lines. In the area of Predictive Intelligence, I drafted a generic structure of three pillars for which we would need templates to cluster and structure information in order for then being able entering them into a *Central Business Intelligence*³⁸ data model, which again was based on a predefined template as starting point (Fig. 4.3).

As the pace of business quickens, so does the complexity of the organizations that operate in the changing environment. Matrix organizations, adhocracies, and virtual organizations all have a much higher degree of complexity than the bureaucracies that dominated before.³⁹ The number of functions within these new and growing companies has increased, largely due to the increasing dependency on IT. Software, PCs, and local-area networks all require personnel with a certain degree of expertise to implement, manage, and troubleshoot these systems. Apart from the obvious IT competencies that system administrators must have, it is becoming increasingly important in the remocal economy for regular employees to have good computer skills in order to operate the software packages that are commonplace in companies today.

4.5.1 Why Struggle with Cost Pressure?

Everything seems more expensive these days. This is, of course, due to the economic slowdown that we are now in the middle of. I covered some key macroeconomic figures in the last chapter and will refrain from repeating myself here. For consumers and businesses alike, the current economic climate is not that pleasant. The crisis from the past appears in a completely different light when compared to COVID-19.

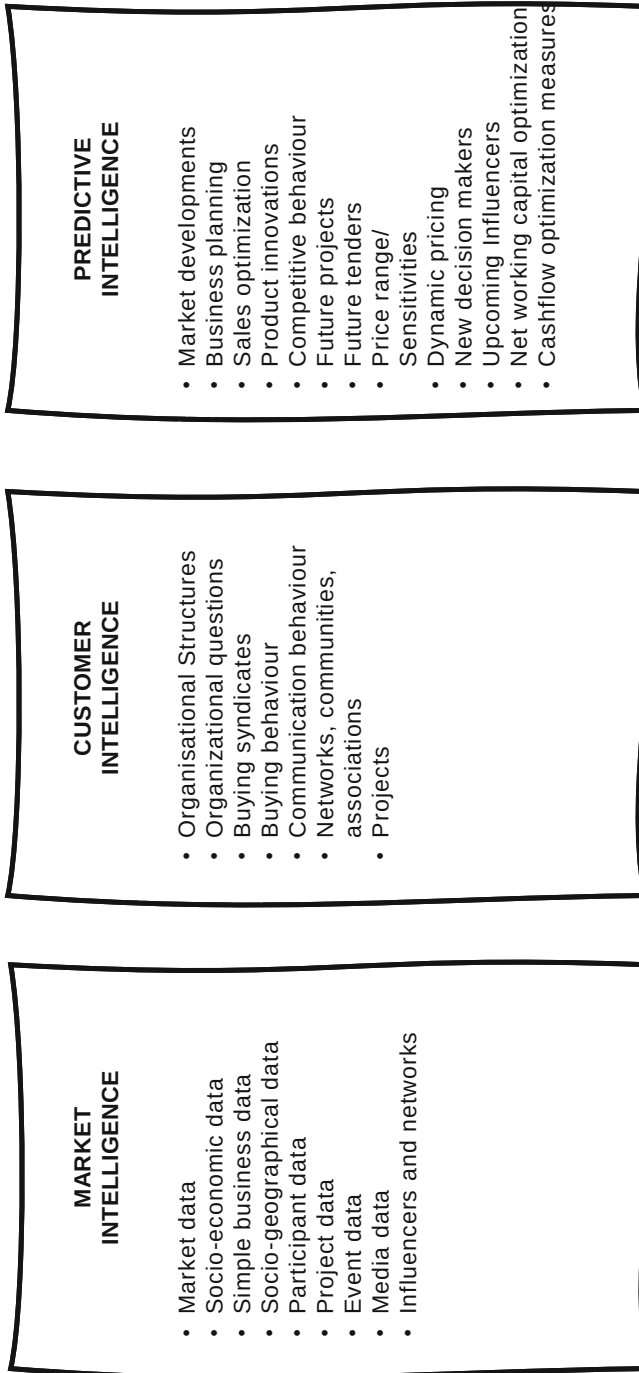
For a family to function successfully, a number of needs must be fulfilled: food and shelter of course, plus some form of entertainment to amuse the kids. When you mix these together, you produce happiness and a well-run household (in theory, at least). Unfortunately, the ingredients for the happy family are increasing in price. In business, the product is different, but there are still a number of necessary inputs. And like the family's inputs, the inputs for business are getting more expensive. In short, everyone is feeling the crunch right now.

