

SATORI CONSULTING

INTERNAL CONSULTING SERVICE GROUP STUDY

Contents

Executive Summary3
 Objective3
 Approach.....3
 Results & Analysis.....4
 Presentation of Our Findings.....4
 Study Participants5
Internal Consulting Group Topography6
Business Model Descriptions & Company Examples8
Business Model Levers..... 10
Summary of Study Observations..... 16
Observation #1 – Type of Work..... 19
Observation #2 – Group Size, Service Offerings and Positioning..... 20
Observation #3 – Methodology and Metrics..... 22
Observation #4 – Group Composition and Skill Mix..... 24
Observation #5 – Project Origin and Sponsorship..... 26
Observation #6 – Client Engagement Management 28
Observation #7 – External Vendor Relationships 30
Observation #8 – Approaches to Value Measurement 32
Appendix 34
 Stage 1 Project Team Contact Information 35
 Participant Company Profile Data 36
 Participant Internal Consulting Group Profile Data..... 37
 Key Questions 46
 Interview Protocol..... 48

EXECUTIVE SUMMARY

A wide range of enterprises have created or supported internal groups that provide professional services of a consultative nature for the enterprise itself. Although the service offerings vary widely, internal groups share important characteristics; they are oftentimes considered "internal consulting organizations" by the enterprise and their clients.

Internal consulting groups provide many services that are comparable to those offered by external consulting organizations. Nevertheless, generally speaking, widely accepted operating models and business strategies of external consultancies are not relevant to many of the concerns of internal consulting groups. Additionally, due to their focus on the company they serve, internal groups often have few opportunities to develop relationships with their counterparts working in similar organizations within other companies. This leaves an experiential knowledge gap that, if harnessed, could be leveraged to optimize the internal consulting groups' value.

Objective

Internal consulting organizations operate within some of the largest and most respected global corporations. Although they may have very different charters and provide a wide range services, these groups contemplate many of the same points (e.g., size and structure, service offerings, value articulation, etc.) as they set their strategies and execute their daily activities. What is taken into account when strategic and operational decisions are being made? These decisions would be enhanced by sharing information and insights with peers in comparable organizations. To date, this data source has been underutilized.

Satori Consulting, Inc. was engaged to explore the value of leadership level-interaction across internal consulting organizations, identify internal consulting leadership peers in various organizations, and facilitate information sharing.

Based on sponsor input, three primary focal points were established to focus efforts on what was deemed to be important to internal consulting groups:

- Value Proposition and Assessment: What results are they expected to achieve? What services are offered? How do they articulate the value that they deliver (i.e., quantitatively, qualitatively)?
- Relationship Development and Management: How are internal services groups positioned within their companies? How do they interact with their client base and other external parties? How do they source and maintain their support (i.e., internal backing and sponsorship)?
- Size and Structure: How are internal consulting groups structured? What reporting relationships are in place and why? What is the optimal staff makeup and why?

The primary objective of Stage 1 of this initiative was to collect information relevant to these points and synthesize it to create useable data regarding the range of structures, business models, operations, services and value propositions in use by internal services peers. The secondary objective of Stage 1 was to achieve a level of common understanding and insight to frame subsequent Stages, providing context and scope for more detailed and more specifically focused analysis.

Approach

Representatives from seventeen companies and twenty different internal consulting services groups across a variety of industries participated in the information sharing exercise. The selected companies were large multinational corporations, with average annual revenues typically ranging from \$1,500mm to \$15,000mm, and employees numbering between 40,000 and 356,000.

Information gathering occurred in person or via telephone interview, guided by a rigorous protocol. Also, a Peer Network session was conducted, through which the above mentioned topics were explored interactively.

Results & Analysis

As internal consulting services groups operate within a spectrum of different organizational contexts, unsurprisingly, the organizational structures of these groups vary. This report does not set out to recommend a universally 'optimal' business model for internal consulting groups, but rather identifies a set of interrelated operating levers and parameters that impact a group's decisions regarding operations and structures, in the context of their roles and responsibilities.

It should be noted that this report covers the first stage of the initiative. The final number of “stages” remains unknown; nonetheless, subsequent stages are anticipated during which the group would focus on more specific topics.

Presentation of Our Findings

In this report, we have arranged our findings as described below for greater clarity. Initial sections present an overview and high level analysis of the entire data pool; whereas the sections following provide supporting evidence, arguments and data.

- **Internal Consulting Group Topography:** The topography graphic displays the distribution of all the participating groups when charted with respect to the range of work focus /project types (Y axis), and the range of service offering types (X axis) encountered during the study. Data elements such as group size, the presence of an engagement methodology, and the presence of cost based metrics are indicated as well.
- **Business Models:** From the group data, we define six distinct business model typologies, and describe them in terms of value proposition/assessment, relationship development/ management, and size/structure. Noting that some companies span important elements of more than one model: thus we identify participant groups that employ aspects of each model to a noticeable degree.
- **Business Model Levers:** For each business model, the organizational and operational levers that influence the implementation of the business models are examined, and the preferred configuration identified.
- **Study Observations:** Group data, business model aspects, and business model levers are synthesized into 'Observations' summarizing the most prevalent findings. These are detailed further in the remainder of the report, supported with examples groups and evidence, as well as an analysis of implications and conclusions. The findings support eight Observations addressing the following topics:
 - Observation #1 – Type of Work
 - Observation #2 – Group Size, Service Offerings and Positioning
 - Observation #3 – Methodology and Metrics
 - Observation #4 – Group Composition and Skill Mix
 - Observation #5 – Project Origin and Sponsorship
 - Observation #6 – Client Engagement Management
 - Observation #7 – External Vendor Relationships
 - Observation #8 – Approaches to Measurement
- **Appendix:** Please note that the appendix contains data useful for reference or further inquiry, including the Key Questions explored during Stage 1.

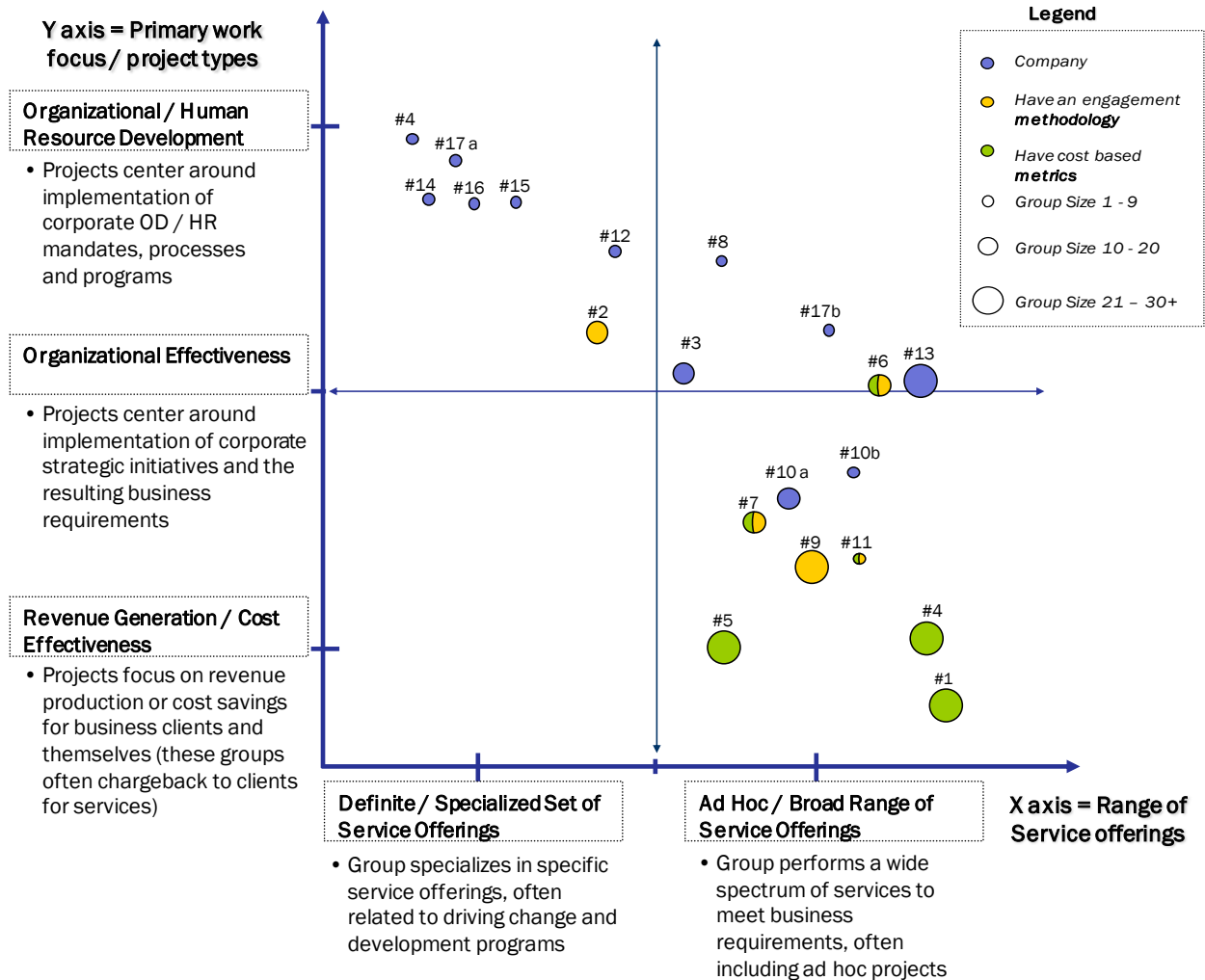
Study Participants

The companies participating in this study are anonymous in this report, and are referenced throughout this document by Company numbers and group names as below. The table below is provided for cross-reference purposes. Additional information on each company and group can be found on page 36, Participant Company Profile Data.

Participant	Industry	Group Focus
Company #1	Insurance	Management Consulting
Company #2	Consumer Products	Corporate Affairs
Company #3	Pharmaceutical	Research and Organizational Effectiveness
Company #4a	Information Technology	Workforce Research
Company #4b	Information Technology	Strategy and Change Management
Company #5	Banking	Internal Consulting Services
Company #6	Consumer Products	Organizational Effectiveness
Company #7	Insurance	Business Support Services
Company #8	Pharmaceutical	Talent Management and Organizational Effectiveness
Company #9	Retail Brokerage	Corporate Technology Program Management
Company #10a	Retail Brokerage	Reengineering and Technology Services
Company #10b	Retail Brokerage	Risk and Systems Management
Company #11	Media – Broadcasting	Six Sigma
Company #12	Consumer Products	Organizational Management Development
Company #13	Pharmaceutical	Organizational Effectiveness & Consulting Services
Company #14	Media – Film and Video	People Development
Company #15	Retail – Toys and Games	Organizational Effectiveness
Company #16	Retail Brokerage	Education and Development
Company #17a	Pharmaceutical	Organizational Development
Company #17b	Pharmaceutical	Organizational Development

INTERNAL CONSULTING GROUP TOPOGRAPHY

The Internal Consulting Group Topography charts the distribution of the participating groups with respect to their position along the range of work focus /project types (Y axis), and the range of different service offerings (X axis). Group size, the presence of an engagement methodology, and the presence of cost based metrics are indicated as per the legend.



