

# The *ALM Vanguard*: Communications and Change Management Consulting 2019



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## Overview

# Capability Drivers

The transformation of communications and change management consulting is gaining momentum as providers continue to innovate around two prevailing forces. The first is client demand for business outcomes at speed. While not exclusive to change management, this force is focusing providers' attention on how to execute change that achieves measurable impact and value, while building an organizational change capability. There are implications for each phase of the consulting process (discover-design-deliver) whether the client issue is specific to a discrete change challenge or an enterprise transformation.

The second force is the increasing influence of social business models in organization design. As companies transition from vertically-integrated hierarchies to networked ecosystems, a social system for change becomes both relevant and critical. Providers are combining the tools of social media and behaviors of social networking to transform how employees experience change, using communications technologies, behavioral economics, and neuroscience to personalize change communications and learning. These new approaches support employee collaboration across the networked ecosystem, as well as engagement with external customers.

The combined effect of these forces has changed what it takes for consultants to help their clients design, execute, and manage change on an ongoing basis.

**Making change transparent.** One of the reasons that change programs often fail is a traditional approach that bifurcates change into two stages – getting ready for change and executing change. This approach puts the processes involved in getting ready for change in a black box, e.g., finding sponsors, preparing the change team, defining strategy, and assessing readiness. When the program goes live, those impacted by the change are caught off guard or the change messages do not resonate because they are couched in self-serving corporate platitudes. The immediate impact is fear and resistance, or worse, apathy and neglect. Consulting providers are addressing this challenge in two ways. First, they are engaging a broader cross-section of stakeholders in the planning process, including those from other projects within the same client organization to discuss the interdependencies and potential human impact of multiple change initiatives. Second, using change readiness research from the planning phase and ongoing voice of the employee research, they are collaborating with the client to co-create change journeys that thoughtfully map the “moments that matter” for employee archetypes, e.g., change resisters and influencers, to design a change experience that is personally meaningful and motivating.

**Personalizing and scaling change.** The mantra that there is no one-size-fits-all approach to change management is one that providers typically address through customization. There are limits to what customization can accomplish, however, because it is defined by the end-user, that is, the client's culture and operating model. While it is important for bringing an organizational perspective to the change challenge, customization on its own can inadvertently reinforce behaviors the client is trying to change, for example, a top-down approach to change communications. Personalization, on the other hand, can remove organizational biases from customization strategies and provide insight into how individuals react to and experience change. In contrast to customization, personalization is controlled by technology, typically the app being used to deliver the content, experience, or functionality that matches the individual end-user's needs. It requires no effort from the end-user because the app continually adjusts the user profile according to their responses and activity. The apps also provide data that

## Overview

# Capability Drivers

can be analyzed to draw insights about the change effort overall and the individual experience of change. Just as important is that personalization is integral to how digital transformation enables change at scale. The leading providers realize that in order to blend customization and personalization for change management they must have deep knowledge of their client's organization and its culture, as well as a mastery of the disciplines that are now part of the everyday consulting toolkit – design thinking, user experience design, storytelling, and data analysis and interpretation.

