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a newsletter on practical strategic thinking and action
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editor's message

We have been learning more and more about Web 2.0 through reading, conferences and just surfing the "new" web. As promised, we are sharing some of what we learned—and decided to break it up in two installments. This month, we'll look at direct opportunities to participate in Web 2.0. Then, next month, we'll talk more about what this shift in the internet will mean to management of businesses going forward.

In Strategic Thinking, we lay out the basics of Web 2.0 and in Strategic Action we give you some standards to help you decide whether it makes sense for your business to jump into 2.0. Our Industry Spotlight asks for your participation in a survey on how companies use outside consulting—which is an interesting introduction to our Reading List review of a fascinating new book about management consulting called *The World's Newest Profession*.

strategic thinking

Web 2.0

Most people understand Web 1.0. We live it. It was revolutionary but now we take it for granted. Anything could be published on the internet—and was, and still is. In business, the Internet enables us to research our prospects and our competitors, sell our products and find new resources (i.e. employees, customers and partners). As exciting as this is, for most of us, Web 1.0 was and is a static process. We write something and, in a corporate setting, we send it to someone else who puts it on a website. It is incredibly fast compared to more traditional means of communication (considering the number of people it can reach) but still pretty static. If you want proof of this, think of the last time you updated your website.

Web 2.0 is really about new tools that have made it easier for people to create and publish their own content. You've heard of YouTube, blogging and Wikipedia. These are all examples of new means of communication through which people are publishing at a record pace—and doing it themselves, without a webmaster. This dynamic content is getting published every hour of every day. That pattern contrasts sharply with the way that most of us deal with content on our websites.

As content has become more dynamic, readers of this new content are not finding it by doing a one-time search for a subject. Instead, they are subscribing to continuous information feeds so that information from a specific source or on a topic of interest comes directly to them. Today, you can use any number of free or paid services to search and deliver all this new dynamic content. This type of

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fresh information. smarter decisions. great results.

“subscriber” is getting updates and reading them as they would their daily newspaper. I had been using Google’s free blog reader (<http://www.blogger.com/start>), but I just shifted to Blogbridge (<http://www.blogbridge.com>)—which is also free, but much more robust.

What does this mean from a corporate perspective? Everything is moving faster. It means that your customers may well be talking about you or talking with one of your competitors out there. It means that someone else may be creating the credibility and reputation as a source of information in your business. It means that you may lose control of your reputation and the terms of competition in your market.

However, don’t get me wrong. Web 2.0 has not yet reached the mainstream. But it will. So you need to learn and develop an idea of how it will affect your industry and your business. Michael’s column below will give you some good thoughts on when to pull the trigger.

My understanding of Web 2.0 was greatly enhanced by Kathleen Gilroy’s recent presentation to IMCNE. Her slides are available on Flickr (itself another tool for sharing visual content - <http://www.flickr.com/photos/kathleengilroy/sets/72157600003090525>)

-Mary Adams (adams@trekconsulting.com)

strategic action

Is There an ROI on Blogging?

I’m just as excited about Web 2.0. The first dynamic content scribe who caught my attention was Bill Simmons, who wrote under the name of Boston Sports Guy. He now writes for ESPN.com on its Page 2. Blogging for him really paid off as his fan base of readership grew and grew. What was his business model? He used it to propel himself to Hollywood, writing for the Jimmy Kimmel Show and now ESPN. Today, many high profile columnists have blogs, and even Red Sox pitcher Curt Schilling blogs these days.

But I also know that most of you are saying, “what’s in it for me?” You’re right to ask that. The amount of time you have available has not changed, so you need to see the ROI. Here are some thoughts on how to approach Web 2.0 in your own business:

- What’s your business model? How will Web 2.0 hurt or help your company?
- What would it mean for you to create an on-line community and/or identity?
- If you write a blog, then what? Who will be your audience?
- If you don’t write one, should someone else in your company?



- If you write on the blogs of others, how does this increase your profile?
- Are there other ways you could tap into Web 2.0—like customer contests?
- If you commit to dynamic content for your website home page, how will it happen? What discipline will you need to put in place?

Before you act, think it through so the return is there at the end of the day.

- Michael Oleksak (oleksak@trekconsulting.com)

industry snapshot

Help Improve the Quality of Consulting

As you may know, we are active members of the Institute of Management Consultants USA (Mary is the current President of the New England Chapter). In cooperation with the American Management Association and Consulting Intelligence, LLC, IMC is conducting a major national survey on how clients select, use and evaluate consultants. We would appreciate your help so that IMC's efforts start with facts, not anecdotes.