Y Axis Explanation and Examples

The Y axis is not intended to represent a continuum, but rather displays three distinct categories of work focus / project types that the groups in the study tended towards. A group's placement on the chart can be somewhat fluid with respect to work focus, particularly over time, or during organizational transitions.

- For instance, groups that perform work under an OD / HR mandate (plotted in the far upper left quadrant), could find themselves performing more in an OE capacity in certain business or organizational circumstances, such as a merger or acquisition.
- Some groups in the OE band likewise can tend upwards towards OD / HR expertise, when implementing certain strategic corporate initiatives, or in response to organizational resource constraints. These groups can also tend downwards towards revenue generation / cost reduction work as required by the business or organization.

- Groups focused on revenue generation and cost reduction are placed at the bottom of the Y axis in this topography. These groups often perform a great deal of OE-type work, however the primary focus of projects is still on return-on-investment, cost-savings, or defined benefits realization. Although they may provide business strategy planning and process improvement services for OD / HR counterparts or clients, it is less likely for these groups to tend towards developing or maintaining an OD / HR capability or expertise.

X Axis Explanation and Examples

The X axis represents the range of the breadth of a group's service offerings from 'specialists' in a dedicated set of services (left end of the X axis), to 'generalists' who perform a broad spectrum of services offerings depending on business requirements (right end of the X axis).

- Groups on the far left of the X axis often have a particular specialization or expertise related to driving change and development programs across an enterprise.
- Groups on the far right of the X axis often have developed a range of services or capabilities, and will scope consulting projects collaboratively with clients, so as to address specific problems or opportunities. These groups will require a larger critical mass of staff and will deploy an explicitly results-focused measurement architecture.

BUSINESS MODEL DESCRIPTIONS & COMPANY EXAMPLES

This section outlines the major business model typologies found in interview data and identifies examples of the groups that employ aspects of these models. Some companies span important elements of more than one model and will be referenced multiple times.

Business Model #1 – Methodology Based Model

- Value Proposition and Assessment: These groups can articulate the value of their work, through both quantitative (e.g., cost reduction, cycle time reduction, profit improvement) and qualitative (e.g., project priority, impact, and opportunity) means.
- Relationship Development and Management: Groups in this model have formal engagement and/or project management methodologies either currently in place or planned for near-term implementation. They often have toolkits and templates used uniformly across projects.
- Size and Structure: These are often large centralized groups led by individuals who have done significant up-front theory based planning around engagement methodology. They require a position within the group that maintains, updates, and provides ongoing education for those using the methodology.
- Company Examples: Company #11, Company #7, Company #9, Company #6, Company #2

Business Model #2 – Empowered HR Generalists (with OE skills) Model

- Value Proposition and Assessment: If value is tracked, it is usually via customer satisfaction survey results.
- Relationship Development and Management: These groups leverage the HR generalists or divisional representatives when managing the expectations of clients. This is not necessarily a proactive model of client engagement - more ad hoc project work may happen autonomously with less oversight from senior level HR or OE management.
- Size and Structure: Groups in this model tend to be decentralized, 'hub and spoke' structures. They will often include HR generalists located within the business divisions, who operate as point-of-need OE specialists. These groups often have rotational programs, change programs and/or tool sets to assist the HR generalists.
- Company Examples: Company #17a, Company #8, Company #14 (to some degree), Company #12 (to some degree)

Business Model #3 – HR Initiative-based model

- Value Proposition and Assessment: These groups define, document and report their value often in terms of the yearly strategic objectives for the HR initiatives they own.
- Relationship Development and Management: These groups usually fall under the HR purview and have responsibility for cross-divisional HR processes.
- Size and Structure: These groups define their operating goals based on corporate HR initiatives. Often their top priorities will be projects arising from their work around implementing core HR processes (e.g., training, performance management, PeopleSoft HR implementation).
 - Company Examples: Company #14, Company #12, Company #15, Company #8, Company #16

Business Model #4 – Strategic Initiative-based Consulting model

- Value Proposition and Assessment: These groups define, document and report their value often in terms of the yearly strategic objectives for the initiatives they own.
- Relationship Development and Management: These groups are usually in direct contact with the highest levels of corporate leadership, and have responsibility for cross-divisional processes.

- Size and Structure: These groups define their operating goals based on corporate strategic initiatives.
- Company Examples: Company #13, Company #3, Company #6, Company #17b

Business Model #5 – Leadership Pipeline (rotational program) model

- Value Proposition and Assessment: The value of these groups usually incorporates metrics around performance of the leadership program.
- Relationship Development and Management: These groups tend to have more formalized processes for managing client expectations.
- Size and Structure: Groups in this model recruit their staff based on leadership potential. At minimum, part of their structure is dedicated to the administration of 'consultant' development, and they tend to operate rotationally.
- Company Examples: Company #5, Company #11

Business Model #6 – Metrics (financial results) Model

- Value Proposition and Assessment: Groups that follow this model either must show an operational “profit” or break-even financially. They tend to have very specific success measures and metrics.
- Relationship Development and Management: These groups are usually in direct contact with the highest levels of corporate leadership. They also tend to have formal documentation, tracking and reporting processes (reporting upward at a minimum, but usually back to the client as well).
- Size and Structure: These groups focus on recruiting heavily experienced and/or degreed individuals. Most of their staff have experience working in a “profit-center” model, either within a business unit or as an external consultant.
- Company Examples: Company #1, Company #10 (both groups), Company #11, Company #7, Company #9, Company #4b and Company #5 (to some degree)

BUSINESS MODEL LEVERS

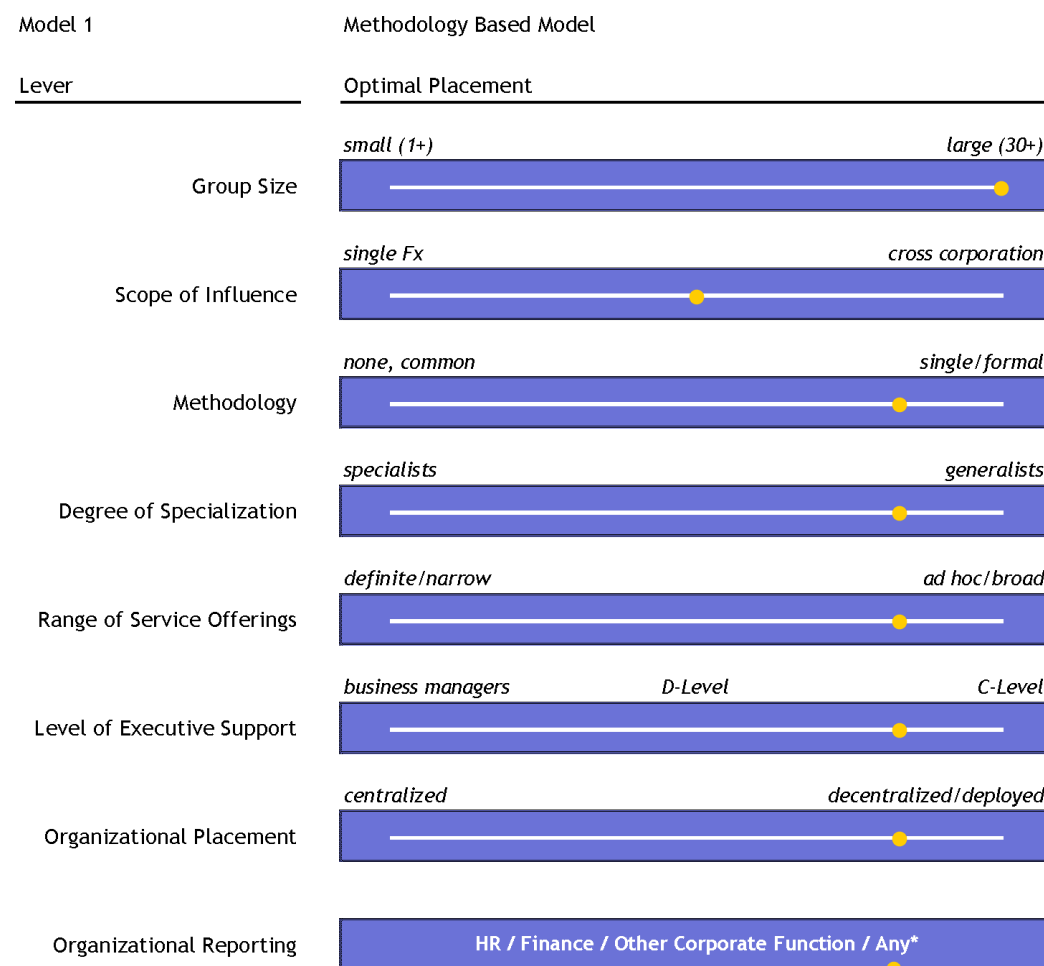
This section examines the configuration of organizational and operational levers that influence the optimal implementation of the business models described in the previous section.