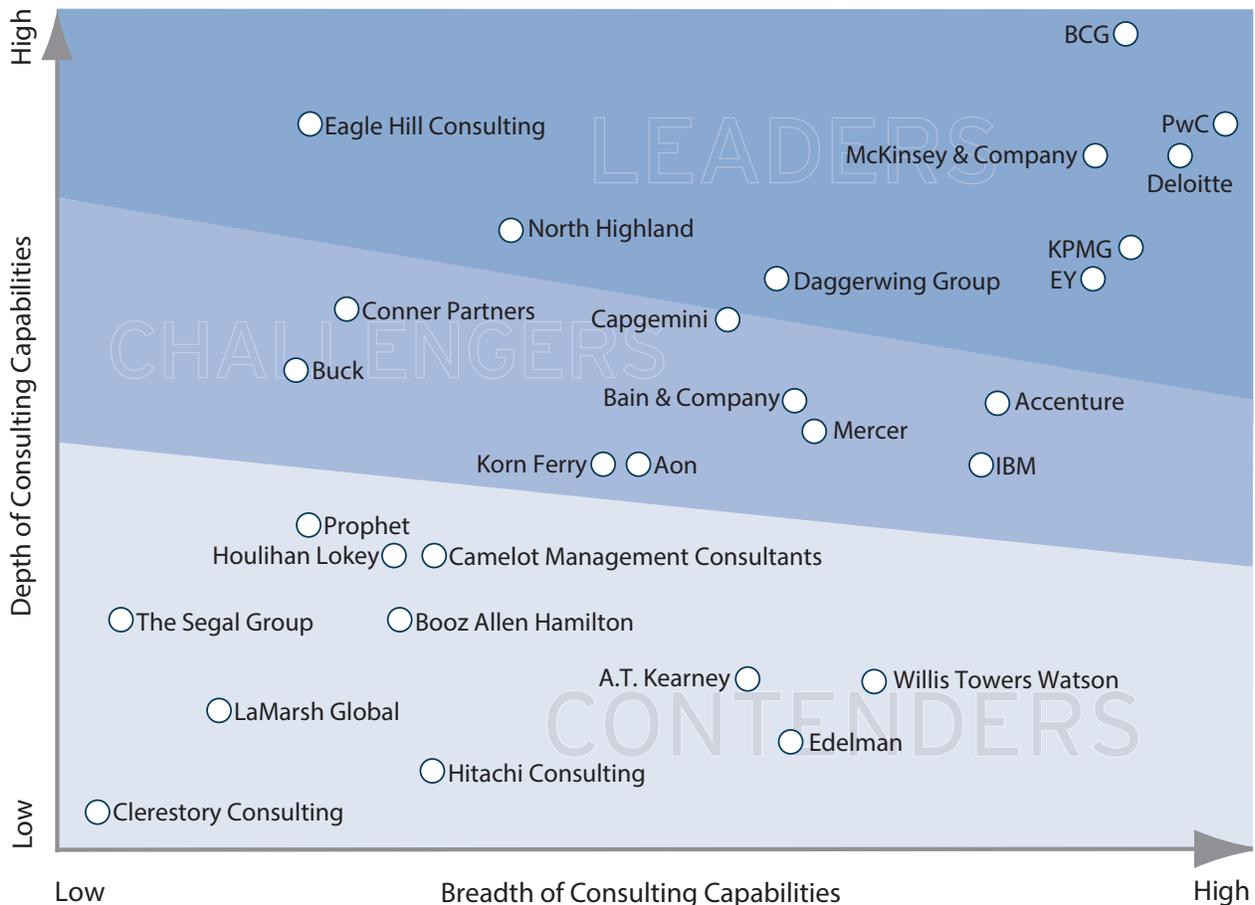
**Engaging the ecosystem for change management.** As part of their commitment to helping clients execute change, consulting providers are developing solutions that support managing and operating change programs. The work could be as simple as co-designing customized learning apps with intuitive user interfaces to the wholesale construction of a digital change platform that is interoperable with multiple systems. These projects frequently require the provider to coordinate the services, technologies, expertise, and capabilities of a business ecosystem to deliver all elements of the solution. The ecosystem may be one the provider has shaped themselves, another they have made a strategic decision to join, such as the digital ecosystems advanced by Apple, Facebook, Google, and Microsoft, or both. Either way, it is up to the provider to reap the ecosystem's benefits on behalf of its clients. Providers that excel at ecosystem management demonstrate advanced capabilities for realizing value through business collaborations; setting up governance models; understanding contractual commitments around sharing data and intellectual property; and developing monetization strategies.

**Enhancing service delivery through relationship management.** By its very nature, change management consulting is a multidisciplinary competency that combines a mix of consulting, creative, and technical expertise to deliver on value propositions redefined for the digital era. Furthermore, demand for managed services has increased due to the imperative to deliver business outcomes at speed. Many providers are addressing the challenge of truly integrated, agile service delivery with new consulting approaches and frameworks, although the success of these approaches remains a matter of client perception. The additional challenge for change management consultants, in particular, is to develop a client relationship sensibility in how they deliver their work. This requires an ability to actively manage the structure and scope of the engagement team using, for example, dynamic resource allocation. More importantly, they need to understand the level of managerial support required. For discrete change projects of shorter duration, clients may be satisfied with a team of change practitioners and junior consultants. Transformative engagements, however, require senior consulting talent who can fulfill the role of trusted advisor, manage the firm's ecosystem, and know the full scope of change services their firm and other providers are delivering to that client. The best consultancies tackle this challenge with a structured approach to client relationship management or, at the very least, with a rigorous evaluation of the client's preferences against an honest assessment of their ability to deliver.