In his book, *The Age of Unreason*,⁴⁰ Charles Handy argues, "Many more clever people are now needed, for one thing, and there are fewer places for the less clever." The bar is steadily being raised in the labor market. A secondary school education used to be enough to make a person a "hire-able" labor input. Then a college degree

³⁸Strohmeier, L.: "Central Business Intelligence – A Lean Development Process for SMEs", in: Seebacher, U.: "B2B Marketing – A Guidebook for the Classroom to the Boardroom", Springer, 2020.

³⁹Mintzberg, Henry. Quinn, James B.: "The Strategy Process: Concepts, Contexts, Cases", Prentice Hall 2000.

⁴⁰Handy C.: "The Age of Unreason", Harvard Business School Press 1998.



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Fig. 4.3 Schematic 3 Pillars of Predictive Intelligence (Seebacher 2020)

became the norm. Today, staying “clever” requires continual education and re-education of the people already in the labor force, well beyond a bachelor’s degree. But continuous education requires resources, which increases one’s cost of remaining in the labor force.

The cost of educating children for tomorrow’s labor force is also increasing, as educators and school systems strive to keep up with the rate of change in technology and science.⁴¹ In attempting to prepare students now for the unknown future, educators are ‘shooting at a moving target,’ covering a broader range of topics and subjects just to make sure nothing is missed.⁴² To the extent that the education of the labor force is a cost borne by industry, business will find its total cost of labor to be increasing. At the same time, workers have come to expect more from their employers. Workers expect more time off and other benefits.⁴³ The overall cost of hiring and retaining these “clever” workers continues to rise.⁴⁴

As a business manager, you are aware of all kinds of reengineering and optimization efforts having been initiated and realized all over the place and in all industries. Yet, as the Pareto Principle⁴⁵ comes into play and more and more money has to be invested for ever declining outcomes in regard to the optimization result, while you are internally encouraged to minimize your costs wherever and whenever you can, new sources, or at least smart ways of eliminating costs from other sources have to be found.

This is what I stated in 2003 and today we find ourselves in the time of leading economists, such as Jeremy Rifkin, calling for the “zero marginal cost society,” the “new green deal,”⁴⁶ and the “Remocal Economy.” This is the only way for a business to survive, to adopt and to change. Cyber Commerce Reframing (CCR)⁴⁷ in this situation after the burst of the New Economy⁴⁸ has helped many companies as they learned about the limitations of conventional management methods such as Business Process Reengineering (BPR),⁴⁹ Total Quality Management⁵⁰ (TQM) or Operations Research⁵¹ (OR). The managers who come up with new and innovative

⁴¹ Ibid.

⁴² Altbach, P.G.; Berdahl, R.O.: “American Higher Education in the Twenty-First Century – Social, Political, and Economic Challenges”, Johns Hopkins University Press 1998.

⁴³ Beam, B.T. (Jr.); McFadden, J.J.: “Employee Benefits”, 6th Edition, Dearborn Trade Publishing 2000.

⁴⁴ Ahlrichs, N.S.: “Competing for Talent – Key Recruitment and Retention Strategies for Becoming an Employer of Choice”, Davies-Black Publishing 2000.

⁴⁵ https://en.wikipedia.org/wiki/Pareto_principle. Accessed: June 9, 2020.