Business Model #1 – Methodology Based Model

This model best applies if your group is expected to transfer consulting skills across your group, business clients or 3rd parties and:

- deliver consistency of service to clients while using a large pool of fungible staff with less experience (e.g., 0 to 5 years)
- empower line clients with consulting skills

The optimal configuration of organizational and operational levers required to implement this model:

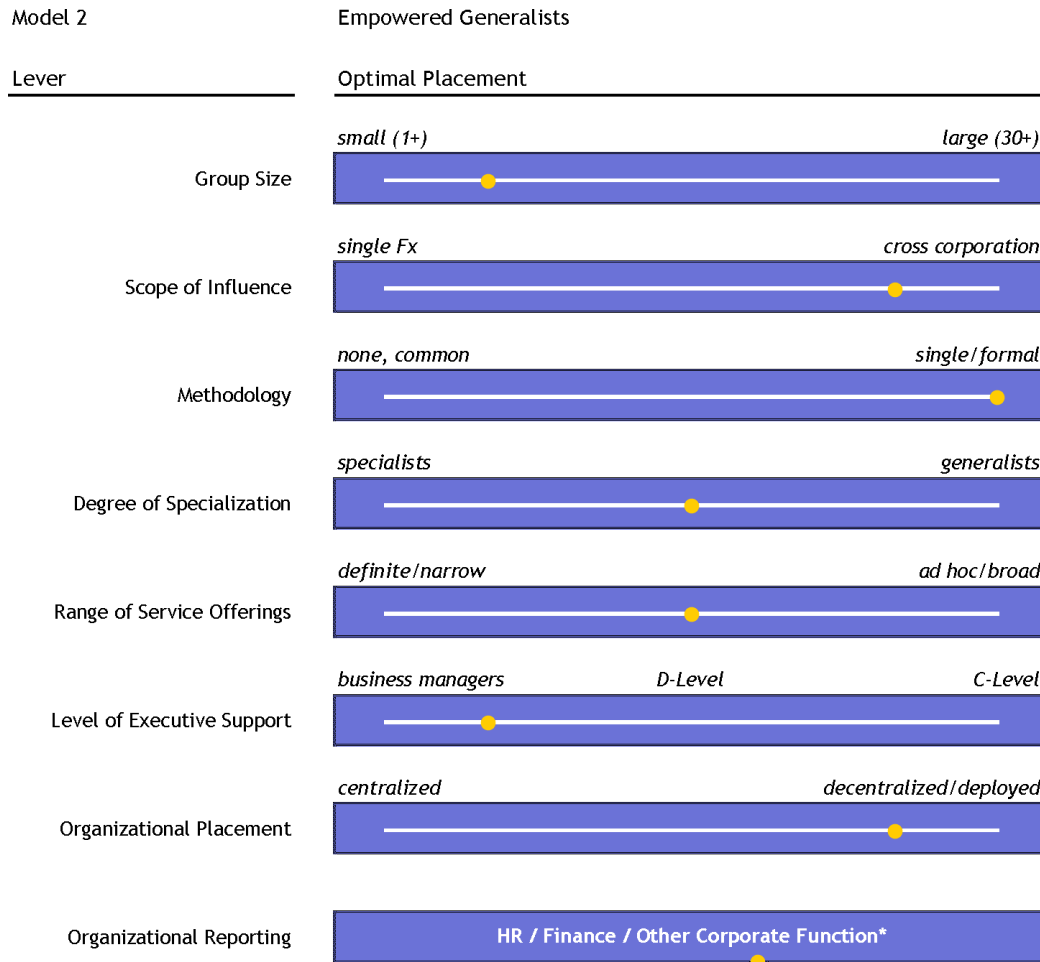


Business Model #2 – Empowered HR Generalists (with OE skills) Model

This model is particularly relevant if your group is expected to:

- maintain a broad, cross division focus with limited Organizational Effectiveness resources (i.e., due to downsizing or new business acquisitions)
- rely on non-OE resources to perform organizational consulting work within business divisions

The optimal configuration of organizational and operational levers required to implement this model:



Business Model #3 – HR Initiative-based Model

This model is particularly relevant if your group is expected to:

- build and implement human resource and human capital development programs / processes in the business divisions
- standardize, own, and maintain human resource and human capital development programs / processes across multiple business divisions

The optimal configuration of organizational and operational levers required to implement this model:



Business Model #4 – Strategic Initiative-based Consulting Model

This model is particularly relevant if your group is expected to:

- implement corporate business strategies globally
- scope project work in collaboration with business clients, and respond to resulting variable service needs

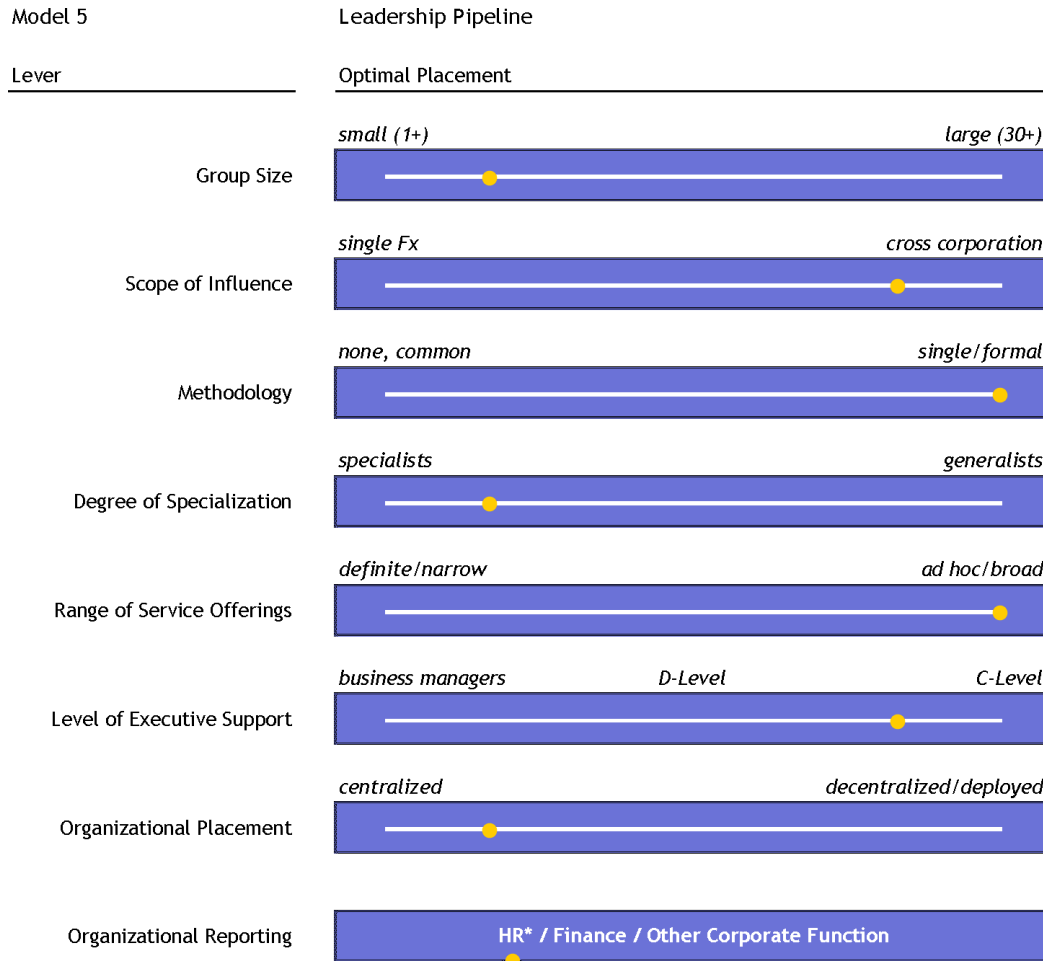
The optimal configuration of organizational and operational levers required to implement this model:



Business Model #5 – Leadership Pipeline (rotational program) Model

This model is particularly relevant if your group is expected to develop and provide experience to future line leaders for the business organization

The optimal configuration of organizational and operational levers required to implement this model:

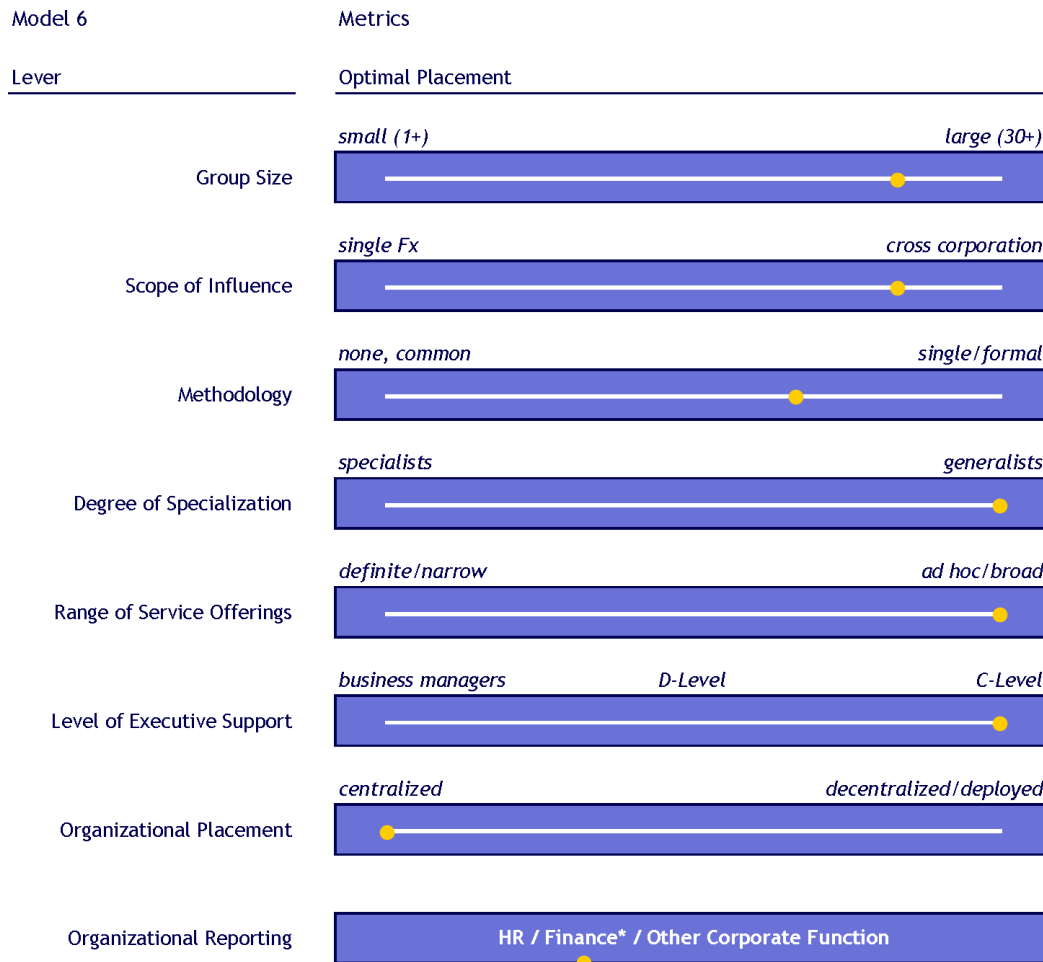


Business Model #6 – Metrics (financial results) Model

This model is particularly relevant if your group is expected to:

- deliver return-on-investment (ROI) or cost-savings to client
- achieve financial “break-even” or profit

The optimal configuration of organizational and operational levers required to implement this model:



SUMMARY OF STUDY OBSERVATIONS

Analyzing the data collected around the Key Questions¹, the project team made the following specific observations. When referenced below, a 'small group' is considered to have fewer than ten employees, and a 'large group' refers to those nearing thirty or more employees.

Observation #1 – Type of Work

Work / projects taken on by the groups generally fall into three broad categories:

1. Groups that focus on work related to the advancement of an organizational development mandate, including leadership development and change enablement.
2. Groups that perform a spectrum of service offerings. Some of these groups define their work in terms of corporate strategic initiatives, but nearly all perform ad hoc projects based on requirements surfaced by their business clients.
3. Groups that focus specifically on work that is driven primarily by the need to enhance operating profit or demonstrate a particular return-on-investment (ROI).

