

The ALM Vanguard: Talent & Workforce Consulting



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Introduction

Talent & Workforce Consulting

Talent and workforce consulting has arrived at a turning point, delivered by a change narrative steeped in the economic, social, and technological trends reshaping the world of work. Where once the focus was on optimizing the utilization of existing talent within corporate walls, providers are now addressing the existential challenge of managing talent in the boundary-less world of the digital economy. Companies are turning to consultants for advice on how to leverage an independent and flexible workforce, prepare the next generation of leaders for success, and extract data-based insights from systems of engagement. At the same time, they are seeking wisdom and leadership from their providers as they grapple with the real-world implications to their business of the Fourth Industrial Revolution, where the dissolving barriers between man and machine are transforming how work gets done.

For providers, this turning point has breathed new life and purpose into talent and workforce consulting value propositions and service offerings. Significant investments in research and development have yielded global perspectives and empirical insights into 'future of work' scenarios that have informed the design of new consulting frameworks and digital strategies.

- There is a greater sense of mission around using data analytics for connecting talent strategies to organizational agility and value creation.
- Governance frameworks and controls are expanding to manage risk presented by the organization's artificial talent.
- Digital talent strategies are broached in the discovery phase to ensure they are consistent across talent functions, aligned with business objectives, and co-architected by the corporate functions that connect employee and customer experiences.

Because client spending on talent and workforce consulting continues to be largely discretionary, these approaches are framed by a structured process to define, prioritize, and sequence strategic investments based on a unified vision of the client's long-term talent strategy. As the corporate response to the Fourth Industrial Revolution matures, however, talent and workforce consulting is assuming an integral role in enterprise transformation engagements owned and funded at the executive level.

The *ALM Vanguard: Talent and Workforce Consulting* assesses the services offerings and competitive positioning of a distinct set of consulting providers against this backdrop.

Overview

Capability Drivers

It has been two decades since talent and workforce emerged as a strategic consulting discipline, an anniversary commonly traced to the publication of McKinsey's *War for Talent* white paper published in 1997. It remains a market where traditional consulting boundaries are blurred, and providers of all sizes, scale, and capabilities compete. From another perspective, however, this diversity underscores a widely held view that has taken root in C-suites, where an organization's talent is essential to the successful implementation of business strategies and should thus be managed as a source of value creation, rather than as a drain on operating costs. No matter which market a consulting firm targets, it is more likely than not they have a human capital consulting capability.

This belief has assumed greater urgency for today's business leaders, as the convergence of demographic, technological, and socioeconomic trends compel them to rethink their approaches to workforce and the employee experience. They know that in order to create an innovative and agile workplace, they must not only get creative about how they source human talent, but they must also consider how new technologies, such as artificial intelligence, factor into their workforce plans. Companies seeking to thrive amidst the disruption are turning to their consulting providers on a more frequent basis for help understanding the implications and risks associated with these new realities.

The providers rated as leaders in this research have a number of attributes in common.

Enable business transformation. Talent and workforce strategy needs to be customized and aligned with an organization's business challenges and unique operating environment to ensure its positive impact on the bottom line. However, investments in talent and workforce have largely been focused on solving a particular pain point for the organization; projects tend to be isolated, of limited scope, and driven through functional silos. As a result, few have managed to translate their investments into enterprise-wide value. Leading providers work with the board and C-suite to emphasize the importance of a comprehensive business strategy that is aligned with the talent and workforce strategy. They ensure that clear goals are identified through gap assessments, benchmarking, best practice review, interviews and more to ensure stakeholder involvement and decision-making effectiveness.

Modernize legacy workforce technologies. Maintaining old workforce technology systems is costly, negatively impacts business performance, and makes it difficult to adopt new and advanced talent solutions. Any ambition to improve data gathering and sharing is handicapped by proprietary platforms and entrenched functional silos. Whether they have IT consulting capabilities or not, leading providers are able to identify and articulate how technological advances should be applied to current systems and how a near-term IT design should incorporate flexibility for future advancements. They help the client deconstruct HR mindsets to shift the focus from rolling out vendor-defined modular talent systems to technology-enabled workforce processes.