## ALM Vanguard of Communications and Change Management Consulting Providers

The ALM Vanguard of Communications and Change Management Consulting Providers assesses firms in terms of their relative ability to create impact for their clients. For this, the ALM Vanguard displays the relative position of the providers featured in this report, deemed capable in communications and change management consulting, based on an evaluation of their overall capabilities according to a consistent set of criteria. Capability depth denotes a provider's capacity to get results for clients, while capability breadth indicates its ability to deploy that capacity across multiple client scenarios.

Consulting is distinctive from other industries because of the variety of client contexts that providers encounter in terms of ambitions, needs, and abilities that alter what it takes to create impact. As providers seek to deploy their capacity to create client impact (depth) across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities (breadth), they increase the complexity of their engagement models. The downward slope of the lines that separate the tiers of the market captures the trade-off between low-complexity engagement models (designed to maximize the capacity to create impact for a narrow set of client applications) and high-complexity engagement models (made to maximize deployability and create impact for a wide variety of client applications).



Source: ALM Intelligence

## Competitive Landscape

The shifting landscape in this year's ALM Vanguard for communications and change management consulting results from two factors. One is the addition of five providers to the analysis: Camelot Management Consultants, Eagle Hill Consulting, Houlihan Lokey, Prophet, and The Segal Group. The diversity of this group illustrates the new reality that change management is essential to the design and delivery of outcomes-based consulting services. For younger firms, such as Eagle Hill, it is often the cornerstone of their business model. The group also signals the entrance of new players from the digital space, such as Prophet, who are eager to unseat twentieth century consulting assumptions and delivery models with new ways of activating change.

The second factor underlying these shifts is innovation, but with a twist. While providers continue to invest in communications and change innovations for commercialization, over the past year they have extended that process to how they frame, bundle, and deliver change consulting. They are as focused on their client's experience of the consulting process as they are on the change experiences they are helping their clients design. The purpose behind this approach is to begin the process of building capability at the outset of the consulting engagement by modeling change behaviors and mindsets, at the same time laying the groundwork for transferring knowledge about experience design, agile project management, and other new ways of working. While it is still early days, the approach has been well received when properly positioned and is worth refining, if for nothing else than to better compete with the digital and design houses.

