Consulting on the Cusp of Disruption
by Clayton M. Christensen, Dina Wang, and Derek van Bever

After years of debate and study, in 2007 McKinsey & Company initiated a series of business model innovations that could reshape the way the global consulting firm engages with clients. One of the most intriguing of these is McKinsey Solutions, software and technology-based analytics and tools that can be embedded at a client, providing ongoing engagement outside the traditional project-based model. McKinsey Solutions marked the first time the consultancy unbundled its offerings and focused so heavily on hard knowledge assets. Indeed, although McKinsey and other consulting firms have gone through many waves of change—from generalist to functional focus, from local to global structures, from tightly structured teams to spiderwebs of remote experts—the launch of McKinsey Solutions is dramatically different because it is not grounded in deploying human capital. Why would a firm whose primary value proposition is judgment-based and bespoke diagnoses invest in such a departure when its core business was thriving?

For starters, McKinsey Solutions might enable shorter projects that provide clearer ROI and protect revenue and market share during economic downturns. And embedding proprietary analytics at a client can help the firm stay “top of mind” between projects and generate leads for future engagements. While these commercial benefits were most likely factors in McKinsey’s decision, we believe that the driving force is almost certainly larger: McKinsey Solutions is intended to provide a strong hedge against potential disruption.

In our research and teaching at Harvard Business School, we emphasize the importance of looking at the world through the lens of theory—that is, of understanding the forces that bring about change and the circumstances in which those forces are operative: what causes what to happen, when and why. Disruption is one such theory, but we teach several others, encompassing such areas as customer behavior, industry development, and human motivation. Over the past year we have been studying the professional services, especially consulting and law, through the lens of these theories to understand how they are changing and why. We’ve spoken extensively with more than 50 leaders of incumbent and emerging firms, their clients, and academics and researchers who study them. In May 2013 we held a roundtable at HBS on the disruption of the professional services to encourage greater dialogue and debate on this subject.

We have come to the conclusion that the same forces that disrupted so many businesses, from steel to publishing, are starting to reshape the world of consulting. The implications for firms and their clients are significant. The pattern of industry disruption is familiar: New competitors with new business models arrive; incumbents choose to ignore the new players or to flee to higher-margin activities; a disrupter whose product was once barely good enough achieves a level of quality acceptable to the broad middle of the market, undermining the position of longtime leaders and often causing the “flip” to a new basis of competition.

Early signs of this pattern in the consulting industry include increasingly sophisticated competitors with nontraditional business models that are gaining acceptance. Although these upstarts are as yet nowhere near the size and influence of big-name consultancies like McKinsey, Bain, and Boston Consulting Group (BCG), the incumbents are showing vulnerability. For example, at traditional strategy-consulting firms, the share of work that is classic strategy has been steadily decreasing and is now about 20%, down from 60% to 70% some 30 years ago, according to Tom Rodenhauser, the managing director of advisory services at Kennedy Consulting Research & Advisory.

Big consulting is also questioning its sacred cows: We spoke to a partner at one large firm who anticipates that the percentage of projects employing value-based pricing instead of per diem billing will go from the high single digits to a third of the business within 20 years. Even McKinsey, as we have seen, is pursuing innovation with unusual speed and vigor. Though the full effects of disruption have yet to hit consulting, our observations suggest that it’s just a matter of time.

Why Consulting Was Immune for So Long
Management consulting’s fundamental business model has not changed in more than 100 years. It has always involved sending smart outsiders into organizations for a finite period of time and asking them to recommend solutions for the most difficult problems confronting their clients. Some experienced consultants we interviewed scoffed at the suggestion of disruption in their industry, noting that (life and change being what they are) clients will always face new challenges. Their reaction is understandable, because two factors—opacity and agility—have long made consulting immune to disruption.

Like most other professional services, consulting is highly opaque compared with manufacturing-based companies. The most prestigious firms have evolved into “solution shops” whose recommendations are created in the black box of the team room. (See the exhibit “Consulting: Three Business Models.”) It’s incredibly difficult for clients to judge a consultancy’s performance in advance, because they are usually hiring the firm for specialized knowledge and capability that they themselves lack. It’s even hard to judge
after a project has been completed, because so many external factors, including quality of execution, management transition, and the passage of time, influence the outcome of the consultants’ recommendations. As a result, a critical mechanism of disruption is disabled.