⁴⁶ Höhmann, I.: “I want you to have nightmares” in: Harvard Business Manager, April 2020, pp. 48–49.

⁴⁷ Seebacher, U.G.: “Cyber Commerce Reframing – The End of Business Process Reengineering?”, Springer Publishing 2002.

⁴⁸ https://en.wikipedia.org/wiki/New_economy. Accessed: June 9, 2020.

⁴⁹ https://en.wikipedia.org/wiki/Business_process_re-engineering. Accessed: June 9, 2020.

⁵⁰ https://en.wikipedia.org/wiki/Total_quality_management. Accessed: June 9, 2020.

⁵¹ https://en.wikipedia.org/wiki/Operations_research. Accessed: June 9, 2020.

ideas for reducing costs while still solving their problems and meeting their business targets will be the ones laughing in the end.

Business will also face increasing cost pressures from the other production inputs—land and capital. The resources of the old paradigm, such as fossil fuels, will increase in cost as their total supply decreases. Additional environmental requirements and restrictions will also increase the usage cost of these inputs.⁵²

4.5.2 Rent the Stuff and Make the Important!

The cost of capital has decreased as never before as a result of the slowing economy, the tech stock decline, and the financial fraud committed by many companies. And the COVID-19 crisis will result in low-interest rates for many more years to come to support the recovery of the economies. However, it has become more difficult and costly for companies to raise money, despite the lower cost of borrowing. The bursting of the dot.com investment bubble and the financial fraud of such companies as WireCard, WorldCom and Enron has increased the public scrutiny of companies issuing stock today. With a soft market, stock offerings are not raising as much money as expected. Small companies with IPOs have been hit especially hard by the soft market for stocks.

This can be a very large problem for entrepreneurs. Capital is not easy to come by these days. If a young company is depending on a successful IPO to secure funds for growth, the management could be bitterly disappointed. Although official interest rates are low right now, there are not many people or institutions willing to wager on a start-up. Besides, secondary market interest rates have not all come down, so the cost of capital really depends on the direction in which young companies are looking to finance their operations. Again, this is where TBM can come to the rescue. For a startup with a young management team, outside advice might be able to keep the company from tanking. With TBM, overall implementation costs are lower than with traditional methodologies. This cost savings means that companies that might not otherwise be able to afford to get good management advice can now do so.

4.5.3 Why Not Invest in Your “Internal Consultants”?

Did I want \$1.85 a day? Vas dot a high-priced man? Vell, yes, I vas a high-priced man.

Oh, you're aggravating me. Of course, you want \$1.85 per day—every one wants it!⁵³

So begins the first documented case of an external consultant in 1911. Starting like this, with downsizing, rightsizing, and reengineering to follow, who can blame

⁵²Kanholm, J.: “ISO 14000 Requirements, 61 Requirements Checklist and Compliance Guide”, AQA Press 1998.

⁵³Taylor, Frederick W. “The Principles of Scientific Management”, Dover Publications 1997.

employees for being wary of consultants? Toward the end of the past century, most consultants were probably a bit more affable than Frederick Taylor was in terms of communication style, but none the less menacing to employees when considering the outcome of their work. People remember change management failures from within their own company and those from elsewhere. They remember past projects for which management hired outside help to complete but ended up with less-than-perfect results. These factors, to name just a few, all contribute to the resistance that external experts face when working on a project. For a well-meaning and competent consultant, the feelings of the employees might be unjustified. Nevertheless, the resistance remains, and the only thing that a consultant can do is prove to the employees that he is not the same as his predecessors by avoiding the pitfalls to which they were prey.