Identified in Key Questions 2.3 and 2.4:

- 2.3 How are project opportunities acquired, evaluated and prioritized? (i.e., how does one determine the 'right' work?)
- 2.4 How are projects staffed, assigned, managed and operated? (i.e., do internal consultants participate in the whole project cycle or just certain phases?)

Observation #2 – Group Size, Service Offerings and Positioning

Internal consulting group sizes range from single sole practitioners to over thirty team members. Generally, the large groups offer a range of services to their clients and engage with clients in a variety of ways. By contrast the smaller groups tend to focus on one or two specific service offerings. The large groups therefore face a unique set of issues relating to prioritization of work, branding, and managing client expectations by determining what types of work they will and will not do. Small groups, who are often focused on specific core processes, often have neither the luxury nor the burden of managing client expectations around the breadth of services they offer.

Identified in Key Questions 1.3, 2.1, 2.3

- 1.3 How do internal consulting groups manage client expectations about what they do, and position the group within the organization? How do internal consulting groups guide clients to deliver the strategic corporate vision?
- 2.1 What is the purpose and mission, as well as the organizational composition (skill mixes, background experiences, areas of expertise), of internal consulting groups? How do these groups attract and retain top talent?
- 2.3 How are project opportunities acquired, evaluated and prioritized? (i.e., how does one determine the 'right' work?)

¹ The team developed a framework of Key Questions to insure that the most useful information was solicited from peers during data collection. Further detail on the Key Question Framework can be found in the Appendix section of this report.

Observation #3 – Methodology and Metrics

Regardless of size, groups with specific, formal engagement methodologies tend to be in an advantageous position regarding articulating measures of their value and their impact on the business (often quantitative, and top-line or ROI-focused).

Identified in Key Questions 2.2, 3.1

- 2.2 Which internal consulting groups have a common engagement methodology and/or tool set; how did they develop it, disseminate, support and maintain it?
- 3.1 How do internal consulting groups measure, define and report the value they contribute to the client and the organization?

Observation #4 – Group Composition and Skill Mix

Groups without formal engagement methodologies are, in general, comprised of consultants with deep expertise, knowledge of previous methodologies, and extensive consulting experience (typically 10+ years). As a result, these consultants are more flexible and can be expected to work more autonomously than when the group is accountable for a formal organization-specific methodology. However, when a group does not have a formal methodology, it runs the risk of a lack of consistency across client engagements.

Identified in Key Questions 1.2, 1.3, 2.1, 2.2

- 1.2 How do internal consulting groups interact, get support and buy-in, and do business with their clients and third parties?
- 1.3 How do internal consulting groups manage client expectations about what they do, and position the group within the organization? How do internal consulting groups guide clients to deliver the strategic corporate vision?
- 2.1 What is the purpose and mission, as well as the organizational composition (skill mixes, background experiences, areas of expertise), of internal consulting groups? How do these groups attract and retain top talent?
- 2.2 Which internal consulting groups have a common engagement methodology and/or tool set; how did they develop it, disseminate, support and maintain it?

Observation #5 – Project Origin and Sponsorship

For most groups, the majority of work originates from corporate leadership. Some groups acquire work both from the corporate leadership and directly from the business client. Regardless, executive sponsorship is the key to success, and a major factor for prioritizing work. Correspondingly, when reporting to corporate leadership, many groups make an effort to quantify and report value (e.g., benefits realized and ROI), as well as client satisfaction and usage tracking measures.

Identified in Key Questions 1.1, 1.2, 3.1, 3.2

- 1.1 How do internal consulting groups communicate and sell/present their services to corporate leadership, their clients and external parties; and how are communications channeled to the rest of the organization?
- 1.2 How do internal consulting groups interact, get support and buy-in, and do business with their clients and third parties?
- 3.1 How do internal consulting groups measure, define and report the value they contribute to the client and the organization?
- 3.2 What metrics do groups utilize to measure success on individual projects and as a group?

Observation #6 – Client Engagement Management

Small groups tend to participate in the initial phases of project work and pass off implementation to the business units. Larger groups often participate in the end-to-end project lifecycle. These larger groups generally have an administrative staffing or Team Lead position that is responsible for making assignments from a pool of relatively fungible consultants to staff projects.

Identified in Key Questions 2.1, 2.3, 2.4

- 2.1 What is the purpose and mission, as well as the organizational composition (skill mixes, background experiences, areas of expertise), of internal consulting groups? How do these groups attract and retain top talent?
- 2.3 How are project opportunities acquired, evaluated and prioritized? (i.e., how does one determine the 'right' work?)
- 2.4 How are projects staffed, assigned, managed and operated? (i.e., do internal consultants participate in the whole project cycle or just certain phases?)

Observation #7 – External Vendor Relationships

Groups' relationships with external vendors range from developing partnerships that serve the business client to directly competing with them for business. One group in our study manages the external vendors' contact and interaction with the client by essentially 'subsuming' them into their own group for the duration of their engagement. In this way, the internal consulting group operates as the 'prime contractor' to the client while the third party service providers operate under the internal consulting group's brand, identity, and methodology. It should be noted that this relationship is supported by a formal engagement methodology.

Identified in Key Questions 1.2, 2.2

- 1.2 How do internal consulting groups interact, get support and buy-in, and do business with their clients and third parties?
- 2.2 Which internal consulting groups have a common engagement methodology and/or tool set; how did they develop it, disseminate, support and maintain it?

Observation #8 – Approaches to Value Measurement

Groups' approaches to measuring value contribution include tracking usage, measuring client satisfaction (via formal surveys or informal feedback), quantifying ROI or cost savings, and calculating consultant day rates. All the groups' leaders struggle with the pros and cons of which variables to measure to determine culture change, impact on business, and/or ROI.

Identified in Key Questions 3.1, 3.2, 3.4

- 3.1 How do internal consulting groups measure, define and report the value they contribute to the client and the organization?
- 3.2 What metrics do groups utilize to measure success on individual projects and as a group?
- 3.4 How do internal consulting groups manage their financials to clearly line up with the value they deliver?

Open Key Questions

The data gathered during this stage was not considered to be acceptably significant to reliably address *Key Questions 1.4* and *3.3*.

- 1.4 How do multiple internal consulting groups interact with each other across a global organization? (i.e., virtual or physical interaction, program management office, etc.)
- 3.3 How are success measures tied to internal consulting groups' budgets?

OBSERVATION #1 – TYPE OF WORK

Work / projects taken on by the groups generally fall into three broad categories:

- 1) Groups that focus on work related to the advancement of an organizational development mandate, including leadership development and change enablement.
- 2) Groups that perform a spectrum of service offerings. Some of these groups define their work in terms of corporate strategic initiatives, but nearly to the rule than one billion all perform ad hoc projects based on requirements surfaced by their business clients.
- 3) Groups that focus specifically on work that is driven primarily by the need to enhance operating profit or demonstrate a return-on-investment (ROI), for the business.

Key Questions 2.3 and 2.4

- 2.3 How are project opportunities acquired, evaluated and prioritized? (i.e., how does one determine the ‘right’ work?)
- 2.4 How are projects staffed, assigned, managed and operated? (i.e., do internal consultants participate in the whole project cycle or just certain phases?)

Example Groups & Evidence

Our survey of internal shared services groups identified a variety of group functions encompassing a spectrum of service offerings. A given group's position with respect to the three categories of work / project types we identified can be flexible – respondents reported that historically, their groups have expanded or contracted their operating models as required.

Specific Organizational Development Mandate Ex. #15 (Retail – Toys & Games)	Service Offering Spectrum Ex. Company #17b (Pharmaceutical)	Operational Profit Model Ex. Company #1 (Insurance)
Company #15's group focuses primarily on Performance Management and Talent Management, although the current Director is expanding the group's focus to include Leadership Development, Change Management and Executive Coaching.	Company #17b's internal services group offers a spectrum of service offerings including: OD/HR, strategic planning, executive coaching, learning and development, leadership development, meeting facilitation and design, change management, and performance management and training.	Company #1's internal services group mission is to “deliver value-added change to Company #1.” They perform a total cost-benefit analysis every 12 months and build a report for the CEO. They look at the ultimate ‘run rate’ (# of projects in a steady state), net benefit. Last year the group saved the organization 100 million USD.

Analysis: Implications and Conclusions

Company #13's internal consulting group fits into the second category of groups that offers a spectrum of service offerings, but is facing the question of whether it should consider paring down its range of service offerings to a more select few or focus more upon projects that are clearly directed towards generating a profit for the business.

Furthermore, this group has made the observation that other consulting groups may be considering similar issues – thus, opportunities for collaboration may exist.

OBSERVATION #2 – GROUP SIZE, SERVICE OFFERINGS AND POSITIONING

Internal consulting group sizes range from single sole practitioners to over thirty team members. Generally, the large groups offer a range of services to their clients and engage with clients in a variety of ways. By contrast the smaller groups tend to focus on one or two specific service offerings. The large groups therefore face a unique set of issues relating to prioritization of work, branding, and managing client expectations by determining what types of work they will and will not do. Small groups, who are often focused on specific core processes, often have neither the luxury nor the burden of managing client expectations around the breadth of services they offer.

Key Questions 1.3, 2.1, 2.3

- 1.3 How do internal consulting groups manage client expectations about what they do, and position the group within the organization? How do internal consulting groups guide clients to deliver the strategic corporate vision?
- 2.1 What is the purpose and mission, as well as the organizational composition (skill mixes, background experiences, areas of expertise), of internal consulting groups? How do these groups attract and retain top talent?
- 2.3 How are project opportunities acquired, evaluated and prioritized? (i.e., how does one determine the 'right' work?)

Example Groups & Evidence

Our evidence negates that there is a dominant methodology employed by internal consulting groups to acquire, evaluate and prioritize project opportunities. There is a correlation, however, between the breadth of services offered and the extent to which groups undertake ad hoc project work. Groups that center themselves on a specific process or capability (e.g., Talent Management), are typically not asked by their clients to perform ad hoc work, or are better able to refer this work to another group/vendor. Similarly, groups focusing on ROI or cost-improvement are also able to make project acceptance and prioritization dependent upon dollar/cost impact.

