

## WHO DRILLS FIRST?

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“Jan van de Poll has been a strong advocate for the use of AI and data-driven approaches in management for many years. In this book he pushes the envelope.

Jan not only gathers his extensive experience in this field, but also shows how broadly applicable his ideas are and how many organizations can benefit from new ways of working.

Read and be inspired.”

**Ard-Pieter de Man,**

*Professor of Management Studies,  
School of Business and Economics,  
Vrije Universiteit Amsterdam,  
The Netherlands.*

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# **INTRODUCTION**

**CONSULTANTS ADVISE ABOUT  
DIGITAL TRANSFORMATION**

**BUT ARE THEMSELVES  
ONE OF THE LEAST  
AUTOMATED INDUSTRIES**

This book arrives at a pivotal point in the history of consultancy. In recent years, consultants have urged their clients to transform their business processes digitally. Yet, the consultancy industry is one of the least automated industries itself. As if your personal trainer – sporting a beer belly and having a cigar in one hand and a hamburger in the other – strongly advises you to do something about your lifestyle.

The consultants' technology is mostly about MSOffice, post-it notes, and flipcharts. And for a good reason! It's cheap, accessible, flexible, and portable. This book is written in Word. Its calculations are made in Excel. It is presented to my publisher in PowerPoint. I would not know how to work without them. There is, however, little *automation* involved in MSOffice, except for the formulae in your Excel sheet. The vast majority of consultants don't program in Excel. They don't use a template library for their Word- and PowerPoint documents. They don't link to the underlying databases and hardly present these online. The photos you made after the workshop of that wall of post-it notes do not get reworked for further analysis. Usually, MSOffice documents do not evolve into *digital assets* that consultants sell as such, as a product.

So, after decades where MSOffice (and hourly billing) was the *modus operandi*, consultancy firms can no longer afford to delay transforming their practices without surrendering their credibility. In the past few years, consultancy firms enjoyed decent revenue growth. Unfortunately, the impact of Covid-19 might shrink the market by 20% to 30% or more. The trend to shed the old business practices was already in the works for years; Covid-19 now makes it inescapable.

So, is the future of consultants that bleak? On the contrary! The Internet is now mainstream for roughly 25 years. If we look back at those early days – or even 10 or 5 years ago - it's difficult not to laugh at how simple and embryonic everything was, just as how we'll look at today in 5 to 10 years from now. In a couple of years, we all will look back in disbelief about how amateurish we did our consultancy work. "We served so few people!". "We delivered so little value!". "We understood so itchy-bitsy of what makes organizations flourish!". Digitally transforming the consultancy industry will be a helluva ride for visionary consultancy partners and discerning clients alike.

WHAT A PITY ... that they are not alone.

## WHO DRILLS FIRST?

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**99% OF CONSULTANTS  
SERVE  
1% OF ORGANIZATIONS**

**OR LESS**

## INTRODUCTION

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Consultancy is an elite product for the boardroom. More people buy Chanel than buy consulting services. Rarely, a middle manager can autonomously bring in consulting support. Are you a country manager of a country that's not in the G8? Small chance that you have consultants available all for yourself. And if your company is under 500 people, it's unlikely that you're using management consultants at all. (Maybe your accountant can help out here and there.) More than 500 people but low on cash (home care, volunteer organizations, trade associations)? Probably no paid outside advisers as well. No, you all have to rely on the friendly neighbor or Google if you have a serious business issue. In the USA, there are approximately 700,000 consultants, and they could serve the following 'audiences':

	Number	For each consultant
Workers	160 million	230 (160m ./ . 700k)
Non-employer businesses	25 million	36
Managers	24 million	35
Organizations	7 million,	10

Add in that organizations with 500 employees or less cover 99.7 percent of the organizations, and we would be generous stating that:

**99% of consultants serve 1% of organizations.**

Globally, the situation is even more asymmetric. The US consulting market is 40% of the global market, and let's assume 20% of the global consulting force. That makes 3.5 million consultants worldwide. The World Bank states there are 360 to 445 million micro-, small and medium enterprises, or +/- 120 of such enterprises for each consultant. Add this all up, and we arrive at this back-of-the-envelope calculation:

**globally, 99% of consultants serve 0,01% of organizations.**

We won't reach this other 99,99% of organizations if we put on a suit and step in a lease car. We have to go digital. We have to automate. We have to do business online. Like Big Tech is doing.