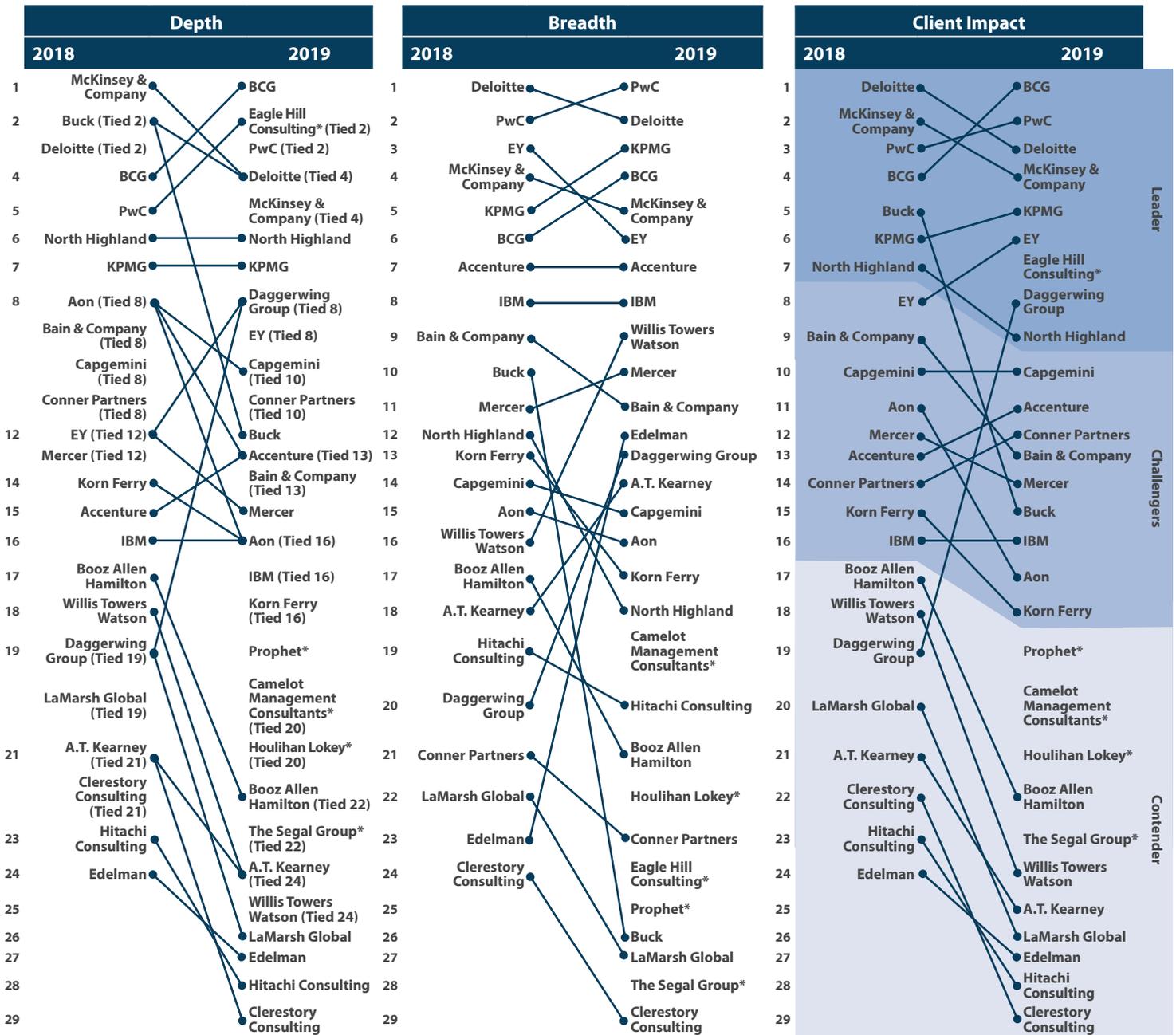
**Leaders.** Two providers joined the Leaders peer group – Daggerwing and Eagle Hill Consulting. Daggerwing's move from the Contenders segment is a significant leap that illustrates a trending pattern of organizations turning to a different kind of provider for a creative approach that inspires and accelerates change. Eagle Hill's achievement is all the more significant for this being its debut in the research. Smaller and younger compared to its Vanguard peers, Eagle Hill brings a sophisticated approach to change management differentiated by an immersive, empathetic consulting style that clients universally credit as setting them up to succeed at change. BCG and PwC advanced their leads in a field of compelling innovators. BCG for its Agile Transformation Method that combines science and the creative design of physical spaces (i.e., the Impact Centres) to enable change; and PwC for how its BXT service delivery model is transforming how clients experience change management at scale.

**Challengers.** Movement among the Challengers demonstrates how important innovation was this year to Vanguard position. The lack of it accounts for Buck's downward move from Leader to Challenger, while EY's upward move from Challenger to Leader derives from a heavy investment in bringing change innovations to market. Capgemini is flirting with Leader status and needs only a little more time to prepare for full market entry. The remaining providers are focusing innovation on specific areas, e.g., communications or data analytics, to fill capability gaps and are either not interested or lack the organizational will to bring together firm resources to address the full range of client needs.

**Contenders.** The characteristic that the majority of Contender firms have in common is that they specialize in serving a specific market or corporate function. For these providers, change management is essential to their value proposition, but their consulting portfolio does not include the depth or breadth of services that would make change management a differentiating capability. Clerestory and LaMarsh are exceptions in that they are change management boutiques that offer extensive training in their proprietary methodologies. They are very popular with organizations seeking a do-it-yourself, hands-on approach for managing change and building an internal change office. Prophet is another exception whose Contender status is due to being a new entrant in the market.

# Provider Capability Rankings

The figures below indicate the change in consulting providers' ranks in terms of their overall capability depth, breadth, and client impact. (See the Definitions section of this report for a detailed breakdown of underlying capabilities.) Ranking position number one denotes the top-ranked provider.



\*Firms not previously covered

Source: ALM Intelligence

## Rating Level Summaries

ALM Intelligence rates providers according to a three-level scale based on their relative breadth and depth of overall capabilities. Each rating level corresponds to an area in the *ALM Vanguard* graphic bounded by a downward sloping line designed to equate engagement models of different degrees of complexity.