Consulting: Three Business Models

The traditional solution-shop model is at risk of being disrupted by other models. Here are the main differences among them.

Solution Shop

Structured to diagnose and solve problems whose scope is undefined

Delivers value primarily through consultants’ judgment rather than through repeatable processes

Customers pay high prices in the form of fee-for-service

Examples: McKinsey, Bain, BCG, IDEO

Value-Added Process Business

Structured to address problems of defined scope with standard processes

Processes are usually repeatable and controllable

Customers pay for output only

Examples: Motista, Salesforce.com, McKinsey Solutions

Accenture, Deloitte (both moving toward solution shop)

Facilitated Network

Structured to enable the exchange of products and services

Customers pay fees to the network, which in turn pays the service provider

Examples: OpenIDEO, CEB, Gerson Lehrman Group, Eden McCallum, BTG

Therefore, as Andrew von Nordenflycht, of Simon Fraser University, and other scholars have shown, clients rely on brand, reputation, and “social proof”—that is, the professionals’ educational pedigrees, eloquence, and demeanor—as substitutes for measurable results, giving incumbents an advantage. Price is often seen as a proxy for quality, buoying the premiums charged by name-brand firms. In industries where opacity is high, we’ve observed, new competitors typically enter the market by emulating incumbents’ business models rather than disrupting them.

The agility of top consulting firms—their practiced ability to move smoothly from big idea to big idea—allows them to respond flexibly to threats of disruption. Their primary assets are human capital and their fixed investments are minimal; they aren’t hamstrung by substantial resource allocation decisions. These big firms are the antithesis of the U.S. Steel of disruption lore. Consider how capably McKinsey and others were able to respond when BCG started to gain fame for its strategy frameworks. But, as we’ll see, opacity and agility are rapidly eroding in the current environment. For a glimpse of consulting’s future, it’s instructive to examine the legal industry.

Lessons from the Legal Field

The legal industry is grappling with legions of disgruntled but inventive clients and upstart competitors. The first significant blow to law’s opacity came about 25 years ago, when Ben Heineman, fresh from serving as a general partner of Sidley & Austin, responded to Jack Welch’s call to come to General Electric and essentially invent the modern corporate law function, greatly reducing corporations’ reliance on law firms. Today general counsel budgets account for about one-third of the $500 billion legal market in America.

No less significant was the introduction, around the same time, of the Am Law 100 ranking of firms by financial performance, which gave clients their first hint of the true costs and value of the services they were buying, along with a real basis for comparison among the top firms. By adding increasingly granular data, such as leverage and profits per partner, the Am Law rankings shone a light on the previously secretive operations of white-shoe firms.

By now corporate general counsel are well along in the process of disaggregating traditional law firms, taking advantage of new competitors such as Axiom and Lawyers on Demand, which reduce costs and increase efficiency through technology, streamlined
workflow, and alternative staffing models. AdvanceLaw and other emerging businesses are helping general counsel move beyond cost and brand as proxies for quality through what Firoz Dattu, AdvanceLaw’s founder, calls the “Yelpification of law.” His business vets firms and independent practitioners for quality, efficiency, and client service and shares performance information with its membership of 90 general counsel from major global companies, including Google, Panasonic, Nike, and eBay.

“The legal market has historically lacked transparency, making it difficult for us to deviate from using incumbent, brand-name law firms,” says Bob Marin, the general counsel of Panasonic North America. “Things are changing now. This has greatly helped general counsel be much savvier about where to send different types of work and helped us serve our corporations better.” Marin’s sentiment reflects a broader trend that David Wilkins, of Harvard Law School, has noted: Today’s general counsel increasingly view their fellow corporate executives, rather than outside counsel, as their peer group. They are often hired to bring cost and quality advantages to corporations by working creatively with law firms.

Emerging law firms are innovating quickly to take business away from white-shoe firms. For example, LeClairRyan is a full-service U.S. firm that currently employs more than 300 (full-time and contract) lower-cost but highly trained lawyers in its Discovery Solutions Practice. Clients can unbundle litigation work and “right source” to the firm such projects as large-scale document and data review at a dramatically lower cost. LeClairRyan coordinates this discovery work with the higher-value services of lead counsel, who focus on the less routine aspects of litigation.

Consultants: Are You in Danger of Disruption?

1. Are you formally tracking the evolution of your clients’ needs and how well you continue to serve them? Has it recently become harder to win clients and to satisfy them? Are you losing your small clients or your large ones?