**THE CONTRAST  
WITH BIG TECH  
COULDN'T BE BIGGER**

## INTRODUCTION

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Big Tech, on the other hand, is everywhere. Think about Amazon, Google, Microsoft, Salesforce, Apple. They serve 100% of organizations. Their technology powers the digital transformation. Even more so, their technology *mandates* that organizations transform themselves to stay in the game. Big Tech is able to do so because their business model is built on the elimination of friction. Your interaction with them basically happens completely online. Artificial intelligence calculates and predicts with unprecedented speed and accuracy. Same-day delivery is becoming the norm. You pay them for their value, if you pay at all.

The business model of consultants is perpendicular to Big Tech. Consultants like the Big-4 (Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers). And, in the same breath, other consultants like Accenture, strategy houses (like McKinsey, Booz, BCG) and a host of so-called system integrators (like CGI, Cognizant and many others). For these organizations, friction is the cornerstone of the business model. The core consulting process (giving advice) is still done by hand, sticky notes and flipcharts are rampant, technology is dominated by MsOffice, and results are delivered in weeks or months. Consultants are usually paid by their effort, expressed in hours worked. Doing business online with consultants is almost non-existing: consultancy firms' websites are just online brochures.

Here's how the two groups compare:

### **BIG-4**

Elite, for the boardroom  
Friction  
MsOffice, post-its, flipcharts  
Takes time  
Paid by effort  
Website as the brochure

### **BIG TECH**

Ubiquitous  
Friction-free  
Artificial intelligence  
Instantaneous  
Paid by value or even free  
Conduct business online

Big Tech uses consultancy firms to help manage their business issues. But if consultants do not apply A.I. for their core consulting processes and, thus, effectively slowing down Big Tech's expansion: what stops Big Tech from doing it themselves?

**WHY BIG TECH  
IS INTERESTED IN  
CONSULTANCY A.I.**

**TWO EXAMPLES**

Consultants supply human intelligence, only slowly and costly. That's all fine if your organization's business environment isn't in some sort of rat race. You'd prefer the quality of the advice you get, even if that took another month or so. However, when you are in Big Tech, every day counts. Big Tech is *obsessed* with speed. This human intelligence is slowly and costly; artificial intelligence does the same but instantaneously and at a fraction of the cost. Hence, Big Tech would greatly benefit from having artificial intelligence, pattern recognition, and predictive capabilities to transform an organization in-house. Here are two examples of why.

If you think **Amazon** uses Microsoft Teams or Zoom to have their online meetings, think again. Not interested in competitors eaves-dropping on them, Amazon has developed their in-house online videoconferencing platform. Just as they have developed almost of their technology themselves with a whopping 200,000 software engineers at their disposal. And then: how many outside consultants would have any experience in advising companies with more than 850,000 employees operating at break-neck speed? As an Amazon executive wryly noted to me: "The company that brought the world same-day delivery has to wait three months for consultants to process the results of our employee engagement survey." When you are as unique as Amazon, no one can advise you but yourself. Amazon can build their consultancy artificial intelligence and then rent it out to organizations, similar to what Amazon did with their IT infrastructure: after Amazon Web Services, now Amazon Consultancy Services.

**Salesforce** invests wherever it can to continue its lightning-fast expansion and recently entered the S&P100 index. Salesforce's SaaS (Software-as-a-Service) platform does not only feature CRM functionality (Customer Relationship Management) but offers modules for customer service and marketing too. *Every* company could use their services, hence, Salesforce's interest in servicing small- and medium enterprises. Remind that consultants service 1% of organizations or less. With so many clients that require onboarding, there is no time for post-its and flip-charts. So, the company started, as early as 2017, an investment fund for automated cloud consultancy. The number of clients that Salesforce processes allow for quick pattern recognition. Give it two years or so, and nobody knows more about marketing, selling, and servicing than Salesforce.

**WHY BIG TECH  
IS INTERESTED IN  
CONSULTANCY A.I.**

**TWO MORE EXAMPLES**

**Microsoft** would have two reasons to want consultancy artificial intelligence under their roof. First, it would significantly improve the adoption of their Azure IT-platform (competing with Amazon). Microsoft takes Azure very seriously. Their CEO, Satya Nadella, refers to it as building the world's most massive computer. The Azure possibilities are beyond the realm of this book, but you can be sure that Microsoft does not only want to speak to your organization's Chief Information Officer. And the functionality of Azure-A.I. is not limited to the IT department.