Rating Level	Providers	Description
<b>Leaders</b>	BCG Daggerwing Group Deloitte Eagle Hill Consulting EY KPMG McKinsey & Company North Highland PwC	The leaders are at the top of the market in terms of their capabilities to create client impact through their depth of expertise and ability to deploy it across a range of engagement models. They are unique in their ability to independently execute a broad array of projects across the full spectrum of client contexts. They range from providers in the top quintile in terms of depth of capability for low-complexity engagement models to those that combine above average depth of capability with the ability to deploy it across high-complexity engagement models.
<b>Challengers</b>	Accenture Aon Bain & Company Buck Capgemini Conner Partners IBM Korn Ferry Mercer	The challengers can execute end-to-end projects in low complexity engagement models or a substantial portion of project components in high-complexity engagement models. They range from those with above-average depth of capability for low-complexity engagement models to those that combine depth of capability between the bottom third and top half of the distribution, with the ability to deploy it in high complexity engagement models.
<b>Contenders</b>	A.T. Kearney Booz Allen Hamilton Camelot Management Consultants Clerestory Consulting Edelman Hitachi Consulting Houlihan Lokey LaMarsh Global Prophet The Segal Group Willis Towers Watson	The contenders can execute a substantial portion of projects in low-complexity engagement models or a single phase or project instance in high-complexity engagement models. They range from those with average depth of capability for low-complexity engagement models to those that combine depth of capability in the bottom third of the distribution with the ability to deploy it in high-complexity engagement models.

Source: ALM Intelligence

## Leader Assessments

The *ALM Vanguard* of Communications and Change Management Consulting Providers comprises the following Leaders.

Leaders	Strengths
PwC	PwC's advancing position is directly related to its success using the BXT service delivery model for change engagements, where creativity and risk-taking are speeding implementation and rapid adoption in clients' change programs. At the same time the firm is innovating services and solutions to strengthen its systems for social change management, Strategy& consultants are engaged with academia in researching the business and science of change.

Source: ALM Intelligence

## Provider Capability Ratings

The table below provides detailed capability ratings for Communications and Change Management consulting providers. (See the Definitions section of this report for explanations of the capabilities.) Legend: ● Very Strong ● Strong ● Moderate ● Weak ○ None

Provider Capabilities: Communications and Change Management Consulting									
	Discovery			Design			Delivery		
	Needs Assessment	External Market Insight	Internal Client Insight	Strategy	Operating System	Management System	Project Management	Client Capability Development	Enabling Tools
PwC	●	●	●	●	●	●	●	●	●
A.T. Kearney	●	●	●	●	●	●	●	●	●
Accenture	●	●	●	●	●	●	●	●	●
Aon	●	●	●	●	●	●	●	●	●
Bain & Company	●	●	●	●	●	●	●	●	●
Booz Allen Hamilton	●	●	●	●	●	●	●	●	●
BCG	●	●	●	●	●	●	●	●	●
Buck	●	●	●	●	●	●	●	●	●
Camelot Management Consultants	●	●	●	●	●	●	●	●	●
Capgemini	●	●	●	●	●	●	●	●	●
Clerestory Consulting	●	●	●	●	●	●	●	●	●
Conner Partners	●	●	●	●	○	●	●	●	●
Daggerwing Group	●	●	●	●	●	●	●	●	●
Deloitte	●	●	●	●	●	●	●	●	●
Eagle Hill Consulting	●	●	●	●	●	●	●	●	●
Edelman	●	●	●	●	●	●	●	●	○
EY	●	●	●	●	●	●	●	●	●
Hitachi Consulting	●	●	●	●	●	●	●	●	●
Houlihan Lokey	●	●	●	●	●	●	●	●	●
IBM	●	●	●	●	●	●	●	●	●
Korn Ferry	●	●	●	●	●	●	●	●	●
KPMG	●	●	●	●	●	●	●	●	●
LaMarsh Global	●	●	●	●	○	●	●	●	●
McKinsey & Company	●	●	●	●	●	●	●	●	●
Mercer	●	●	●	●	●	●	●	●	●
North Highland	●	●	●	●	●	●	●	●	●
Prophet	●	●	●	●	●	●	●	●	●
The Segal Group	●	●	●	●	●	●	●	●	●
Willis Towers Watson	●	●	●	●	●	●	●	●	●

Source: ALM Intelligence

## Best in Class Providers

Providers identified as best in class evidence deep capabilities in specific areas of Communications and Change Management consulting and stand out from their peers for their highly effective and often innovative consulting approaches and service delivery.