2. Are you being forced downstream in the proposal process with established clients, responding to rather than shaping requirements? Are clients having their procurement departments vet your proposals or monitor your progress?

3. Are you competing against new rivals for business, even with established clients? Are these rivals increasingly specialized?

4. Are your clients asking that you partner with nontraditional advisers or use their work products? Are these advisers leveraging automation, databases, and other technical assets?

5. Are you revising your business model in order to manage smaller projects at acceptable profit? Is this activity looked down on in your firm?

There will always be matters for which, as Wilkins says puckishly, “no amount of shareholder money is too much to spend,” but without doubt, the old-line firms are under pressure. An AdvanceLaw survey of general counsel found that 52% agree (and only 28% disagree) with the statement that general counsel “will make greater use of temporary contract attorneys,” and 79% agree that “unbundling of legal services...will rise.” The legal management consultancy Altman Weil, surveying law firm managing partners and chairs, found that in 2009 only 42% expected to see more price competition, whereas by 2012 that number had climbed to 92%. Similarly, in 2009 less than 30% thought fewer equity partners and more nonhourly billing were permanent trends; in 2012 their numbers had reached 68% and 80%, respectively.

In response, some white-shoe firms have begun to incubate new models. Freshfields Bruckhaus Deringer, one of the UK’s prestigious Magic Circle firms, launched Freshfields Continuum in mid-2012 after years of experimentation and debate. Freshfields Continuum employs alumni as attorneys on a temporary basis to meet fluctuations in demand as “a solution for efficient head count management,” according to the Freshfields partner Tim Jones.

When Knowledge Is Democratized

Kennedy Research estimates that turnover at all levels in prestigious consulting firms averages 18% to 20% a year. McKinsey alone has 27,000 alumni today, up from 21,000 in 2007; the alumni of the Big Three combined are approaching 50,000. Precise data are not publicly available, but we know that many companies have hired small armies of former consultants for internal strategy groups and management functions, which contributes to the companies’ increasing sophistication about consulting services. Typically these people are, not surprisingly, demanding taskmasters who reduce the scope (and cost) of work they outsource to consultancies and adopt a more activist role in selecting and managing the resources assigned to their projects. They have moved more and more work in-house, such as average costing analysis, an exercise that once racked up billable hours.

Companies are also watching their professional services costs, a relatively new development that was triggered by the 2002 recession. Ashwin Srinivasan, an expert on procurement practices with CEB, says that C-suite executives are the “worst offenders of procurement best practices, but when spend is aggregated and they see the full impact of their individual decisions on the expense line, it wakes them up.” In other words, cost pressures force clients to abandon the easy assumption that price is a proxy for quality.
Their growing sophistication leads clients to disaggregate consulting services, reducing their reliance on solution-shop providers. They become savvy about assessing the jobs they need done and funnel work to the firms most appropriate for those jobs. We spoke to top managers of Fortune 500 and FTSE 100 companies who were once consultants themselves; they repeatedly described weighing a variety of factors in deciding whether the expensive services of a prestigious firm made sense. As one CEO (and former Big Three consultant) put it, “I may not know the answer to my problem, but I usually roughly know the 20 or so analyses that need to be done. When I’m less confident about the question and the work needed, I’m more tempted to use a big brand.”

This disaggregation is also explained by a theory—one that describes the increased modularization of an industry as client needs evolve. As the theory would predict, we are seeing the beginnings of a shift in consulting’s competitive dynamic from the primacy of integrated solution shops, which are designed to conduct all aspects of the client engagement, to modular providers, which specialize in supplying one specific link in the value chain. The shift is generally triggered when customers realize that they are paying too much for features they don’t value and that they want greater speed, responsiveness, and control.

Examples of this shift are many. When Clay Christensen first started working at BCG, in the early 1980s, a big part of his job was assembling data on the market and competitors. Today that work is often outsourced to market research companies such as Gartner and Forrester, to facilitated networks that link users with industry experts such as Gerson Lehrman Group (GLG), and to database providers such as IMS Health. As access to knowledge is democratized, opacity fades and clients no longer have to pay the fees of big consulting firms. Some of these modular providers are moving upmarket by providing their own boutique consulting services, offering advice based on the research they specialize in gathering.

