

“That is a remarkable result”, says Professor Fink. “And the worst result that the large consulting firms could have imagined.” After all, strategy consulting is seen as the ultimate discipline in consulting. Within the last years, OC&C has grown from the merger of a British and a German consultancy firm into a company with 500 employees and 65 partners around the world. The large consultancies are more diversified with regard to the industry knowledge they offer, compared to the Hidden Champions with their pure focus on a specific industry sector. Nonetheless, three industry focuses can be named: trade and consumer goods,

media and telecommunications as well as construction and real estate.

Furthermore, OC&C has acquired a good reputation with financial investors and ranks as one of the leading consultancy firms in Europe with regard to mergers and acquisitions. “On a regular basis, we have to reject requests since we’re already involved with the other side on the acquisition deal”, says OC&C partner Chehab Wahby. In spite of its size, OC&C continues to emphasize the personality of the consultants. “It is easy to hide behind a leading brand”, says Wahby. “That is not possible in our company. For us, the personality of our people is important.”

And this concept seems to work perfectly. Auditing firms, which would dearly like to do business with the strategic management consultancies – because it is more lucrative – have already knocked on the door of OC&C.

So far, the offers have fallen on deaf ears. “Many partners of large consultancy firms have resigned their jobs and are now working for OC&C because there were too many people within their former company who were trying to tell them how to do their job”, says partner Georg Janssen. “If OC&C were to be sold, we would rapidly lose the majority of our partners.”

### CEPTON

**For the pharmaceuticals sector, the consultancy firm supplies its clients with experienced managers rather than university graduates.**

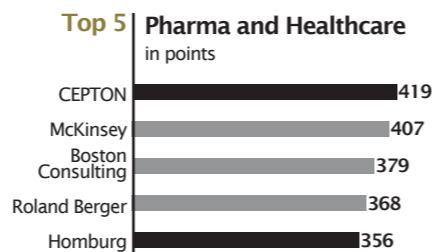
If the need arises, the consultants at CEPTON join their client’s senior management team as temporary member of staff, running the affiliate of a pharmaceutical group for a couple of months until suitable applicants for the managerial positions can be found. They possess sufficient experience: most of the colleagues of company founder Michael Müller have spent several years in consulting or in the management of pharma companies before joining CEPTON. “These are real sparring partners for our clients”, says Müller. Their opinion on CEPTON’s consultants is therefore often expressed the following way at the end of a project: “They were challenging and they also told us what we didn’t want to hear – and this was a good thing!”

**Agency established:** 2006

**No. of employees:** 38

**Turnover:** N/A

**References:** well-known top 50 pharmaceutical companies and medical devices manufacturers, as well as medium-sized companies and financial investors



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# English translation

of the renowned **strategy**

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Die fragwürdigen Praktiken  
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# The experts

**Study on consulting firms. During the economic crisis, many companies have optimized their processes and reduced their cost with the assistance of the large management consulting firms. Today, however, industry know-how is required – and in this regard small-scale specialists often have more to offer.**

With no company name on the doorway, a couple of offices in a business center in Cologne representing the headquarters, the bosses even wearing jeans with unbuttoned business shirts from time to time. At the management consulting firm Stratley one does not care a lot about the usual industry habits. “Ostentatious office spaces are not important to us”, says partner Till Knorr who together with his co-founders has gathered a unique group of consultants: “For everybody who joins us, career or power are not the most important drivers but the enthusiasm for content-related work. Our people are more interested in working with senior managers to solve problems for globally-active companies, rather than being in charge of 20 consultants”, says partner Walter Bürger-Kley.

Stratley’s clients value this business style although being from the conservative chemicals industry, without exception. The consulting firm has focused almost exclusively on this industry and, within just a few years, has gained a reputation for its ability to take on its large competitors. “By today, most of the globally-active chemicals companies in Germany are our clients” says Knorr.

The recent comparative study on consulting firms undertaken by the „Wissenschaftliche Gesellschaft für Management und Beratung“ (WGMB) [Scientific Association for Management and Consultancy] – exclusively published in Capital – confirms the company’s good reputation. The team led by Professor Dietmar Fink assessed the experiences of 481 German senior managers with management consultancies. The results are clear: Stratley is ranked number one, ahead of the leading international players, such as McKinsey or Boston Consulting Group.

Stratley’s strategy of focusing on just one industry was very foresighted. When large or medium-sized companies seek external advice, they increasingly tend to opt for specialists. “Knowledge of markets and industry insights rank high on the lists when clients evaluate different consulting firms nowadays”, says Fink. “That is the Hidden Champions’ great advantage. During the global recession, the focus was on optimi-

zation of processes and cost reduction; today forward-thinking strategic consulting is required to adjust to technological innovations or regulatory changes. “Many companies face uncertainties about the prospects for their industry sector and therefore seek advice.”