Capability Areas	Provider	Strengths
Client Capability Development	PwC	PwC's BXT methodology is transforming the firm's service delivery model by creating a client experience that builds capability from strategy through execution. The firm brings an open mind and creative concepts to the design process that is grounded in behavioral economics, neuroscience, and organizational psychology. Drawing on its ecosystem capabilities, PwC heightens the user experience through interactive, personalized communications and learning solutions that clients say creates an internal grass roots movement around change.

Source: ALM Intelligence

## Provider Briefs

### Leaders

PwC	
<b>Approach</b>	PwC has evolved its approach to change management in line with ADAPT, a framework developed by the firm's strategy consultants to help clients analyze the implications to their business of megatrends that have shifted from pending and amorphous to urgent and real. The acronym conveys the verb that lies at the heart of PwC's change philosophy, which is that organizations must adapt to new norms by building an intrinsic capability for change. While PwC's approach continues to emphasize a core belief that people are the true drivers of change, the process is anchored in a cycle that focuses clients on the need to continually align, engage, enable, and evolve its people in tandem with shifting organizational strategies. This cycle serves dual purposes for PwC. It provides a set of principles for designing and implementing change programs, and also is a framework for organizing the firm's business, experience, and technology consulting services that enable change.
<b>Practice Structure</b>	Services are delivered through the Change Management & Communications practice in the firm's People & Organization business, where a global network of dedicated change practitioners is supported by an internal ecosystem of experts in organization/industrial psychology; the leadership and culture consultants in the Katzenbach Center; and the design thinking and communications professionals in PwC Digital Services. More broadly, PwC trains all consultants in foundational change management and has embedded the methodology in its transformation frameworks, including Transform and the business/experience/technology (BXT) method deployed across all engagements, as well as in the PwC Experience Center's Sandbox co-creation spaces.
<b>Service Delivery Model</b>	PwC's new approach to change management replaces a systems view of change with one that is social. The cycle of continuous alignment, engagement, enablement, and evolvment is decidedly people-centric in its ambition to build an adaptable organization by harnessing creativity for problem solving, creating momentum through collaboration, and empowering individual agency. To deliver on this approach, PwC increased its focus on digital tools that provide insights and new ways of working. These do not displace the portfolio of methods and services that have been deployed over the years for building a strategic approach to organizational change, such as the Best Fit approach to change, Organizational DNA, Katzenbach Center consulting on culture and leadership, and creative communications from The Difference. Rather, they augment the client's ability to execute change programs and build capability, at both the organizational and individual levels. This, in turn, enables PwC to deliver a cohesive change experience to its clients that results in organizational agility. The firm is constantly innovating and launched several new solutions in the past year. Among the many are Adoption Central, a platform that centralizes a suite of tools for managing change programs, developing and delivering multi-channel personalized communications, and increasing engagement through gamification and intelligent analytics. The digital Behavioral Change Platform, developed in collaboration with London Business School, which enables change at scale by providing employees with journeys that are both action-oriented and self-reflective to encourage desired behaviors. Also in 2018, the Katzenbach Center published results from its global culture survey and The Critical Few, a new book by Jon Katzenbach, Gretchen Anderson, and James Thomas about how to evolve organizational culture.