### Clients: Are You Hiring the Right Firm for the Job?

1. When did you last conduct a comprehensive market analysis of the providers available to you and their strengths and weaknesses? If you’ve been hiring firms for the same work over time, have you examined the opportunity to spread this work across more-specialized providers?

2. Have you aggregated spending on consultants across your company to identify both the absolute amount and patterns involving individual firms?

3. Do your providers make transparent the analyses that underpin their recommendations? Do you have an opportunity to standardize any of these analyses into hard assets that you can maintain?

4. Do you involve staff members with experience in the professional services industry in developing proposals and managing subsequent engagements?

5. Do you have a robust, outcomes-based system for assessing the quality of the work providers perform for you? Do your assessments drive decisions about future hiring?

The rise of alternative professional services firms, such as Eden McCallum and Business Talent Group (BTG), is another chapter in the modularization story. These firms assemble leaner project teams of freelance consultants (mostly midlevel and senior alumni of top consultancies) for clients at a small fraction of the cost of traditional competitors. They can achieve these economies in large part because they do not carry the fixed costs of unstaffed time, expensive downtown real estate, recruiting, and training. They have also thus far chosen to rely on modular providers of research and data rather than invest in proprietary knowledge development.

Although these alternative firms may not be able to deliver the entire value proposition of traditional firms, they do have certain advantages, as our Harvard Business School colleague Heidi Gardner has learned through her close study of Eden McCallum. Their project teams are generally staffed with more-experienced consultants who can bring a greater degree of pragmatism and candor to the engagement, and their model assumes much more client control over the approach and outcome. We expect these attributes to be particularly compelling when projects are better defined and the value at risk is not great enough to justify the price of a prestigious consultancy. As BTG’s CEO, Jody Miller, puts it, “Democratization and access to data are taking out a huge chunk of value and differentiation from traditional consulting firms.”

Eden McCallum and BTG are growing quickly and zipping upmarket. While it’s fair to question whether they will need to take on some of the cost structure of incumbents as they expand, their steady growth suggests that they’ve been successful without doing so. For example, Eden McCallum launched in London in 2000 with a focus on smaller clients not traditionally served by the big firms. Today its client list includes Tesco, GSK, Lloyd’s, and Whitbread, among many other leading companies. In addition, some of its contacts at smaller companies have moved into more-senior positions at larger companies, taking the Eden McCallum relationship with them. That dynamism is one that the consulting majors have long used to drive growth.

Modularization has also fostered data- and analytics-enabled consulting, or what Daniel Krauss, a research director at Gartner, calls “asset-based consulting,” of which McKinsey Solutions is an example. This trend involves the packaging of ideas, processes, frameworks, analytics, and other intellectual property for optimal delivery through software or other technology. The amount of
human intervention and customization varies, but in general it’s less than what the traditional consulting model requires, meaning lower expenses spread out over a longer period of time (usually through a subscription or license-based fee). Certain tools can be more quickly and efficiently leveraged by the client, and teams don’t have to reinvent the wheel with each successive client.

This approach is most pertinent for consulting jobs that have been routinized—that is, the process for uncovering a solution is well-known and the scope of the solution is fairly well defined. Often these jobs must be repeated regularly to be useful, and many of them deal with large quantities of data. For example, determining the pricing strategy for a portfolio of products is no small feat, but experienced consultants well understand what analytics are needed. The impact of such projects, which involve copious amounts of data, can erode quickly as circumstances change; the analysis must be updated constantly. In such projects a value-added process business model would be most appropriate.

Scores of start-ups and some incumbents are also exploring the possibility of using predictive technology and big data analytics to deliver value far faster than any traditional consulting team ever could. One example is Narrative Science, which uses artificial intelligence algorithms to run analytics and extract key insights that are then delivered to clients in easy-to-read form. Similar big data firms are growing explosively, fueled by private equity and venture capital eager to jump into the high-demand, high-margin market for such productized professional services.

Only a limited number of consulting jobs can currently be productized, but that will change as consultants develop new intellectual property. New IP leads to new tool kits and frameworks, which in turn lead to further automation and technology products. We expect that as artificial intelligence and big data capabilities improve, the pace of productization will increase.

Implications for an Industry
As noted, we’re still early in the story of consulting’s disruption. No one can say for sure what will happen. Disruption is, after all, a process, not an event, and it does not necessarily mean all-out destruction. We believe that the theory has four implications for the industry:

1. A consolidation—a thinning of the ranks—will occur in the top tiers of the industry over time, strengthening some firms while toppling others. Winners will be differentiated from losers by their understanding of the evolving pressures on their clients and by their ability to bring clarity and skill to fulfilling clients’ new requirements.