The first reason for resistance is the view that change is threatening. Each person deals differently with change and some are better suited to adapt, while others are more comfortable with the status quo. The project does not have to be as big as a reengineering exercise for employees to find it threatening. Even small changes to processes that someone has become accustomed to can make them feel awkward and unsure of their job prospects. It is only natural to be afraid of these changes if you are not confident that you will be able to perform your job with the new processes.⁵⁴

Working in a team requires trust. However, trust does not come automatically—it must be earned through consistent, trustworthy behavior, as already discussed in the earlier chapter in the context of the *triangle of trust*. When someone new joins the team, this person must prove having the desire and the capabilities to contribute to the group's common objectives. It seems trite to explain it this way, but how many consultants have started a project expecting the people that he is working with to follow along and make progress toward *his* goals? It has happened too often in the past and has only exacerbated the problem of dealing with such resentment for the smaller consultancies that are getting hired these days.⁵⁵

This raises the question of whose project it actually is. If the consultant sees the project as belonging to him or to the management, it will show. “Cui bono—who benefits?” in a project that the consultant sees as his own? Who benefits if he sees the project as management? These questions will be raised by the employees. If they cannot see how a project benefits them, why should they put any effort into it?⁵⁶

If employees are not “on board” the project is bound to languish. In this situation, employees will see the project as a hindrance to their productivity instead of as a tool for improving it. A consultant who is hounding people to work on an ill-regarded project will be seen as interfering with the employees' normal responsibilities.⁵⁷

⁵⁴Pritchett, P.: “Resistance – Moving Beyond the Barriers to Change”, Pritchett Publishing Co 1996.

⁵⁵Shurtleff, M.: “Building Trust – A Manager's Guide for Business Success”, Crisp 1998.

⁵⁶Lencioni, P.M.: “The Five Dysfunctions of a Team – A Leadership Fable”, Jossey-Bass 2002.

⁵⁷Ibid.

Lack of credibility, a bad or arrogant attitude, the consultant's manner of handling difficult people within the team—all have a profound influence on how the external expert is perceived and how much resistance he will have to contend with. Many issues come into play when considering resistance toward consultancy, all of which can be overcome without a lot of psychobabble regarding issues of motivation—just use common sense and empathy.

Trust, or rather a lack thereof, is also a cause of resistance. After being bombarded with news stories about shady practices by brand-name consultancies that have led to serious problems within several large companies, employees are apprehensive toward consultants. This is hardly surprising, in view of Andersen's cover up of Enron's maligned accounting practices.⁵⁸

On another level, trust becomes an issue for consultants who have been accepted in an organization. As a consultant becomes more and more involved in a company after working on several projects, he becomes very knowledgeable about that company's operations. The fact that he has no permanent attachment to the company can be a source of resistance by employees or managers who attempt to control the amount of information about the company to which the consultant has access.

4.5.4 How to Overcome Resistance

The reasons for resistance that I have broached in the last seven paragraphs are easy to work out on paper. Recognizing them in the field is another matter.⁵⁹ People who do not like you or the project will rarely come out and say it to your face. Most often, what you will encounter is passive resistance. People who are able to complete the work that they agreed to do will not do it. Others will slam you or the project while you are safely out of sight. Employees do not like the fact that management seems to value the input of external consultants over themselves. If you have made enemies, they will sabotage the project to make you look bad and will generally go unnoticed if the majority of the team is on their side.⁶⁰

The big brands have sent in many inexperienced consultants who have come up short in the end. Let the people you are working with know what you are all about up front, then follow through with actions that live up to what you have said. Define goals with the team and not for them. Get their attention and have them participate. You are not implementing the project for your own benefit; you are doing it for them.⁶¹

⁵⁸https://en.wikipedia.org/wiki/Arthur_Andersen. Accessed: June 9, 2020.

⁵⁹Stewart, G.L.; Manz, C.C.; Sims, H.P. (Jr.): "Team Work and Group Dynamics", John Wiley & Sons 1998.

⁶⁰Martin, P.; Weinstein, J.: "Project Sabotage", MartinTate LLC 2001.