The other second reason to want consultancy artificial intelligence under their roof is LinkedIn, which Microsoft acquired in 2016. Where Google owns the online advertising space for consumers, LinkedIn could own the advertising for businesses. Usually, people use LinkedIn when they get in or out of a job or for individuals to post some news fact, personal comments, or congratulate acquaintances. LinkedIn would be even better used *during* someone's position when LinkedIn would offer closed, in-company knowledge sharing functionality. LinkedIn would understand what issues organizations are struggling with and about what employees have to share knowledge. These consultancy services could even be free (!) as LinkedIn's advertisers would flock to this heaven of targeted marketing.

If you ask **Google's** search engine something, it never asks something back. That's OK for simple searches but useless for more complex questions like "How do I become an innovative organization?" Enter the *conversational search*: a search functionality originally developed to create more human-like search results and speech recognition. But the underlying artificial intelligence can precede, augment, or even replace the conversations the consultant has with a client. Linking this conversation's context to advertisers boosts Google's B2B advertising revenue. It's a situation similar to LinkedIn. Aggregated search terms of individual employees would create a clear picture: Google would understand the issues with which organizations are struggling. And point advertisers to these super qualified sales leads.

## **WHO DRILLS FIRST?**

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**“WHO DRILLS FIRST?”**

**SO, WHAT’S THE DRILLING?**

Just read an article on Big Tech, and there is somewhere a reference to artificial intelligence. This A.I. consists of calculation rules (algorithms) that calculate stuff you can not do in Excel. And if you put in enough data, the A.I. recognizes patterns within the data. Speech recognition and interpreting handwriting are examples where pattern recognition is vital. Similarly, organizations change according to specific patterns. E.g., our academic research showed that employee ambition comes in only three flavors. If you put in even more data, the patterns turn into predictions. Any CFO uses projections to forecast whether the company will make the budget. And that's possible because the company data warehouse offers many data to work with: orders taken, units shipped, raw materials purchased, wages paid, and so on. Yet, no consultant will predict where that digital transformation of yours will be in 6 or 12 months: too little data and too much Excel.

**So, the drilling is for data ➔ patterns ➔ predictions.**

Big Tech masters the artificial intelligence toolkit completely but hasn't organizational data other than data in the company datawarehouse. And that matters a lot. Because you shouldn't forget: for most business questions that consultants have to solve, there is no answer in the company data warehouse. You *have* to ask people. "Has the strategy landed on the work floor?" Or "How can we create a climate that fosters innovation?" Or "To what extent have we implemented our digital transformation?"

The Big-4 (and other consultants) are very familiar with these last kind of questions. They have some data related to these questions, but it's fragmented and not geared to apply in algorithms (see "Part 3. Automation", later in this book). The historical focus on MSOffice implies that practical knowledge of using artificial intelligence in the core consultancy process is – at best – in its infancy. The data scientists who consultants employ focus on the clients' databases, not on the core consulting process.

In the battle between Big-4 and Big Tech, the latter is much on the advantage. Give them the right data, and they can do miracles. Give the right data to consultants, and they still have to master the A.I.

**CONSULTANCY A.I.  
AS THE ULTIMATE  
COMPETITIVE ADVANTAGE:**

**WHO GETS IT, GUARDS IT.**

This book's cover shows drilling for oil as a metaphor for the richness awaiting when drilling for organizational patterns and predictions. While consultants are – metaphorically – happy farming the produce of their land, they're living – unbeknownst – above an incredibly vaster richness of consultancy artificial intelligence. Its discovery will propel the industry into the next decade, enabling consultants to serve many – if not all – of the other 99% of organizations and ultimately shift the competitive landscape.

And this consultancy gold is abundant! If we would just focus on transformation, it would be amazing to gather data, harness patterns, and develop predictions about:

- + What makes an organizational climate ripe for transformation?
- + Which processes are usually most suited for transformation?
- + Which processes turn out to be most challenging to transform?
- + Which leadership style(s) are needed to start a transformation?
- + Do such styles need change as the transformation progresses?
- + Can employees' ambition be classified?
- + Which types of teams will show the most fear to change?
- + What kind of transformation targets communicate most easily?
- + Where to expect most resistance to change?
- + Which topics usually triggers such resistance?
- + How to ensure organizational alignment?
- + How to avoid taking on more than the organization can chew?
- + How do employees handle transformation guidance?
- + What is the net effect of a town hall meeting on employees?
- + How to stimulate managers/employees to share knowledge?
- + How does the speed of transformation develop?
- + What characterizes (in-)effectively transforming teams?
- + How can ineffectively transforming teams be repaired?
- + Which interventions have the most effect?