However disruption unfolds, a core of critical work will survive, requiring custom solutions to complex, interdependent problems across industries and geographies. As in law, for clients facing “bet the business” strategic problems, paying top dollar for name-brand solution shops will make sense, if for no other reason than that board members won’t question the analytics produced by prestigious firms. Such firms will probably remain the only players that can crack enormous problems and facilitate the difficult change management required to address them, and they will continue to command a premium for their services.

But as disrupters march upmarket, armed with leaner business models and new technology, the range of problems requiring strategic solutions should shrink. To stay ahead of the wave of commoditization, firms will need human, brand, technological, and financial resources to deploy against new and increasingly complex problems and to develop new intellectual property. M&A activity, as difficult as that may be, will increase as some firms decide that they don’t have the resources or stamina to make necessary changes, and others realize the need to acquire fill-in capability.

2. Industry leaders and observers will be tempted to track the battle for market share by watching the largest, most coveted clients, but the real story will begin with smaller clients—both those that are already served by existing consultancies and those that are new to the industry. This is so because in consulting, as in every other industry, the unlocked entryway is in the basement of the established firms. While consulting’s core apparatus is focused on bigger and bigger client engagements, small customers are unguarded.

3. The traditional boundaries between professional services are blurring, and the new landscape will present novel opportunities. But a counterforce to modularity is creating many ill-defined interdependencies among the professional services. Thus the first firms to offer interdependent solutions to problems arising at these intersections stand to gain the lion’s share of the value.

IDEO, for example, bridges the disciplines of industrial design and innovation consulting. Its unique mix of talent and strength in solving interdependent problems makes it hard to imitate. The legal services provider Axiom has expanded far beyond its roots in contract lawyer staffing to advising general counsel on substantive ways to lower costs while maintaining quality. To that end, Axiom now deploys a mix of lawyers, management consultants, workflow specialists, and technologists. By spanning domains and creating models that are hard to pick apart, these companies are effectively fighting modularization. (We should note that IDEO is attempting self-disruption as well, with its online platform OpenIDEO, which uses crowdsourcing instead of traditional consultants to solve problems. Although the platform today is primarily focused on social issues, we can imagine its applicability in more-commercial settings.)

Another example is the Big Four accounting firms, which have moved into a diverse array of professional services; like IBM and Accenture, these firms aspire to be “total service providers.” According to a 2012 Economist article, Deloitte’s consulting business
is growing far faster than its core accounting business and, if the pace continues, will be larger by 2017. The other firms in the Big Four divested their consulting services almost a decade ago, after the introduction of Sarbanes-Oxley legislation and other U.S. reforms, but are now catching up and starting to stake a claim in the higher-margin management consulting business. Whether they'll attempt to create a disruptive business model or just copy the incumbents’ business model remains to be seen.

For leaders of incumbent organizations, this type of threat, which creeps in at the margins from an unexpected source, is particularly worrisome. More likely than not, alarms won’t sound until it’s already too late in the game.

4. The steady invasion of hard analytics and technology (big data) is a certainty in consulting, as it has been in so many other industries. It will continue to affect the activities of consultants and the value that they add. Average costing and pricing analysis have been automated and increasingly insourced; now Salesforce.com and others are automating customer relationship analysis. What’s next?

We believe that solutions featuring greater predictive technology and automation will only get better with time. What’s more, data analytics and big data radically level the playing field of any industry in which opacity is high. Their speed and quantifiable output help reduce, and perhaps even negate, brand-based barriers to growth; thus they might accelerate the success of emerging-market consulting firms such as Tata Consultancy Services and Infosys.

Consider the disruption that technology has already introduced. The big data company BeyondCore can automatically evaluate vast amounts of data, identify statistically relevant insights, and present them through an animated briefing, rendering the junior analyst role obsolete. And the marketing intelligence company Motista employs predictive models and software to deliver insights into customer emotion and motivation at a small fraction of the price of a top consulting firm. These start-ups, though they lack the brand and reputation of the incumbents, are already making inroads with Fortune 500 companies—and as partners to the incumbents.