⁶¹Griffin, J.; Power, T.: "How to Say It at Work – Putting Yourself Across With Power Words, Phrases, Body Language, and Communication Secrets", Prentice Hall Press 1998.

On the management side, resistance can come from those who do not buy into the project. Some managers are afraid of being bettered by an outsider who achieves an objective that he or she was unable to reach. Losing control of their domain is another issue that often manifests itself in small-to medium-sized companies. Like the employees, resistance from managers is often passive, the exception being in smaller companies, where a manager who does not agree might fight tooth and nail to keep a consultant out of the organization.

4.6 Why Consulting Will Be Disrupted

In the domain of consulting, many changes are underway. The big shifts and tremors started when the Cyber Economy came into being. The big, well-established, and very conservative consulting brands began to feel the first shockwaves of the blast that sent the many twenty-something entrepreneurs and their dot-coms soaring into the economic stratosphere. The tried and trusted techniques used by these brand-name consultancies began to feel obsolete as the Net propelled business models and thinking into directions for which old methods had no contingency plan.

New consultancies and consultants sprang forward to fill the advice industry vacuum. The sheer size and organizational structure of the more conservative brand-name consultancies made quick changes and adaptations nearly impossible. Nowadays the former big consultancies mutated to workbenches also and primarily making their money as IT implementation partner.

Management consulting is a \$250 billion industry. It's big. It's growing. It's highly profitable. And it's about to be disrupted.⁶²

Soren Kaplan,⁶³ one of the leading management thought leaders brought it to the point when he analyzed the consulting industry. He predicted that any mature industry will be disrupted and as management consulting has reached a mature status it became vulnerable. Kaplan identifies vulnerabilities within the industry that will unravel the entire industry of consultants and advisors. He sees five major flaws of the consulting business causing this decline:

- Consulting is a people business and is labor intensive.
- The business model is based on billable hours in order to maximize revenue, what I already heavily criticized in the first edition of this book as TBM can reduce consulting fees by more than 75% avoiding lengthy, overstaffed projects.
- Consulting does not offer products but people and the fees for consultants are often an incredible multiple of what they earn themselves which makes

⁶²<https://www.inc.com/soren-kaplan/the-business-consulting-industry-is-booming-and-it.html>. Accessed: June 9, 2020.

⁶³https://en.wikipedia.org/wiki/Soren_Kaplan. Accessed: June 9, 2020.

consultants an undesirable evil as everybody in the client company knows the billed man-day rates for these “juniors.”

- The ever-faster pace of our world leads to a decreasing half-life of knowledge, facts, and figures which means that consultants must deliver results more timely which impacts quality and validity and in an ever more complex and challenging environment.
- The “Remocal Economy” also drives the commoditization and democratization of knowledge and just everything which means that the so far well-kept consulting secrets such as models, templates, and tools now become 24/7 accessible and anyone can apply best practices themselves.

Excursus

The characteristic of new, disruptive businesses and business models is that they are offering better and more comfortable solutions for a much better price or even for free as Erik Brynjolfsson and Avinash Collins recently elaborated on in their Harvard Business Manager paper “The Value of the Digital Economy”.⁶⁴ They introduce a new parameter, the GDP-B⁶⁵ as an alternative measure also evaluating the benefits of digital cost-of-free products. Their hypothesis is that for services such as Google search engine or Wikipedia online encyclopedia individuals would normally be willing to pay a monthly fee for instead of not being able to use these tools anymore. Their research has shown that the most valuable services are the search engines, followed by email programs and online maps.

Further examples for such disruptive products are, for example, laptop versus desktop computers, Amazon versus conventional bookstores, online streaming services versus Blockbuster, or digital cameras versus conventional films.

The smaller, more agile consultancy start-ups began nibbling away at the cheese of the big brands. Then, just as quickly as it grew, the dot-com bubble burst. What do you do when the majority of your clients are liquidating their office furniture? You either change your strategy very quickly or risk a tremendous blow to your revenues and the prospect of possibly packing up your own office furnishings.