Source: ALM Intelligence

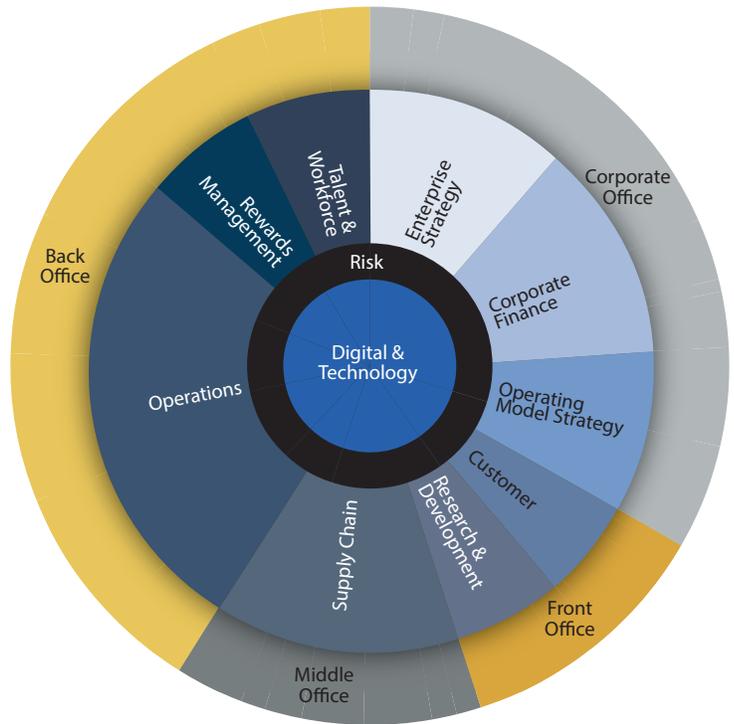
Definitions

# What is Communications and Change Management Consulting?

Communications and Change Management consulting is part of talent and workforce consulting which forms part of the management consulting services directed at clients' back office activities. Its objective is to improve clients' ability to source, develop, engage, and retain the human resources required to deliver the enterprise strategy.

Talent and workforce consulting consists of three services.

- **Workforce management:** organizing the supply and deployment of human resources through workforce planning, job architecting, and mobility services
- **Communications & change:** orchestrating company-wide changes in culture and ways of working to improve the engagement of employees to execute on strategic objectives
- **Talent & Leadership:** acquiring, developing, and measuring capabilities in human resources at all levels consistent with strategic performance priorities



Source: ALM Intelligence

Definitions

## Consulting Provider Capabilities

Capability Areas	Capabilities	Descriptions
Discovery	<b>Needs Assessment</b>	How does the consultant establish goals and objectives for the project and determine which stakeholders need to be involved from the client organization, consultant, and third parties?
	<b>External Market Insight</b>	How do consultants' knowledge and experience inform diagnostics through benchmarking and trend analysis?
	<b>Internal Client Insight</b>	How does consultant obtain internal client insights through data analysis and interviewing and workshops and incorporate them in diagnostics?
Design	<b>Strategy</b>	How does the solution align with the client's market, customer and product, and functional strategies?
	<b>Operating System</b>	How are client information, physical, and people assets and processes configured to generate the value add intended by the strategy?
	<b>Management System</b>	How are client resources mobilized, managed, measured, and motivated through governance, incentives, organizational structures, and performance management to execute the strategy?
Delivery	<b>Project Management</b>	How are activities sequenced and resources allocated, aligned, and coordinated to execute and sustain the solution?
	<b>Client Capability Development</b>	How are client technical skills developed and mindsets and behaviors adapted to execute and sustain the solution?
	<b>Enabling Tools</b>	What consultant tools are used for diagnostic and design activities that support the client in executing, sustaining, and refreshing the solution?

Source: ALM Intelligence

### Provider Capability Rankings Descriptions

**Depth:** a measurement of a consulting provider's strength based on its capabilities, including such factors as resources, proprietary methodologies, and intellectual properties

**Breadth:** a consulting provider's ability to deploy its capabilities in multiple client scenarios across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

**Client impact:** a consulting provider's capacity to get results for clients based on the combination of its capability depth and breadth adjusted by the degree of engagement model complexity incurred by its breadth across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

## Methodology

# Overview

ALM Intelligence has been researching the management, financial, and IT consulting industry for over 40 years, studying the global consulting marketplace at multiple levels. The resulting market analyses help buyers of consulting services to effectively target best in class providers, and help consulting providers to identify and evaluate business opportunities.

### **The proprietary research methodology comprises four components:**

- Extensive interviews with consulting practice leaders, financial analysts, consulting clients, and clientside industry experts
- Data and background material from the proprietary library of research on the consulting industry and individual firms
- Quantitative data collection from primary and secondary sources
- Key economic data relevant to the sector(s) being analyzed

The research output for a project is derived predominantly from primary research.

Data is obtained through a centralized effort, with teams of analysts collecting, assessing, fact-checking, and refreshing baseline information on leading consultancies and consulting markets. This information populates an extensive knowledge base of consulting providers, widely regarded as among the most comprehensive in the world.

Working collaboratively, analysts narrow their research to the most discrete and pertinent intersection of consulting service/industry/geography.