Small Group: Company #14 (Media – Film and Video)	Large Group: Company #6 (Consumer Products)
<p>Company #14's internal services group employs seven people (including executives) and focuses specifically on OD/HR, Executive Coaching, Learning & Development, Leadership Development and Diversity work.</p> <p>This group is not generally asked to do work outside of the parameters of the service offerings above and when ad hoc work comes in, it is generally referred out or taken on only after a careful review by the EVP HR.</p>	<p>This group employs over 30 people and offers a wide variety of different service offerings including: OD/HR, process management/improvement, strategic planning, meeting facilitation, change management, culture change and team effectiveness.</p> <p>The group leader is taking necessary steps to create a brand for the group.</p> <p>This group prioritizes work in alignment with the organization's strategic imperatives</p> <p>Work is sometimes referred out to other groups within the organization.</p>

Analysis: Implications and Conclusions

Strengths of small vs. large group	Weaknesses of small vs. large group
<p>Company #14 is able to hire specific talent for well-defined positions</p> <p>Client expectations are easily managed at Company #14 because there are few points of contact and once relationships are developed, the group doesn't need to continuously work on branding</p> <p>Large groups have the advantage of being able to offer a wide variety of services to their clients</p>	<p>Company #6 must hire people who have acquired a lot of different experience in the field, and as a result, can be limited to hiring people with 10+ years of experience at high salaries</p> <p>Company #6 must concentrate on branding and value measurement because the group interacts with many different clients with extremely different service needs</p> <p>Small groups can be limited in their focus</p>

OBSERVATION #3 – METHODOLOGY AND METRICS

Regardless of size, groups with specific, formal engagement methodologies also tend to have an approach which is better at articulating measures of their value and their impact on the business (often quantitative, and profit or ROI-focused).

Key Questions 2.2, 3.1

- 2.2 Which internal consulting groups have a common engagement methodology and/or tool set; how did they develop it, disseminate, support and maintain it?
- 3.1 How do internal consulting groups measure, define and report the value they contribute to the client and the organization?

Example Groups & Evidence

There is a varying degree of tension between the usefulness of a common methodology and the cost / difficulty of developing, implementing and maintaining a methodology. Utilizing a common methodology enhances value measurement and assessment.

Company #2 (Consumer Products)	Company #6 (Consumer Products)	Company #11 (Media – Broadcasting)
<p>This group is in the process of creating a common engagement methodology (a “how to” toolkit).</p> <p>Although they don’t have a formal engagement methodology at this time, the group utilizes a stakeholder engagement model that describes how to facilitate engagement sessions and there is an engagement skills training program in effect.</p> <p>Group value / accomplishments are rolled up annually with quantifiable data.</p>	<p>The internal consulting team for this company is 95% finished with an Organizational Effectiveness Execution Roadmap which includes a web-enabled engagement methodology.</p> <p>Methodology is based on internal best practices, other organizations’ best practices.</p> <p>The group is implementing the OE Execution Roadmap for a company transformation initiative and testing it simultaneously.</p> <p>The project is helping to share the value of OE with the organization</p> <p>The team will get together and do informal iterations of the model periodically</p> <p>This group is simultaneously working on metrics focused on cost-reduction, headcount reduction or cycle-time reduction</p>	<p>Company #11’s internal consulting group is made up of Six Sigma quality groups located in Company #11’s major businesses</p> <p>Six Sigma brings with it a very formal methodology – the “DMAIC” (define, measure, analyze, improve, control)</p> <p>The methodology includes documentation for all project steps and the requirements to move to the next step</p> <p>The Six Sigma “Book” or “Body of Knowledge” is required for certification at each belt level</p> <p>There is a ‘paint by numbers’ deck that is successfully reused: it walks through the Six Sigma project process and points to key deliverables at each stage</p>

Analysis: Implications and Conclusions

A methodology, including those that support approaches like Six Sigma, require the definition of success metrics can facilitate measurement of value contribution in cost terms. A methodology that delineates engagement phases, phase objectives and entry / exit criteria can assist tracking accomplishments and benefits realization for less-defined work efforts (like culture change).

A methodology that provides a range of standard "gates" that define transition from one predefined project phase to the next also facilitates a degree of standardization that permits relatively objective cross-project prioritization and allows realistic trade-offs between initiatives during the allocation of scarce resources.

OBSERVATION #4 – GROUP COMPOSITION AND SKILL MIX

Groups without formal engagement methodologies are, in general, comprised of consultants with deep expertise, knowledge of previous methodologies, and extensive consulting experience (typically 10+ years). As a result, consultants are more flexible and can be expected to work more autonomously than when the group is accountable for a formal organization-specific methodology. However, when a group does not have a formal methodology, it runs the risk of a lack of consistency across client engagements.

Key Questions 1.2, 1.3, 2.1, 2.2

- 1.2 How do internal consulting groups interact, get support and buy-in, and do business with their clients and third parties?
- 1.3 How do internal consulting groups manage client expectations about what they do, and position the group within the organization? How do internal consulting groups guide clients to deliver the strategic corporate vision?
- 2.1 What is the purpose and mission, as well as the organizational composition (skill mixes, background experiences, areas of expertise), of internal consulting groups? How do these groups attract and retain top talent?
- 2.2 Which internal consulting groups have a common engagement methodology and/or tool set; how did they develop it, disseminate, support and maintain it?

Example Groups & Evidence

With a very experienced team of consultants, instituting and maintaining a formal engagement methodology can have unintended negative consequences due to the restrictions it places upon the consultants. When considering methodology - and the extent to which the methodology is enforced - balance should be carefully struck between the need for cross-engagement consistency and the desired levels of flexibility and innovation.

Groups with Formal Methodologies Ex. Company #2 (Consumer Products), Company #11 (Media – Broadcasting)	Groups without Formal Methodologies Ex. Company #12 (Consumer Products), Company #3 (Pharmaceutical)
<p>Company #2 (Consumer Products)</p> <p>The internal consulting group at Company #2 is comprised of 5 FTE, 1 PTE and 2 interns: Employee backgrounds vary. For example the Director of the group has a background in program event coordination and organizational support from a technology and financial perspective, while the Manager's background is in litigation and internal communications. The Director sources people with an interest in HR and/or communications.</p>	<p>Company #12 (Consumer Products)</p> <p>Company #12 has small Organizational Management Development (OMD) groups deployed in the business divisions, as well as an OMD group in Corporate Center. All of the OMD groups typically have PhDs or Masters degrees and some external consulting experience. PhDs are generally rotated through the center (corporate) jobs. Approximately 30% of the current group are PhD candidates and about 30% have other advanced degrees.</p>

Groups with Formal Methodologies Ex. Company #2 (Consumer Products), Company #11 (Media – Broadcasting)	Groups without Formal Methodologies Ex. Company #12 (Consumer Products), Company #3 (Pharmaceutical)
<p>Company #11 (Media – Broadcasting)</p> <p>This Six Sigma group has 1 Master Black Belt (comparable to a Team Lead or Director), 2 Black Belts (comparable to a project manager) and black/green belts sourced from the line managers of the business on rotational assignments. Rotational individuals are highly knowledgeable of the Six Sigma methodology but do not necessarily have expertise in organizational effectiveness.</p>	<p>Company #3 (Pharmaceutical)</p> <p>Company #3 does not have a formal methodology, though the consultants use a number of different tools in their work. The group is primarily comprised of senior experienced OE professionals, many with PhDs and MA/MS professionals in Organizational Behavior, Organizational Development or Industrial/Organizational Psychology. The majority have 10-15 years of practical OE experience either in internal consulting or external consulting (50/50).</p>

Analysis: Implications and Conclusions

Internal Consulting Groups with formal methodologies are able to hire less experienced, bright people who can utilize and add new thinking to an innovative, risk-taking group.

Groups with formal methodologies can address client needs with a less experienced group or individuals that are not otherwise equipped to discern optimal approaches.

Groups without formal methodologies must hire experienced, credentialed people who will invariably bring a range of methodologies and toolkits to the group, reflective of their own previous employment and experiences.

OBSERVATION #5 – PROJECT ORIGIN AND SPONSORSHIP

For most groups, the majority of work originates from corporate leadership. Some groups acquire work both from the corporate leadership and directly from the business client. In either case, executive sponsorship is the key to success, and a major factor for prioritizing work.

Correspondingly, when reporting to corporate leadership, many groups make an effort to quantify and report value (e.g., benefits realized and ROI), as well as client satisfaction and usage tracking measures.

Key Questions: 1.1, 1.2, 3.1, 3.2

- 1.1 How do internal consulting groups communicate and sell/present their services to corporate leadership, their clients and external parties; and how are communications channeled to the rest of the organization?
- 1.2 How do internal consulting groups interact, get support and buy-in, and do business with their clients and third parties?
- 3.1 How do internal consulting groups measure, define and report the value they contribute to the client and the organization?
- 3.2 What metrics do groups utilize to measure success on individual projects and as a group?

Example Groups & Evidence

Respondents' anecdotes highlight the impact of executive corporate sponsorship. Strong support and buy-in from the organizational leadership has a positive impact on a group's organizational positioning, business credibility, ability to filter and prioritize work, value tracking, and value reporting.

Majority of Work Acquired from Corporate Leadership Ex. Company #16 (Retail Brokerage), Company #4a (Information Technology)	Work Acquired from Corporate Leadership and Business Client Ex. Company #1 (Insurance)
<p>Company #16 (Retail Brokerage)</p> <p>The Company #16 group has primary responsibility for the graduate level leadership development programs in the global division. This group is housed under a corporate function called "Group Leadership Development", and works near another team which manages the Sr. level executive leadership development programs.</p> <p>The group's work is, itself, considered a strategic initiative and so there is a lot of buy-in at the highest levels of the company.</p> <p>In terms of articulating value for reporting, for some work (i.e., Diversity training) they will only track usage. But for the Leadership Program they are much more rigorous about the business case. There is weekly and monthly data tracking, that is rolled up to the Global level in reporting.</p>	<p>Company #1 (Insurance)</p> <p>Projects are acquired in two ways – from the CEO, and from the clients (business units).</p> <p>This group has very high visibility at the senior leadership level. Due to firm executive sponsorship, every executive knows about the group and business leaders know where to go for projects.</p> <p>They perform a total cost-benefit analysis every 12 months and build a report for the CEO. They look at the ultimate 'run rate' (#'s of projects in a steady state), net benefit. Last year they saved 100 million USD, and they can project and roll-up this impact over the years as implemented solutions are maintained, too.</p> <p>Clients must sign off on the cost-benefit analysis results for their area/projects before the report is channeled upwards. There is also a Customer</p>

Majority of Work Acquired from Corporate Leadership Ex. Company #16 (Retail Brokerage), Company #4a (Information Technology)	Work Acquired from Corporate Leadership and Business Client Ex. Company #1 (Insurance)
<p>Company #4a</p> <p>This group's mission is to consult and offer high-level and accurate data with speed in terms of employee attitudes in order to improve the climate within the company.</p> <p>The CEO and Senior Leaders are absolutely emphatic about the group's work – the value of the survey function is heavily championed at the highest levels and individual executives' compensation is influenced by their group's survey results, so it is also enforced.</p> <p>When reporting, the group links their work directly back to shareholder value. They calculate statistics on the relationship between employee satisfaction and market share in order to justify their value.</p>	<p>Satisfaction Survey that clients complete.</p>

Related Participant Anecdotes

Company #10a: "Yes, (we have firm criteria for prioritizing requests) and we must. We try to get to 'value' as much as possible"

Company #10b: "Some work priorities can be driven by critical unanticipated issues, such as senior leadership changes. It's all about people and relationships."