Every three years, Fink and his team publish the results of their consultancy study, which is based on the assessment of clients on the expertise and problem solving competencies in the various industries. Over the past few years, the Institute which is based in Bonn has identified Hidden Champions, who have earned greater respect in their specialist fields in Germany than the established large players. The Cologne-based consulting firm Kerkhoff specialized on purchasing and procurement or the marketing and sales specialist Homburg & Partner are again ranked higher than their large competitors.

In the recent study, knowledge and the consultants’ ability to identify market trends at an early stage were more important than in previous years. Not surprising, the industry specialists were placed well ahead. The Munich-based consulting firm Solon succeeded in convincing the managers of media and telecommunication companies. CEPTON, also founded in Munich in 2006 by former partners of Roland Berger, succeeded in the pharmaceutical industry. With some 80 consultants for the public utilities sector, The Advisory House is well ahead – and not just in terms of quality. Measured by the size of the team, the Zurich-based consulting firm is also operating in Germany, Austria and Switzerland on a par with the industry leaders. Characteristic for all Hidden Champions is the fact, that they employ Partners and Consultants who started their career within one of the large consulting companies. For five years, Dirk Mulzer was in charge of public utility companies at Accenture, before he established The Advisory House with a handful of industry experts in 2003. “We all wanted to continue working for the public utility sector” he says, explaining the step forward into self-employment. No longer part of a large corporation but working more closely with clients. “We act and think along corporate

lines and, above all, we are committed to our clients and to ourselves,” says Mulzer. All too rigid demands, as it is the case with some of the big names, are not common. All is fair that helps the customer. “We regard ourselves as the melting pot for different cultures of thinking – qualitatively, conceptually and concerning the implementation”, explains Marc-Felix Otto who, as a partner, is responsible for the German business and who left McKinsey to join The Advisory House.

With 28 years Martin Weiss was already project manager at McKinsey – at this time one of the youngest ones in Germany. With the starting digitalization of the media and telecommunications sector in the 90s, the young consultant decided to leave the well-known company. With a couple of fellow students from Harvard, who had also found themselves in large consulting firms, he decided: “Let’s do something new!” 1996 marks the starting year for Solon. Enthusiasm was a substitute for the lack of experience of the young founders. With some luck and due to the general helplessness in the media and telecommunications sector, the entrepreneurs successfully entered the market. “We were on a mission and we worked with senior managers who believed in us”, says Weiss. “Such a start was only possible in those times with a new industry being created.” Solon supported the first digital TV transmitter DFI, which was then subsequently integrated into Premiere, and he also provided advice for the mobile phone provider Debitel until its stock market flotation. Today, Weiss and his 60 colleagues have become the most sought-after consultants for cable network operators; their clients include large media companies such as Burda and Ringier.

Weiss, together with 15 fellow colleagues is now based in the London office, which was opened in 2009. From the conference room, he overlooks the tailors’ shops along Savile Row, where the suits for the City bankers are made. From here, Weiss keeps in touch with the financial investors who are based alongside the Thames. “It is exactly here where you learn about the next major deal during your lunch break”, he says. Nine out of the ten world’s largest

private equity funds obtain advice from the experts at Solon before they start an acquisition tour in the telecommunications or media markets. And they are no longer supported by enthusiastic youngsters but by professionals who have been active in the industries for years. “No one here regards Solon only as a quick boost for his career”, says Weiss. “The average length of employment is significantly longer than with large strategy consulting firms.”

The recipe for success of the smaller consulting companies is simple: experienced consultants with a large portion of enthusiasm for their industry sector who are not only capable of discussing problems and devising solutions face-to-face with company managers but also to implement them with the client’s management team. The challenge is only too clear: they have to get the mandate first. “Gaining acceptance by companies who are not yet aware of our existence is extremely difficult”, asserts Stratley partner Bürger-Kley. Large business companies call for proposals on a regular basis – and the decision for any of the internationally renowned companies is always the safe option. “We simply don’t have the same resources as the large consulting firms, with their advantageous global networks.”