The experience and knowledge of the analyst team are critical to the success of these research endeavors. Directors and associate directors average over a decade of consulting and/or analyst experience, with an emphasis on professional services. Junior analysts typically bring an average of five years of consulting and/or analyst experience.

The group's long-term relationships with consulting clients and industry leaders are based on trust and respect. ALM Intelligence's fundamental goal is to deliver objective assessments and insightful viewpoints on the management, financial, and IT consulting market.

## Methodology

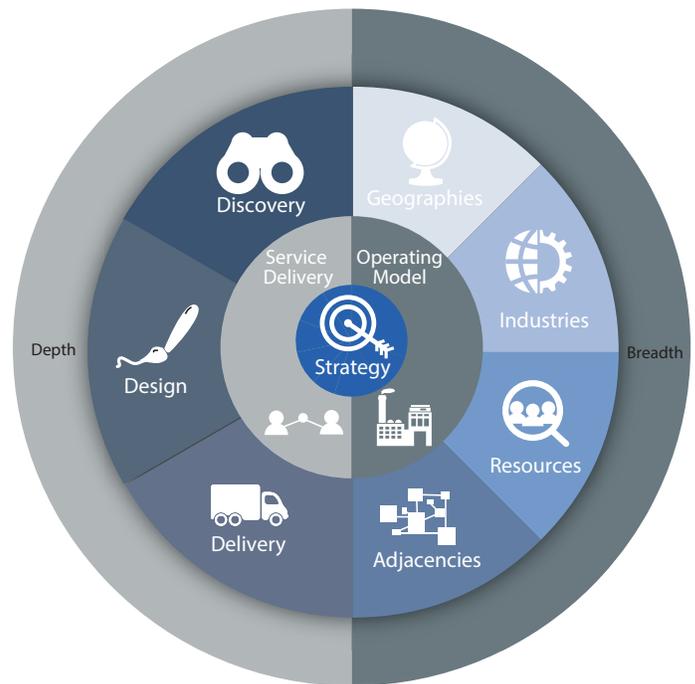
# How We Evaluate Consulting Providers

ALM Intelligence’s goal is to deliver objective assessments to help buyers of consulting services effectively identify and maximize the benefits of working with best in class providers.

ALM Intelligence evaluates consulting providers with respect to a particular consulting area in terms of the following baseline criteria. The general criteria below are refined and customized over the course of the research effort based on input from clients and providers:

- **Consulting approach:** What are providers’ points of view on the root causes of client challenges? How do those points of view inform choices about how best to resolve them? How do providers view the intersection of these needs and solutions with other consulting or non-consulting offerings or cross-cutting themes?
- **Consulting organization:** How do providers organize and deploy their capabilities? What sort of consultants and other human resources do they possess, and how do they obtain and use them? What sorts of partnerships, collaborations, and alliances with external parties do they use to bolster their capabilities?
- **Consulting service delivery model:** How do providers deliver their services? Do they employ any particular processes or methodologies, preconfigured tools, or other unique elements of service delivery? Do they follow any particular sequence or direction in their service delivery? How do they measure outcomes?
- **Client pain points and needs assessments:** What factors most influence successful engagements in the opinion of clients? What capabilities do providers need to bring to their engagements to be compelling? What sources of differentiation matter most to consulting buyers?
- **Future development:** What investments are providers making or planning to make to enhance their future capabilities?

In addition to briefings with consulting buyers and providers, ALM Intelligence uses a mosaic approach to derive its findings. This incorporates primary research conducted with industry practitioners, academics, and other experts and secondary research on providers’ public information and other third-party sources of data and analysis.



Source: ALM Intelligence

## About ALM Intelligence

ALM Intelligence provides accurate and reliable market sizing and forecasts on consulting services worldwide, needs-analysis and vendor profiling for buyers of consulting services, timely and insightful intelligence on the top consulting firms in their respective markets, and operational benchmarks that measure consulting performance. ALM Intelligence's research spans multiple service areas, client vertical industries, and geographies. Our analysts provide expert commentary at consulting industry events worldwide, and offer custom research for Management Consulting and IT Services firms. More information about ALM Intelligence is available at [www.alm.com/intelligence/industries-we-serve/consulting-industry/](http://www.alm.com/intelligence/industries-we-serve/consulting-industry/).

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