This survey (<http://www.srgsurvey.com/consulting/?Sequence=AMAIMC>) is being administered by Sterling Research Group, an independent research firm. All answers are confidential and no individual responses will be revealed. In appreciation for your generous contribution of about ten to fifteen minutes, you will receive a copy of the survey results and, if you choose, two additional free reports on how to best use consultants.

When you have received the results of the survey, we would welcome the opportunity to discuss them with you. Please contact us (info@trekconsulting.com) if you have questions about the survey.

reading list

The World's Newest Profession:

Management Consulting in the Twentieth Century

By Christopher D. McKenna

This book was written by an academic at Oxford but is very readable. McKenna reviews the history of management consulting in the twentieth century and challenges the industry to rise to the challenge of truly becoming a profession in the twenty-first century.

The most striking thing about this book is the convincing case he makes that the business of the large consulting firms in the U.S. has really been created and perpetuated by government regulation—a few examples:

- The U.S. bias against monopolies (in contrast with the strong industrial groups of Germany and Japan) created the need for a neutral party to provide information across industries on “best” practices—the role of management consultants was knowledge transfer.
- After the Depression, the Glass-Steagall Act took banks out of the business of performing what were referred to as “management audits” and drove accounting firms to focus on providing financial audits. Taking these two traditional players out of the market opened the door for the explosive growth of McKinsey, A.T. Kearney and Booz Allen & Hamilton.
- In the 1950’s, concerns about IBM’s monopolistic power led the U.S. Department of Justice to prohibit the company from offering computer consulting advice—opening the door for the accounting firms to get back into the consulting business, most notably Arthur Andersen.
- In the mid-1980’s, a ruling on liability of the corporate board of Trans Union for failing to exercise “informed business judgment” in the approval of an acquisition led to a rash of similar suits and a crisis in D&O insurance—until boards discovered the power of consultant reports to validate their decisions—leading consultants beyond knowledge transfer to the sale of legitimacy.
- Ironically, the next turn came when the accounting firms lobbied for their own change in regulation. In response to concerns about the liability of professional firms, Congress overrode Clinton’s veto to pass the Private Securities Reform Act of 1995 which, McKenna asserts, allowed firms to continue to audit riskier clients—and led directly to Enron and the collapse of Arthur Andersen.
- The Enron crisis, of course, led to the exit by accounting firms from consulting and the Sarbanes-Oxley legislation—both creating huge new opportunities for the consulting market.

The second big theme in the book is ethics. McKenna is very open in his support for increased professionalism in consulting. He asserts that McKinsey got a free ride and took no blame for their work with Enron. Further, he feels that, with Sarbox “having failed to prevent the corporate governance crisis, management consultants were nevertheless once again touted as the best solution to rising corporate liability.” Although the cynical would say that’s a great business, McKenna tells us that the profession “eventually needs to grow up.”

He’s probably right. But it’s not an easy thing to do in the big picture—there are issues on the creation of professional work standards which is why the survey we describe above (<http://www.srgsurvey.com/consulting/?Sequence=AMAIMC>) is so important. But it is possible (and necessary) for every firm to start with their own work standards. That’s why we participate in the Institute of Management Consultants and abide by their Code of Ethics (http://www.imcusa.org/ethics/imc_usa_code_of_ethics/imc_usa_code_of_ethics/).

Read more about this book at Cambridge University Press (<http://www.cambridge.org/us/catalogue/catalogue.asp?isbn=0521810396>).



announcements

Trek Principal Mary Adams will be delivering a general session speech at Consulting World in Orlando on June 25th. Mary will be speaking on "The Intangible (But Very Real) Opportunity for Consultants." Visit the Consulting World web site (<http://consulting-world.org/>) for more information.

In next month's issue, we will look at what Web 2.0 means to the management of firms.

about trek consulting

Trek Consulting LLC helps companies to face the challenges of growth, building value and dealing with change. Since 1999, we have been a valued partner to business owners and leaders on their arduous journey to business success. We know that we cannot make this journey for our clients, but we can make it easier and more successful. We focus on getting you the best information available, facilitating sound planning and decision-making, making sure you have the right skills and resources to face your challenge, and coaching you through the roadblocks that invariably arise along the way.

Our clients report improved market focus, greater revenues, better margins and increased profits. To learn more about Trek Consulting and how we can help you improve your company's results, visit us on the web at www.trekconsulting.com or call us at 781-729-1008.