Consulting firms that hope to incubate a technology-assisted model will want to revisit the lessons Christensen laid out in The Innovator's Solution. (See the sidebar “A Checklist for Self-Disruption.”) As he has often said, self-disruption is extremely difficult. The day after you decide to set up the disruptive business as a separate unit, the illogic of the new business to the mainstream business is not magically turned off. Rather, second-guessing about the initiative persists, because the logic is embedded within the resource allocation process itself. That second-guessing must be overcome every day.

**A Checklist for Self-Disruption**

An organization’s capabilities become its disabilities when disruption is afoot.”

—Clayton M. Christensen, The Innovator's Solution

No challenge is more difficult for a market leader facing disruption than to turn and fight back—to disrupt itself before an upstart competitor does. Why is this so? As we teach our Harvard Business School students, the resources, processes, and priorities that an organization acquires and develops for its initial success become sea anchors when it attempts to change course. Success in self-disruption requires at least the following six elements:

1. An autonomous business unit. The unit should have all the functional skills it needs to succeed, freeing it from reliance on the parent organization, and it must not report to the business or businesses that are being disrupted.

2. Leaders who come from the relevant “schools of experience.” These leaders have addressed a variety of challenges, especially in the kinds of problems the new growth business will face. They are often necessarily sourced from outside the organization.

3. A separate resource allocation process. This will fund the unit regardless of the fortunes of the core business.

4. Independent sales channels. These should not be required to coordinate with or defer to the existing sales organization.

5. A new profit model. In most cases it will reflect priorities different from those of the core business. You can expect the new unit to do as well as the core in terms of net profit per dollar of sales, but the formula for generating that profit (such as gross margins or asset turns) must be different.

6. Unwavering commitment by the CEO. He or she must be willing to spend an inordinate amount of time understanding and guiding the development of the new business and must protect it from the natural desire on the part of managers in the core business to shut it down and appropriate its resources.

Indeed, whether McKinsey Solutions is ultimately successful will depend on how the partnership shapes and manages this new offering. Perhaps the knottiest issue it faces will involve dealing with the inevitable, and desirable, competition that arises between...
the core engagement business and its offspring. Will the partnership blink when a nontraditional client requests delivery of McKinsey Solutions without obligatory use of a full engagement team?

Disruption Is Inevitable

The consultants we spoke with who rejected the notion of disruption in their industry cited the difficulty of getting large partnerships to agree on revolutionary strategies. They pointed to the purported impermeability of their brands and reputations. They claimed that too many things could never be commoditized in consulting. Why try something new, they asked, when what they've been doing has worked so well for so long?

We are familiar with these objections—and not at all swayed by them. If our long study of disruption has led us to any universal conclusion, it is that every industry will eventually face it. The leaders of the legal services industry would once have held that the franchise of the top firms was virtually unassailable, enshrined in practice and tradition—and, in many countries, in law. And yet disruption of these firms is undeniably under way. In a recent survey by AdvanceLaw, 72% of general counsel said that they will be migrating a larger percentage of work away from white-shoe firms.

Furthermore, the pace of change being managed by the traditional clients of consulting firms will continue to accelerate, with devastating effects on providers that don’t keep up. If you are currently on the leadership team of a consultancy and you’re inclined to be sanguine about disruption, ask yourself: Is your firm changing (at least) as rapidly as your most demanding clients?

Finally, although we cannot forecast the exact progress of disruption in the consulting industry, we can say with utter confidence that whatever its pace, some incumbents will be caught by surprise. The temptation for market leaders to view the advent of new competitors with a mixture of disdain, denial, and rationalization is nearly irresistible. U.S. Steel posted record profit margins in the years prior to its unseating by the minimills; in many ways it was blind to its disruption. As we and others have observed, there may be nothing as vulnerable as entrenched success.

Clayton M. Christensen is the Kim B. Clark Professor of Business Administration at Harvard Business School. Dina Wang, formerly an engagement manager at McKinsey & Company, was a fellow at the Forum for Growth and Innovation at Harvard Business School and has just returned to the firm. Derek van Bever, a senior lecturer at Harvard Business School, is the director of the Forum for Growth and Innovation and was a member of the founding executive team of the advisory firm CEB.

WHAT TO READ NEXT

Putting the Balanced Scorecard to Work
Stop Making Plans; Start Making Decisions
How Local Companies Keep Multinationals at Bay
The Five Competitive Forces That Shape Strategy
Is Yours a Learning Organization?
Managing Yourself: Can You Handle Failure?

Recommended by