Company #3: "We have come to the conclusion that you can't staff to meet demand, and if you did, work wouldn't be aligned with strategy. We have instituted a portfolio Management process with monthly review. This, along with being on the Corporate HR Council gives us much better insight into the priority of work."

Company #1: "The more painful a change is, the higher level executive support it needs."

Analysis: Implications and Conclusions

Corporate leadership and executive sponsorship plays a valuable role in prioritizing ad hoc work and aligning the business client with the corporate strategy.

Senior level sponsorship provides groups with a mandate to work on initiatives that may be difficult to quantify in hard dollar terms, but that are deemed strategic.

OBSERVATION #6 – CLIENT ENGAGEMENT MANAGEMENT

Small groups tend to participate in the initial phases of project work and transition implementation to the business units. Larger groups often participate in the end-to-end project lifecycle. These larger groups generally have an administrative staffing or Team Lead position that is responsible for making assignments from a pool of relatively fungible consultants to staff projects.

Key Questions: 2.1, 2.3, 2.4

- 2.1 What is the purpose and mission, as well as the organizational composition (skill mixes, background experiences, areas of expertise), of internal consulting groups? How do these groups attract and retain top talent?
- 2.3 How are project opportunities acquired, evaluated and prioritized? (i.e., how does one determine the 'right' work?)
- 2.4 How are projects staffed, assigned, managed and operated? (i.e., do internal consultants participate in the whole project cycle or just certain phases?)

Example Groups & Evidence

Several respondents have experienced organizational realignments, allowing them a valuable perspective on the differences between operations as both a large group and a small group. Respondents in general highlight the inter-relatedness of group purpose, internal structure, skill mix, client relationship management, work acquisition, priority, and project management.

Small Group - Company #8 (Pharmaceutical):

This group has recently been through an organizational realignment. They are currently in transition from a large centralized group model to one where a small central group under HR manages OE Strategy Consultants who are deployed to divisions.

Previously, they followed a consulting model and process all the way from contract to implementation.

The new model is still "in process". At this point, there is more of an interface with the business partners, where OE acts as a community of practice. HR business partners within the divisions then do the implementation work.

Small Group – Company #17a (Pharmaceutical):

The Organizational Development function at Company #17 currently consists of sole practitioners and small groups deployed within certain business units. One study participant is a sole practitioner, working on creating an interview process for the business divisions (i.e. job analysis and template), to help them strategically staff and train.

Although this sole practitioner does participate in all phases of the project lifecycle, this is done in close collaboration with division HR generalists and clients.

The strategy incorporated in this approach is to impart OD consulting tools / skills to the HR generalists, thereby teaching consulting skills to clients.

Small Group – Company #12 (Consumer Products):

Similarly, the Organizational Management Development (OMD) team consists of about five OD Experts who lead the work and varying staff of HR Generalists who are rotated through following an "empowered generalists" model.

The OD experts oftentimes participate during the stages where their involvement it is necessary (planning, design), but the HR people in the divisions will be involved end-to-end.

Medium Group – Company #3 (Pharmaceutical):

Company #3 has transitioned over the last 6 years from a large group model that had an external consulting group 'feel' to a smaller group model. The previous model included account managers for each part of the businesses and a fungible pool of consultants from which to staff projects. As resources were reduced, the decision was made to re-centralize the group.

In some cases, they will still participate in all phases (i.e., diagnose, design, implement) of a project. However, the group's work now tends to be more focused on interventions at the organizational level, rather than the group or team level.

Administration and staffing is now managed by the group Director, who also manages the group's client business portfolio.

Large Group - Company #13 (Pharmaceutical):

This group consists of over thirty team members focused on projects related to the strategic imperatives of their client.

The Company #13 consultants participate in the full lifecycle of the projects that they work on. However, occasionally they become involved in clients' projects in the later stages of the project's term, or incorporate the client into the implementation phase of a project. But generally, they participate in full lifecycles.

The team leaders meet on a regular basis to determine the priority of individual projects and they staff them together.

Analysis: Implications and Conclusions

Successful smaller groups leverage their limited resources by seeking to empower their HR partners and business clients with organizational consulting skills. Although this approach allows them to meet increasing resource demands, out of necessity the groups' connectedness with the business client is lessened, potentially reducing their insight into the clients' issues.

Targeting group involvement on certain stages of the project lifecycle can help manage resource load, as well as increase client ownership of the solutions. When this approach is selected, it is critical that the client relationship is carefully managed to accomplish successful project transition, and that accountability for results is driven through to the project conclusion.

For large groups, there is generally a heavier administrative burden involved in staffing projects. This may partly reflect the additional scoping and requirements definition work required of groups with a broader range of services, which have the ability to design highly customized solutions to clients' problems.

OBSERVATION #7 – EXTERNAL VENDOR RELATIONSHIPS

Groups' relationships with external vendors range from developing partnerships that serve the business client to directly competing with them for business. One group in our study manages the external vendors' contact and interaction with the client by essentially 'subsuming' them into their own group for the duration of their engagement. In this way, the internal consulting group operates as the 'prime contractor' to the client while the third party service providers operate under the internal consulting group's brand, identity, and methodology. It should be noted that this relationship is supported by a formal engagement methodology.

Key Questions: 1.2, 2.2

- 1.2 How do internal consulting groups interact, get support and buy-in, and do business with their clients and third parties?
- 2.2 Which internal consulting groups have a common engagement methodology and/or tool set; how did they develop it, disseminate, support and maintain it?

Example Groups & Evidence

The approach to dealing with third parties varied from group to group. However, some combination of partnering, competing and managing emerged in most cases.

Partners with or manages vendors - Company #4a (Information Technology), Company #9 (Retail Brokerage)

Some groups, like the Company #4a group, rely on specific vendors for core elements of their function. This group has a dedicated relationship with the vendors that they buy and license their survey software from.

Company #9's group goes a step further, and has developed standards and tools for client engagement that integrate third party consultants into their team so that they are seen as an extension of their group by the clients.

Competes with vendors - Company #1 (Insurance)

Company #1 has developed a group capable of providing services comparable to external providers, and sees third party consultants as competition.

The Senior Director has worked hard to establish his group's credibility with senior people in the organization and on new client sites, and grow these relationships. This has been furthered by maintaining cost effectiveness when compared to external providers.

Analysis: Implications and Conclusions

For groups that strive to meet a variety of client needs, strategic relationships with third party vendors and consultants may offer depth and flexibility of resources. The return on an investment in creating a formal group engagement methodology should factor in the gains possible with respect to managing external consultants more effectively, and the potential value of the internal group maintaining a strong independent relationship with their business client.

Internal service groups should also compare the administrative costs of managing external consultants to the gains of their own better client positioning, and an improved ability to oversee the service quality level of external consultants.

A substantial opportunity also exists in using internal consulting groups to qualify and select consulting services providers. These groups evidently have rich content knowledge and superior judgment in selecting professional services suppliers for their firms, and have the opportunity to add considerable value when compared with a standard procurement process. This is particularly true if

a company is seeking to pre-qualify a shortlist of candidates and service providers, and when discussions are occurring outside the context of a specific project.

OBSERVATION #8 – APPROACHES TO VALUE MEASUREMENT

Approaches to measuring value contribution include tracking usage, measuring client satisfaction (via formal surveys or informal feedback), quantifying ROI or cost savings, and calculating consultant day rates. All the groups' leaders struggle with the pros and cons of which variables to measure to determine culture change, impact on business, and/or ROI.

Key Questions: 3.1, 3.2, 3.4

- 3.1 How do internal consulting groups measure, define and report the value they contribute to the client and the organization?
- 3.2 What metrics do groups utilize to measure success on individual projects and as a group?
- 3.4 How do internal consulting groups manage their financials to clearly line up with the value they deliver?

Example Groups & Evidence

Strategies for Measuring Value

Company #14's group measures value by tracking usage and client satisfaction. They monitor and report on the number of people completing development programs. In addition, they utilize "smile sheets" at the end of training and development sessions.

The Company #4a group tracks completion, as well as linking employee survey responses back to shareholder value. The group calculates statistics on the relationship between employee satisfaction and market share.

Company #3's group measures client satisfaction, and ties that measurement back into group performance development. In addition to posing overall service value questions to business leaders, their satisfaction survey asks business leaders questions specifically related to the Organizational Effectiveness competency goals. For instance, they ask, "Which consultants on the project team would you *pay for*, and which would you not, and what is the difference between the two?" The differences are then translated into competencies that drive what the client sees as valuable. Although they calculate the estimated costs/day rates of consultants they do not charge-back to the business.

Company #2 measures progress in the eyes of their stakeholders on cultural/respect issues. They utilize employee surveys for internal stakeholders, and external public opinion research on broader issues.

Company #1 puts rigorous cost/benefit analysis into their work. Once a year (before compensation), they contact their clients and see if the cost/benefits were realized. They get the clients' agreement on the value of the work and then report to the CEO & Chairman.

Company #11 has placed a finance representative on every project, and the team must determine clear and provable metrics (the "Y Metric" in Six Sigma methodology) to track cost-savings or benefits. A project will not be approved unless there is a very clear, provable "Y Metric" in place.

Company #7 also defines a value metric at the initiation of projects. These metrics are tracked diligently and benefits realization is reported monthly.

Company #9, Company #10 and Company #4b charge back to their clients for work (in the case of Company #4, they use an internal company currency). Their value is quantified with their clients by the billing rates and agreements.

Related Participant Anecdotes

Company #3: "As 'organizational effectiveness' group, it would seem the best way to measure value is to measure how effective the organization is. But this takes away from the line managers' impact on this. Thus, client satisfaction is a key measure. Recognizing, however, that there is more to it than that, just making the client happy can still jeopardize the organization."

Company #11 (on measuring culture change): "What really is the challenge – depending on the value you pick you can reinforce the wrong things."

Company #4b (on charging back to clients): "It's a collaboration, where both the business client and the consulting group have skin in the game."

Analysis: Implications and Conclusions

Whether a group charges back to their client or not, tracking value contribution is universally seen as important, although widely recognized as difficult.

Groups with management sponsorship will find it easier to demand the project related documentation/tracking and project follow-up information that will allow them to establish and demonstrate value.

Groups with strong methodologies have the opportunity to incorporate a measurement and value qualification component within their methodology.

APPENDIX

The appendix is comprised of the following supplemental information:

- ***Stage 1 Project Team***
- ***Participant Company Profile Data***
- ***Participant Internal Consulting Group Profile Data***
- ***Key Question Framework***
- ***Interview Protocol Tool***

Stage 1 Project Team Contact Information

Name	Affiliation	Contact
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Participant Company Profile Data

The following companies participated in this study on internal consulting services capabilities. Data in this profile section is the latest publicly available data from Hoover's Online. Unless otherwise documented, all numbers are for the 2002 fiscal year.