As stated before, knowing the answers to these questions are of equal interest to Big Tech companies. Knowing these answers is the ultimate competitive advantage. Who gets it, guards it. So, if Big Tech is first in discovering, consultancy will ultimately be on their leash. At best.

**THIS BOOK IS  
FOR CONSULTANTS ...  
WHO WANT TO UPGRADE  
THEIR BUSINESS MODEL  
WITH A.I.  
  
... BEFORE BIG TECH WILL**

When organizations embrace digital transformation, beautiful things happen. A better understanding of customer behavior leads to a fundamental change in the customer experience. Data-driven insights and real-time feedback enable hyper-personalization. Digitally connecting work processes fosters collaboration across an entire organization and consolidates and controls operations. New technology facilitates innovation and helps to make organizations more agile. The rise of artificial intelligence creates a whole new generation of skills. A digital culture warrants almost unlimited freedom to work how, when, and where people like.

When consultants embrace the digitalization of their core advice process, beautiful things happen too. Out with repetitive reporting tasks. No more spiderwebs, post-its, and flipcharts. No more worrying about utilization. Collaboration across practices. Surprising discoveries how organizations function and change—endless possibilities to hide profits. Plus, job security and enhanced career opportunities. Expansion to previously unserved market segments and industries. Societal acclaim.

When their clients demand consultants to go digital, even more beautiful things happen. Superfast self-service. Individual, personalized support and artificial intelligence-driven coaching for every manager and every employee. Online Do-It-Yourself workshops. Concrete predictions about the success rates and side-effects of interventions. A consultants' focus shifts from repair (solving serious business issues) to assurance (making sure there is nothing serious to repair).

In their private lives, people love to change. Buying new clothes. Trying out that new restaurant. Indulge in that extra pair of sneakers. Choosing another holiday destination again. In their business lives, people suddenly do not want to change, let alone transform. Words like anonymity, fear, misalignment, and resistance-to-change are paramount. Almost always, clients call in consultants to help them to wade through this muddle. Consultants have been incredibly busy helping their clients with their change at the expense of having the time to digitally transform themselves: it is leaking from the plumber.

Big Tech has done it in an integrated way. Precisely by transforming themselves digitally, they have been able to conquer large parts of the economy. Given the all-devouring nature of Big Tech, it's unlikely they will stop at consultancy.

**BOOK CONTENTS:**

**CURRENT BUSINESS MODEL  
LACK OF ONLINE PRESENCE  
INTRO INTO AUTOMATION  
UPDATED BUSINESS MODEL  
HOW TO START TO AUTOMATE**

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**THE CLIENT JOURNEY  
TECHNOLOGY WALK-THROUGH**

In **Part 1.**, we'll explain how the reliance on MSOffice and hourly billing works into the friction part of the consultants' business model. A business model that hinges on friction in the world economy that essentially is becoming friction-free. What could we do better here?

Then, in **Part 2.**, we'll first describe the gap we have to close while digitally transforming ourselves. To drive the point home, we compare consultancy firms' sophistication in doing business online with the folks producing peanut butter. Although connoisseurs refer to peanut butter as the caviar of the breakfast table, you – as a consultant – would be nuts to agree that such a mundane product like peanut butter has anything to do with sophistication, wouldn't you? And you wouldn't even consider comparing it with such refined craft as giving advice!

When you've recovered from the shock of the peanut butter folks' clean sweep, it's time to bounce back in **Part 3.** Here, we'll explain how automation opens up a jar of opportunities to realize much better results and much happier clients with the same consultancy crew. (Nobody said that automation means you have to fire consultants.)

**Part 4.** shows you how technology helps you bill more while adding flexibility to the cost side. We'll explain where a digital business model for consultants differs from the traditional model.

Then, in **Part 5.**, we'll show you some simple steps to start with integrating automated consultancy in your consultancy practice.

Finally, there are two bonus sections. In **Part 6.**, we'll assemble a series of automated consultancy touchpoints into three different client journeys. And to further underline the need for automated consultancy, we'll give you a technology walk-through in **Part 7.** Not "the future could look like this," but technologies that are already available or will hit the market in the coming one to two years.

To cater to your overwhelmingly busy agenda, we have dedicated a single page to a topic. And if that's not enough, we have summarized the bottom line in a one-liner on the opposite page. In an extreme hurry? Short attention span? Better read only the left pages. More time on your hand? Want to go in-depth? Indulge on the right.