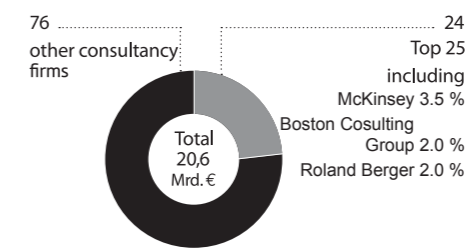
But within the management of large corporations, there is an increasing willingness to work with smaller, specialized consulting firms. “Many former consultants with excellent reasoning skills are now working in the industry. “The Hidden Champions’ chances increased compared to the large consultancies”, says Eva Manger-Wiemann of the Zurich-based meta-consultancy firm Cardea, which is supporting companies with their call for proposals and the following selection process.

In any case, many large companies are no longer interested in the conventional consultancy topics. Cost control and optimization of production processes have for many years been dealt with internally and with the help of intelligent software programs. “Nowadays, senior managers in large corporations are looking for people who can contribute an in-depth understanding of the industry sector to content-based discussions and even – on occasion – express objection”, says Michael Müller, partner at CEPTON.

Müller used to be responsible for the global pharmaceutical business at Roland Berger and he also worked at Accenture for several years before he founded his management consulting firm in 2006, together with two other former partners of Roland Berger, which is specialized in pharmaceutical and medical devices companies. The CEPTON

## A wide field of challengers

Share of the consultancy market\* in Germany in 2011, by turnover in %



\*approx. 14,000 consultancy firms, Capital 07/12 aw  
Source: WGMB, Lünenodonk

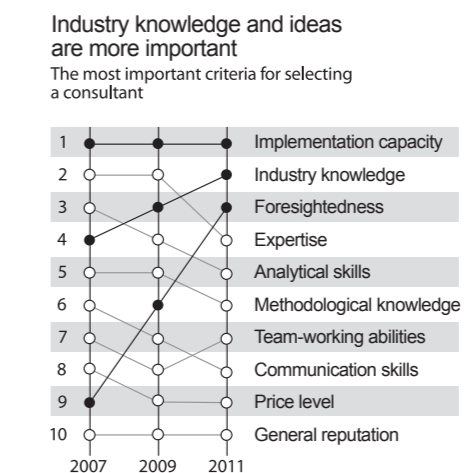
partners rely on experts who can demonstrate several years of experience in the sector – as managers or consultants. “Many clients are not satisfied any longer with a group of young people running around their company for two months”, says Müller, “they want the knowledge of their own people to be critically challenged and enriched by external expertise.”

## A warning shot for the established consulting firms

While large consulting companies fly in their partners from countries around the world to add importance to their pitch, the Hidden Champions rely on those consultants who will actually accomplish the project work. “We are able to guarantee the client: those are the people that you will be seeing on-site”, explains Müller.

CEPTON delivers methodological approaches and coordinates the work of different departments in the companies. “In a good project, our 100 man-days compare favorably with 300 man-days spent by the client”, says Müller. “As a result, the consulting is more effective – and the acceptance for our work in the company is higher.”

If this arrangement works out for the clients, the pressure to adjust themselves to the strongly focused challengers increases



for the large consulting firms. “Everyone has to sharpen his profile and demonstrate why he is better than the others – even the large consulting firms”, says meta-consultant Manger-Wiemann.

The established consultancies have already received a warning shot: in the current WGMB comparative study, the participating managers selected OC&C as the best consultancy for strategy development – ahead of Boston Consulting Group, McKinsey, Bain and Roland Berger.

## Survey:

### How the ranking is calculated

**The assessment is based on questionnaires circulated to 481 senior managers of large corporations and medium-sized businesses.**

**Candidates:** It is not possible to apply for participation in the Hidden Champions survey. The analyzed companies are selected by a committee of experts, including market analysts, meta-consultants and consultancy clients, and are then assessed by Professor Dietmar Fink and his team at the Wissenschaftliche Gesellschaft für Management und Beratung (WGMB) [Scientific Association for Management and Consultancy].

**Decision-makers:** Senior managers of German companies with an annual turnover exceeding 500 €m were questioned about their experiences with management consultancies. The statements made by 481 managers were then incorporated into the assessment by the WGMB.

**Method:** Companies must meet three requirements in order to qualify as Hidden Champion: they should not be known to more than 15 percent of those questioned without reminders; the proportion of their clients who also work together with the three well established companies –McKinsey, Roland Berger and Boston Consulting Group – has to be at least 50 percent. Finally, their expertise in one specific discipline has to be evaluated higher than the expertise of the large consultancy firms.

**Details:** For further information about the results of the survey, visit [www.capital.de/beraterstudie](http://www.capital.de/beraterstudie). In order to obtain the whole “Hidden Champions of the Consultancy Market 2012” report, please send an email to: [studien@wgmb.org](mailto:studien@wgmb.org)