Despite the fact that they survived the last economic bubble just fine, many of the things that made them weak during the heydays of the Cyber Economy still apply today. Many brand-name consultancies are bloated, greedy, secretive organizations that provide temporary solutions at best. This is one big reason why companies in need of advice are turning away from the brands and toward small consulting firms.

⁶⁴Brynjolfsson, E., Collis, A.: “The Value of the Digital Economy”, Harvard Business Manager, April 2020, pp. 50–58.

⁶⁵Gross Domestic Product-Benefit.

4.6.1 Have We Learned Nothing from Enron and WorldCom?

The demise of companies such as WireCard, Enron and WorldCom has many people thinking about corporate ethics⁶⁶ and the ethical company has already been introduced in the latter chapter. The images broadcast on television of once powerful business executives being led out of their offices in handcuffs has left an indelible mark on the minds of viewers the world over. Andersen's involvement with these two companies has people wondering how far it is willing to bend laws and its own principles for extra profit. As a result, the images of the brands that are commonly associated with Andersen have been tarnished. A cloud of doubt has been cast on all large consultancies as the companies that would normally be using their services are instead asking themselves whether an unscrupulous consultant could do any damage to their organizations.⁶⁷

This is a major concern and is a very current one. However, it is not the original catalyst for change within the realm of consulting. Other factors were at play long before anyone was concerned with the overly creative practices of WireCard, Enron and WorldCom, and Andersen's exceptional skill at avoiding finding discrepancies in their books. Companies that use the services of consultants have been moving away from the big brands for some time now. Two main issues are at play here. The first is related to trust and the second to value.

Trust is a potential problem any time an outsider is brought into a company. How much an issue it depends largely on the type and size of the project that the consultancy is charged with. Moreover, the matter presents itself in several places, which relate to power and decision-making within the organization. Of course, trust per se is not the actual problem; rather, it is *distrust* that can cause friction and resistance.

On the top level, there are those who make decisions on strategy. I will begin with this macro level of decision-making power. When brand-name consultancies bid on a project, their pitch to potential clients is often very impressive to executives. A team of very experienced and sage senior partners waxes eloquent when presenting potential fixes for a company's problems. Any questions that may arise are answered with an air of familiarity and well-practiced precision. They cover all facets of the issue at hand. They leave no stone unturned. Even if the techniques and strategies that they are presenting for the project are not the best, they will sound like the best.

Where then does the first problem with trust (or distrust) come into play? It starts when the project begins. The first day on the job, when the consultants march through the door for the first meeting, the company's executives see not the astute practitioners of the advice trade, but inexperienced newcomers who are very

⁶⁶Elkington, J.: "The Chrysalis Economy – How Citizen CEOs and Corporations Can Fuse Values and Value Creation", John Wiley & Sons 2001.

⁶⁷Barrevel, D.J.: "The Enron Collapse – Creative Accounting, Wrong Economics or Criminal Acts? A Look into the Root Causes of the Largest Bankruptcy in U.S. History", Writers Club Press 2002.

ambitious and eager to learn. Most certainly good qualities to have, but when you are a decision-maker paying for results, the last thing you want to see is a consultant who is learning and making mistakes at your expense. This bait-and-switch tactic is all too common with brand-name consultancies. Companies in need of external advice are catching on to the scheme.

4.6.2 Why Hiring Consultants Is Not Sustainable

Company management wants to see results. Executives entrust the delivery of these results to the consultancies, so when a brand-name consultancy sends in the new recruits to handle a contract, other questions begin popping up. Will this new person conduct herself properly in terms of the project and in terms of confidentiality? Is she capable of carrying out her responsibilities for the project? These questions lead to top-level resistance. Executives who were not on board from the beginning will begin stewing in their own juice—they might not come out and say that they are not behind the project, but they could well find a way to pull resources away from the project or to sabotage it by not completing work on the project that they agreed to do.