Company #	Employee #	Net Income (mil.)	Annual Sales (mil.)	Industry
Company #1	80,000	\$5,519.0	\$67,482.0	Financial Services – Insurance
Company #2	166,000	\$11,102.0	\$80,408.0	Consumer Products Mfg
Company #3	43,700	\$2,707.9	\$11,077.5	Pharmaceuticals
Company #4	355,421	\$3,579.0	\$81,186.0	Information Technology Services
Company #5	94,335	\$1,663.0	\$43,372.0	Financial Services – Banking
Company #6	63,900	\$1,674.6	\$13,566.3	Consumer Products Mfg
Company #7	59,500	\$1,543.0 (2003)	\$11,588.0 (2003)	Financial Services – Insurance
Company #8	62,000	\$7,149.5	\$51,790.3	Pharmaceuticals
Company #9	50,900	\$2,513.0	28,253.0	Financial Services – Retail Brokerage
Company #10	55,726	\$3,075.0	\$32,415.0	Financial Services – Retail Brokerage
Company #11	315,000 (parent company total)	\$15,002 (parent company total)	\$7,149.0 (operating company#11 only)	Media – Broadcasting
Company #12	142,000	\$3,313.0	\$25,112.0	Consumer Products Mfg – Beverages
Company #13	98,000	(2003 data) \$3,910.0	(2003 data) 45,188.0	Pharmaceuticals
Company #14	91,250	(\$98,696.0)	\$40,961.0	Media – Film & Video
Company #15	114,000	\$229.0 (2003)	\$11,305.0 (2003)	Retail – Toys & Games
Company #16	69,000	\$2,560.0	\$46,157.0	Financial Services – Retail Brokerage
Company #17	52,762	\$4,447.2	\$14,584.0	Pharmaceuticals

Participant Internal Consulting Group Profile Data

This following table presents basic consulting group profile information learned through interviews of study participants.

Company #: (Industry)	Group Size & Skill Mix	Group Focus	Reporting Relationships	Placement in Organization	Geography & Business Div Served	Service Offering Breakdown
Company #1: (Insurance industry)	~34FTE in 3 offices. NY: 2 Admin, 24 consultants, HK: 1 Admin, 3 consultants, Tokyo: 1 Admin, 3 consultants	<ol style="list-style-type: none"> 1) Cost control and Top Line (revenue generating) projects. 2) Majority of projects focused on profitability: 2/3 of projects are cost-control projects and 1/3 are revenue generation projects. 	Reports directly to the CFO of Company #1 – who also heads other groups, such as controllers, credit-risk management, procurement, investor relations and M&A.	Under Corporate Groups / Services, CFO	Global (3 groups in 3 offices) – serves business divisions	<ul style="list-style-type: none"> Process Management / Improvement Strategic Planning M&A Support Technology Implementation Change Management Strategic Sourcing Product Strategy
Company #2: (Consumer Products industry)	~12 staff: 5 FTE, 1 PTE, 2 interns, a VP and a Director. There are two specialists on their staff as well.	<ol style="list-style-type: none"> 1) Employee Engagement: group hosts sessions presenting hot company issues (corp. identity, global opinion research, compliance & integrity issues) to the broader org. (corporate svcs, HR, finance, legal). 2) Sharing Knowledge: professional development (listening, facilitation, presentation skills led by line), skills & competencies 3) Change Management 	Reports to Senior VP of Corporate Affairs	Within Corporate Affairs, under the Functional Essentials Group	Global – Serves Corporate Affairs HQ	<ul style="list-style-type: none"> Knowledge Management Executive Coaching Learning and Development Leadership Development Meeting facilitation Change Management Other Performance Management, Training
Company #3: (Pharmaceutical industry)	In the mid-90's group was about 30 FTE at its 'high water' mark.	<ol style="list-style-type: none"> 1) Workforce research (internal survey and workforce productivity research) 	Reports to Executive Director of Global Leadership Development and	Within HR	Global – Serves ALL business divisions	<ul style="list-style-type: none"> OD/HR Strategic Planning M&A Support

Company #: (Industry)	Group Size & Skill Mix	Group Focus	Reporting Relationships	Placement in Organization	Geography & Business Div Served	Service Offering Breakdown
	Now about 10 FTE.	<ul style="list-style-type: none"> 2) Workforce partnering (diversity and work-life partnering initiatives) 3) Critical organizational challenges (Organizational Diagnosis, Organizational Design, Organizational Change Management) 	Learning, who, in turn, reports to head of Sr. VP of HR.			Learning and Development Change Management
Company #4a: (Information Technology industry)	9 people: Headed by Director located in London, who has been with the group for 7-8 years. Other 8 are located all over the US, mostly in White Plains. There are 4 I/O psychology PhDs, 2 Alas, 2 techs, and 1 intern	1) Expert knowledge of employee survey design and analysis	Reports to VP of Workforce Development who reports up to SVP HR, along with 5-6 other units.	Located in Corporate HR	Global – Serves 6 divisions 3 Geographies	Employee Survey Design, Analysis, and related Consulting
Company #4b: (Information Technology industry)	Approx 80; mainly MBAs, with some I/O Psychologists	<ul style="list-style-type: none"> 1) Business Strategy 2) Operations Strategy 3) Organization Change Strategy 4) Technology Strategy 	Reports to Company #4 Global Services Americas	Strategy and Change Practice in Business Consulting Services (includes external practices)	US – Serves all business divisions	<ul style="list-style-type: none"> OD/HR Process Management / Improvement Strategic Planning M&A Support Meeting facilitation Change Management Other Performance Management

Company #: (Industry)	Group Size & Skill Mix	Group Focus	Reporting Relationships	Placement in Organization	Geography & Business Div Served	Service Offering Breakdown
Company #5: (Banking industry)	Four offices: NY, Delaware, Asia, London. Run by 4 FTE program managers/Team Leads, staffed from a rotating pool of 120 - 130 consultants. Also have a program Training Mgr (for NY & DE), a recruiter, and a chief administrator.	Group is a Leadership Development Pipeline. Service Offerings focus on Consultant skill development targets: 1) Process / Project Management 2) Analytical skills 3) Product Solutions 4) Financial Analysis	ICS Group Head reports into CFO, NY ICS reports into Corporate Development and HR as well. Also reports to Regional and Global governance boards	Within Corporate Functions	Global - Serves Finance, HR, Operations, Technology and Corporate Functions	OD/HR Process Management / Improvement Knowledge Management M&A Support (integration efforts) Learning and Development Leadership Development Technology Implementation Meeting facilitation Change Management Other Performance Management, Training Six Sigma, Process Improvement
Company #6: (Consumer Products industry)	~10 people. In the next few years they'll add approx 5 more highly experienced staff (7-10 yrs. from within or outside of company).	Focused on specific change initiatives for 2004-2005. They've done some client segmentation to determine what services the group should perform. They plan to work in two tiers: 1) Tier 1: Talk to global business heads with \$billion responsibilities 2) Tier 2: Org alignment work based on availability of resources to bring external	Reports to Executive VP of Global HR	Currently moving to a centralized hub and spoke model: a few people will be co-located in corporate HQ. Others will be placed in North America and Europe (2004-2005). After that time, spokes will be added in Latin	Global - Serves All 3 global businesses within company: 1) Personal Care, 2) Family Care 3) Products to hotels, restaurants i.e. gloves, masks	OD/HR Process Management / Improvement Strategic Planning Meeting facilitation Change Management Culture Team Effectiveness

Company #: (Industry)	Group Size & Skill Mix	Group Focus	Reporting Relationships	Placement in Organization	Geography & Business Div Served	Service Offering Breakdown
		customers and suppliers together to build strategies.		America and Asia Pacific.		
Company #7: (Insurance industry)	Team of 14 colleagues with a range of “consulting”, process improvement and technology development skills	<ol style="list-style-type: none"> 1) Process analysis and improvement projects. Current focus on consolidating back office functionality 2) The team also provides a center of excellence in metrics, business case development, Six Sigma methodology (standards, training, mentoring, project monitoring). 3) They have also established a PMO function and associated tools that is being adopted by other project based groups in the organization 	Head of Business Support Services who reports to the CFO	Within Corporate Function	US within a 3 to 5 year horizon, expectation that Global implementation will follow – Serves All major Company #7 business lines: Property, Casualty, Finer, Marine, Energy, Aviation etc.	<ul style="list-style-type: none"> Process Management / Improvement Knowledge Management Strategic Planning Learning and Development Technology Implementation Meeting facilitation Change Management
Company #8: (Pharmaceutical industry)	~ 8 – 10 OE/Strategy Consultants	<ol style="list-style-type: none"> 1) Strategic Staffing 2) Org Effectiveness 3) Learning 4) Leadership 5) Diversity (may be phasing out) 	Reports up to VP of HR. Along with counterpart, HR representatives for each business division. Reports downwards to business leaders and clients.	Centralized under HR, with consultants deployed to divisions	Global – Serves HR, Manufacturing	<ul style="list-style-type: none"> OD / HR Strategic Planning Executive Coaching Learning and Development Leadership Development Meeting facilitation Change Management

Company #: (Industry)	Group Size & Skill Mix	Group Focus	Reporting Relationships	Placement in Organization	Geography & Business Div Served	Service Offering Breakdown
Company #9: (Retail Brokerage industry)	25 Individuals - Mix of Project Managers & Business Analysts	<ol style="list-style-type: none"> 1) Project Management 2) Business Analysis 	<p>Reports up to Corporate Technology CTO.</p> <p>Reports down to Client area program managers and Core Program Management Office</p>	Within Corporate Technology	Global - Serves Office of General Counsel, Corporate Finance, Human Resources, Corporate Real Estate, Treasury, Research	<p>Process Management / Improvement</p> <p>Knowledge Management</p> <p>Strategic Planning</p> <p>Technology Implementation</p> <p>Meeting facilitation</p> <p>Change Management</p>
Company #10a: (Retail Brokerage industry)	Varies; currently 6 non-officer; 3 officer; skills mix of Operations, Mgmt Consulting and Technology	<ol style="list-style-type: none"> 1) Business Process Reengineering 2) Business Analysis 3) IT Project Management 4) Operations Strategy 5) Database Development 6) Senior Management facilitation and planning 7) New Business Launch 8) Outsourcing 9) Change Management 	<p>Flat organization reporting to Executive Director for US locations (non-US regions are dotted line to Exec Director with a solid line to site head); Executive Director reports to head of Global Ops</p>	Operations	Global - Serves Investment Management	<p>OD / HR</p> <p>Process Management / Improvement</p> <p>Knowledge Management</p> <p>Strategic Planning</p> <p>M&A Support</p> <p>Executive Coaching</p> <p>Technology Implementation</p> <p>Meeting facilitation</p> <p>Change Management</p>
Company #10b: (Retail Brokerage industry)	Varies; 5 officers and 6 non-officers	<ol style="list-style-type: none"> 1) Operations Risk Management 2) Client data management 3) Web data (sales, marketing) 4) Data management guidelines 	<p>3 direct reports in NY, 2 functional reports in Philadelphia and Houston</p> <p>Reports to head of Investment Operations</p>	Operations	Global - Serves Investment Management	<p>Education</p> <p>Process analysis</p> <p>Regulatory projects</p> <p>Risk Assessment</p> <p>RFP</p> <p>Metrics</p> <p>Sarbanes-Oxley 302 and</p>