The project manager also expects results from the consultant. If the consultant does a poor job and makes a mess of the project, this could reflect badly on the internal leader.

With these issues in mind, it is easy to see why small consultancies are the better choice. What you see is what you get. There is no bait-and-switch with small consultancies. The person with the experience who proposes the solution is the very same person who implements it. Right from the sales pitch, the company's decision-makers and the consultant start building rapport, a relationship, and trust—all that is necessary for getting management and employees to back a project wholeheartedly.

But also these small consultancies might need to rethink their business model as the Gartners, Forresters, and IDCs of the world are armed with analysts producing reports and studies in an ever-faster turnaround time negatively impacting the clients' willingness to pay also small consultancies for their expensive and "slow" research work. Smart managers will anyway sooner or later start to develop their own central business intelligence unit as in times of big data, artificial intelligence, and a fastly growing portfolio of dashboard products and solutions there is no need any more for expensive and not valid and worth the money reports and studies. Buying external studies and reports is de facto burning your money.

4.6.3 Why We Should Support The Niche Consultants

Small and independent consultants have a tough job. They do not have names to rely on. They do not have vast resources to pull them through a difficult financial crisis. They have to make a name for themselves and work hard for their clients to ensure

the success of the project that they are implementing. They have insight, knowledge, and experience. They have a lot riding on every project that they take on.

As I mentioned in the preceding section, when one of the Big Four takes on a project, senior consultants go in for the sales pitch. When it is time for the delivery, the client ends up with a rather young professional who is eager to learn—on the client's money, but by far not worth the money paid. Sure, this is the worst-case scenario, but most of you have found yourselves in this bad movie, or have not you?

If you are a parent, it can be very rewarding to see resilience and determination in a young person. If you hired him for results, however, and you are paying top rates, it is not so amusing. If the management of the client complains, they could perhaps get the consultant replaced, but that is not going to help get the project finished by the deadline if the deadline has already passed. Not to mention the fact that it is difficult to build up rapport with the consultant when the consultant changes on a weekly or a monthly basis. It is difficult for the manager and the implementation team alike to learn to trust someone, when they do not know-how long that person will be with them.

Rolls Royce has not always made the best cars. In the beginning, their engines were quirky and broke down more often than the engines in much less expensive brands. However, the strategy of the company was to price their cars so high that only the elite of the elite could afford to drive one. If you could not afford to buy one on a whim, the company wanted to avoid your patronage.

The big consulting brands are like Rolls Royce used to be, except that they would be only too willing to sell their services to a company that could scarcely afford them. Fortunately, not all consultancies are like this. Small consultancies pride themselves on their quality and the fair price at which they deliver it to their clients. In the end, the price and quality provided by the many intelligent and motivated small consultancies and independent consultants translate into good value as evidenced by lower man-day rates enabled by lower overhead costs and a much higher individual identification of these consultants with their company.

4.6.4 Why There Is No Shortcut to Success

The old methods trusted by the brand-name consultancies are just that—old. Outmoded tools from an era when the economy was different have no place in today's businesses. The brands go to their clients, implement a project, and solve a problem. The problem recurs, the client calls in the consultants once again, and so the cycle continues.

Imagine a woodworker who, every time he gets a splinter, goes to the doctor to have it removed. The doctor, happy to have a paying patient, removes the splinter, and applies a bandage to the wound. The woodworker leaves, only to return again later with another splinter. A sensible doctor would explain to the woodworker how to safely remove the splinter.

TBM makes small consultancies sensible management doctors. The aim here is not a quick, bandage-type solution. Rather, what is important is *sustainability*. Templates are developed with the implementation team, and the consultant coaches the team members based on necessity. The members and process owners are then capable of using the templates for future situations, which they will be able to handle without the consultant.

A templater using TBM becomes an advocate of double-loop learning by helping the team learn how to critically examine the process and the template, recognize problems within and correct them, try the problem-solving process again, and then start the cycle over. Each time the cycle is completed, the process improves.⁶⁸

With TBM, the primary role of the consultant and a manager changes from one of a strategic implementer to that of a facilitator and coach. The templater facilitates the design and implementation of the templates with a team of process owners and then coaches them when necessary to iron out difficulties that arise. By teaching the employees how to change and develop the templates for themselves, a sustainable solution is achieved. Because the employees will then be capable of modifying the template to cover eventualities that previously did not exist, there will be no further need to hire an external expert again for that particular problem, which means that the long-term costs of the project will be substantially lower than those of a “bandage-type” solution, as described before with the doctor not explaining how to solve the problem in the future but directly doing the patient himself again and again.

The seed of the virtual organization and the remocal economy has been planted and greatly accelerated by the COVID-19 pandemic, and knowledge is becoming the most important aspect of companies. Through this and the recent economic downturn, a massive change has been underway within consultancy. Namely, companies big and small that use consulting services are realizing that what is important to them is not having inexperienced consultants from a brand-name consultancy, but real value—quality for a fair price and sustainable results that will not require a *re*-implementation of the same project a year down the road, in order to fix what has gone wrong.

Small consultancies have positioned themselves to provide the value that companies these days are looking for. Business managers as representatives and individuals who purchase external services are changing their minds. What counts for them is

- Quality.
- No pre-packaged re-usage of existing reports and studies.
- Applicable results.
- One clearly defined and experienced consultant or team during the entire consulting project.
- The consultancies’ commitment to rethink and reframe their business models in consideration of you—the clients, changed contingency situation.

⁶⁸Morgan, G.: “Images of Organization”, Sage Publications 1996.

I cannot stop people from hiring external experts for political purposes to support and promote their preset opinions and decisions, but with TBM I am aiming at providing you—the ambitious and responsible business managers, with a well-thought through and manifold proven management approach for the sustainable growth of your entrusted employees and organizations. And, with TBM, results, and sustainability will improve.

4.7 What I Wanted to Tell You

In this chapter, I tried to further deepen your sensitivity to understand that success does not always mean to take the highway. Success, of course, similar to beauty, lies in the eye of the beholder. With this quote, I started my doctoral thesis. In this context, this means that success can have different meanings but to me, success means to every day be assured that I have taken all required measures to comply with my duties and responsibilities, may that be entrusted colleagues, seminar participants, coaches, or clients.

When I published this book for the first time in 2003 many friends told me that with this approach I would be sawing on my own branch because sharing with many a thousand readers this knowledge would make my work superfluous. In the end, honesty and authenticity are the best policies. Seventeen years later I was approached by Springer to publish a new edition of this book as it obviously still finds its readers. I am honored and grateful as this to me means a lot in the sense of appreciation. Reworking on the book rereading each single line sometimes surprises even me reckoning what we already knew in those days.

During the last 17 years, my life totally changed. I had to learn my lessons but against this background it is a great and enriching task to work on this new edition. Because today to me less means more and what I wanted to share with you in this chapter is rather simple: Even though it sometimes seems to be complicated and almost unmanageable, still the best and most sustainable investment is the one in your entrusted people. Prior to hiring an external supplier, do not think twice or three times, think more often until you find a way to invest this money for internally developing the competence, the know-how, the problem solution, the project or the research study as it will manifold pay-off.

By internally investing you demonstrate trust in your people. Tell them what you do not know, be frank and authentic and precisely tell them what you expect as outcome. You will be surprised how many times you yourself will struggle in precisely defining what you want or expect. Do not worry, this happens and is absolutely normal. It also happened to me many times. Important is how you deal with this situation. Some years ago, a friend of mine told me that in the end, it does not help you reach the top of the mountain on your own with your team falling by the wayside. Success means to lead your entrusted people to the top of the mountain and to reach and celebrate that milestone together as an even stronger team.