Company #: (Industry)	Group Size & Skill Mix	Group Focus	Reporting Relationships	Placement in Organization	Geography & Business Div Served	Service Offering Breakdown
		5) Operations 6) BCP / Information security				404 Technology Implementation Meeting facilitation BCP coordination Information Security review
Company #11: (Media – Broadcasting industry)	~3FTE:1 Master Black Belt (similar to Team Lead or Director level), 2 Black Belts (similar to project manager level) and black/green belts sourced from the line managers of the business on rotational/project based manner (note – each division has a Six Sigma Quality Team similar to this)	1) "DNA Change": Six Sigma methodology certification training of employees 2) Pure project work, nature of work is specific to the division the Six Sigma group is serving	Reports to Quality Leader (who reports to Division Head, as well as sits on Leadership council)	Each portfolio company has a Six Sigma Quality group. Each division has a Six Sigma Quality team with similar size and structure. These groups are coordinated across divisions through their Quality Leaders.	99% National (very small responsibility, for Europe /outside US). Serves all 4 of Company #11's businesses: Sales, Marketing, IT, Broadcast & Network Operations	Process Management / Improvement Strategic Planning M&A Support (on integration) Executive Coaching Six Sigma Learning and Development Leadership Development Technology Implementation Change Management
Company #12: (Consumer Products industry)	Until recently, OMD team at Corp Ctr (@ 5 FTE's) led the work and HR Generalists rotated through. Now, some divisions will have own OMD teams/Organizational	1) Strategic corporate Initiative-based consulting (primarily core HR processes). Corporate OMD group is organized around core HR processes, and totally focused on cross-	Reports to the VP of Executive Staffing, Development and Chief Personnel Officer.	Corporate OMD is a sub-function of HR, which is placed at Corporate Center (HQ), Under Corporate	Global – Serves All divisions	OD / HR M&A Support Executive Coaching Leadership Development Technology Implementation Change Management

Company #: (Industry)	Group Size & Skill Mix	Group Focus	Reporting Relationships	Placement in Organization	Geography & Business Div Served	Service Offering Breakdown
	Consultants who are focused more on the capabilities of their division. Following an "empowered generalists" model in the divisions, where HR Generalists will perform a lot of OD work.	division implementation.		Functions		Other Performance Management, Training
Company #13: (Pharmaceutical industry)	22 FTE, 1IT, 7AA, 2 interns	<p>1) Group is primarily focused on projects related to the strategic imperatives of primary business division (division accounts for 80% of corporate revenue)</p> <p>2) Team used to perform a wide variety of projects, but has recently begun focusing only on those projects that fall within the strategic business imperatives</p>	SVP HR of division	Within HR	Global – Serves Every function within global division: Finance, Marketing, BT, Sales, HR, Medical	<p>Process Management / Improvement</p> <p>Knowledge Management</p> <p>M&A Support</p> <p>Executive Coaching</p> <p>Meeting facilitation</p> <p>Change Management</p>
Company #14 (Media – Film and Video industry)	1 VP, 3 Directors, 2 Managers, 2AA.	1) Strategic corporate Initiative-based consulting (primarily core HR processes)	Group runs parallel to HR and they both report up to EVP of Administration (who is also responsible for HR, Finance, Benefits, Communication)	Corporate office in NYC	Global – Serves both Company #14's corporate office and the 9 other divisions within Company #14	<p>OD / HR</p> <p>Executive Coaching</p> <p>Learning and Development</p> <p>Leadership Development</p> <p>Diversity Initiatives</p>

Company #: (Industry)	Group Size & Skill Mix	Group Focus	Reporting Relationships	Placement in Organization	Geography & Business Div Served	Service Offering Breakdown
Company #15 (Retail – Toys and Games industry)	1 ½ FTE: Director OE, Manager OE, Admin, and MBA interns are used as analysts.	1) Strategic corporate Initiative-based consulting (primarily core HR processes). Focus is primarily on Performance Management and Talent Management.	Reports to VP of Learning Design & OE	Located within HR	Global – Serves All	OD / HR Executive Coaching Learning and Development Leadership Development Change Management Other Performance Management, Training
Company #16: (Retail Brokerage industry)	6 – 7 people: mostly with I/O Psych backgrounds, 2 have Masters, 1 is a lawyer and a couple have PhDs.	1) Leadership development: work is approximately 1/3 current leadership program maintenance, 1/3 design of future leadership programs and 1/3 consulting for the business around the leadership programs.	Reports to the Global head of Education (within the Corporate Services function)	Management Office of the Investment Banking Division	Global – Serves Investment Banking Division	Executive Coaching Learning and Development Leadership Development Meeting facilitation Change Management Other Performance Management, Training
Company #17a: (Pharmaceutical industry)	Our interviewee is a sole practitioner. Her title is Consultant, Organization Development. There are other small OD groups and sole practitioners in other business divisions as well.	1) Strategic corporate Initiative-based consulting (primarily core HR processes). Current focus includes cross division staffing processes and tools.	Reports to Senior Director of Management and Staffing.	Practitioner's boss reports to VP of HR. Others report to Sr. Director of Mgt & Staffing, including division staff mgr, Training & Dev Mgr, Office Services.	National – Serves All including: marketing, scientific affairs (R&D), sales, HR, finance, international sales support.	OD / HR Process Management / Improvement Strategic Planning Learning and Development Technology Implementation Meeting facilitation Change Management Other Training
Company #17b: (Pharmaceutical)	4 FTE's with solid line reporting, 5 FTE's (OD)	1) Strategic Direction 2) Organizational	Reports (solid line) to the Global VP of HR	Within HR	Global – Serves Technical	OD / HR Strategic Planning

Company #: (Industry)	Group Size & Skill Mix	Group Focus	Reporting Relationships	Placement in Organization	Geography & Business Div Served	Service Offering Breakdown
industry	Consultants) with dotted line who reside site level in the Manufacturing plants	Transformation	for TOPs,, who reports to the SVP of HR Also reports (dotted line) to the TOPs business leadership		Operations (TOPs)	Executive Coaching Learning and Development Leadership Development Meeting facilitation and design Change Management Other Performance Management, Training

Key Questions

This first stage of this initiative focused on raising and exploring questions around internal consulting groups' purpose and intent, size and structure, and relationships both within and outside of the organization. Ultimately, this process – including subsequent stages - will lead participants to insights that are of great value within the context of their roles and organization's needs.

	Key Questions
Corporate Operations & Relationships	1.1 How do internal consulting groups communicate and sell/present their services to corporate leadership, their clients and external parties? How are communications channeled to the rest of the organization?
	1.2 How do internal consulting groups interact, get support and buy-in, and do business with their clients and third parties?
	1.3 How do internal consulting groups manage client expectations about what they do, and position the group within the organization? How do internal consulting groups guide clients to deliver the strategic corporate vision?
	1.4 How do multiple internal consulting groups interact with each other across a global organization? (i.e., virtual or physical interaction, program management office, etc.)
Internal Operations & Structure	2.1 What is the purpose and mission, as well as the organizational composition (skill mixes, background experiences, areas of expertise), of internal consulting groups? How do these groups attract and retain top talent?
	2.2 Which internal consulting groups have a common engagement methodology and/or tool set; how did they develop it, disseminate, support and maintain it?
	2.3 How are project opportunities acquired, evaluated and prioritized? (i.e., how does one determine the 'right' work?)
	2.4 How are projects staffed, assigned, managed and operated? (i.e., do internal consultants participate in the whole project cycle or just certain phases?)
Metrics, Accountability & Value	3.1 How do internal consulting groups measure, define and report the value they contribute to the client and the organization?
	3.2 What metrics do groups utilize to measure success on individual projects and as a group?

	3.3 How are success measures tied to internal consulting groups' budgets?
	3.4 How do internal consulting groups manage their financials to clearly line up with the value they deliver?

Interview Protocol

Each Key Question was decomposed into more detailed questions that were the basis of the interview protocol. A sample of an interview protocol follows:

Internal Consulting Team Interview Notes	
<i>Strictly Confidential</i>	
<i>Key Questions -Internal Operations</i>	
Key Question Category	1. What is the purpose and mission (ideal vs. actual), and group composition (skill mixes, background experiences) of internal consulting groups; how do they recruit and attract to top talent?
Subtopic Questions	<ul style="list-style-type: none"> a) What is the purpose and mission of your group (ideal vs. actual)? b) What skills and competencies does your group specialize in? c) What is your group composition (i.e., skill mixes, background experiences)? d) How do you recruit and attract top talent? e) If recruiting experienced hires from external consulting backgrounds, what methods and measures do you use to determine their competency and level? f) How do you onboard and orient new employees?
Interviewee Comments	<ul style="list-style-type: none"> a) See mission statement. Since our mission statement was recently re-created, it reflects our current purpose of working with our clients to meet the strategic imperatives of PGP. b) Our large group of consultants have a wide variety of skill sets and competencies that we draw upon depending on client needs and project requirements. Some examples of our skills include business process reengineering, knowledge management expertise, organizational design and development, team effectiveness and strategy implementation. c) Consultants in this group range from having extensive internal consulting background (10+ years) to academic degrees (MBAs, MAs, PhDs) to external consulting experience. Most of our professionals have two out of the three. d) We acquire talent from within XYZ Co. through referrals from contacts in external consulting groups, and from MBA and PhD programs e) We have a formal interviewing process that helps us assess skills and abilities, prior experiences, fit with the group, etc. We involve consultants of different levels as well as our clients in the process. f) Informally. Team leaders are generally responsible for the on-boarding process.
Key Question Category	2. Which internal consulting groups have a common engagement methodology and/or tool set; how did they develop it, disseminate, support and maintain it?
Subtopic Questions	<ul style="list-style-type: none"> a) Does your group have a common engagement methodology and/or tool set? b) Please discuss its development, dissemination and maintenance. c) What lessons have you learned about building and/or using methodology?
Interviewee Comments	<ul style="list-style-type: none"> a) No, we do not. Consultants bring a variety of skill sets and methodologies that we share with one another, but we do not have a formal engagement methodology at this time.