Overview

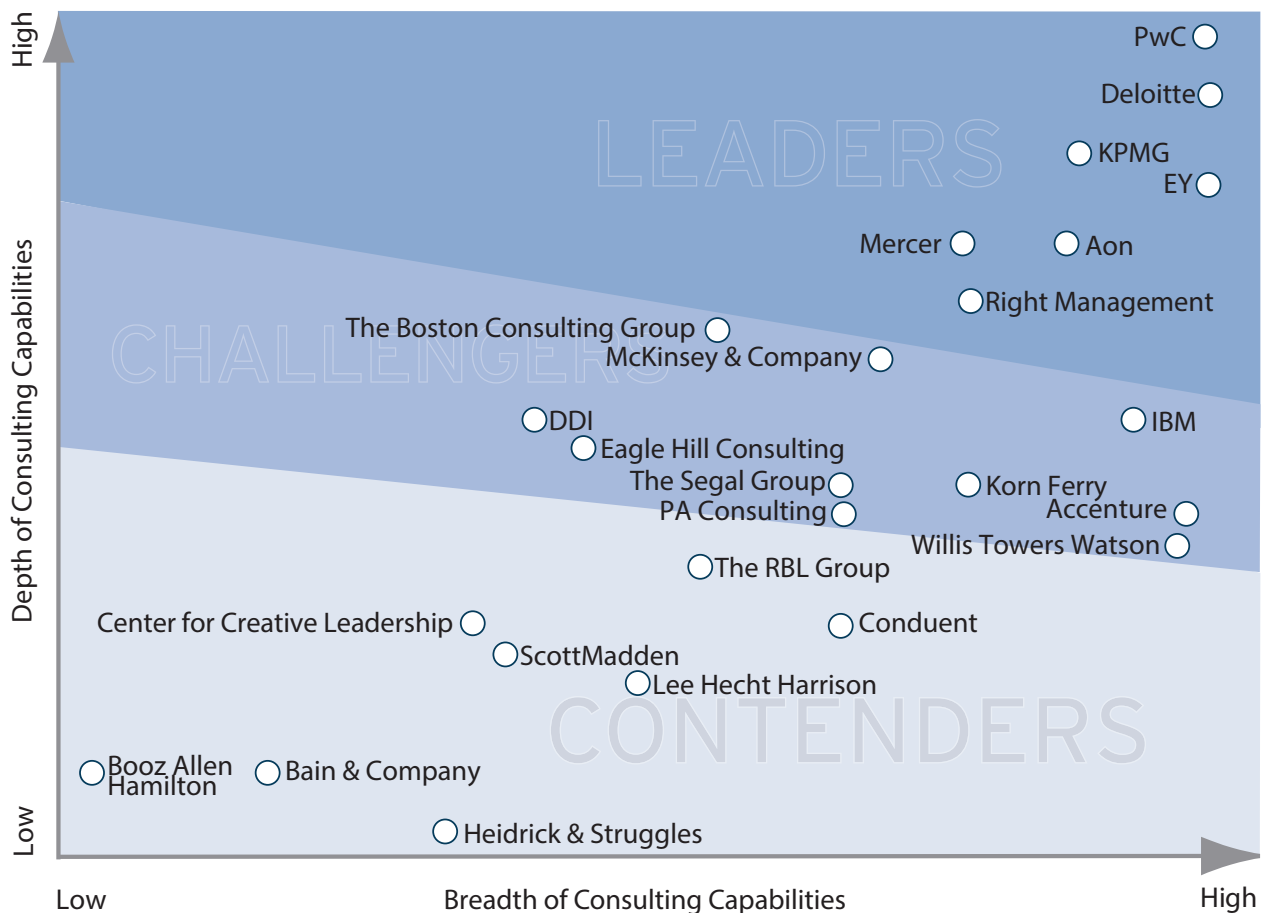
Capability Drivers

Navigate fragmented consulting marketplace. Talent and workforce consulting is a highly fragmented market where a variety of consulting firms operate, ranging from the human capital consulting practices of strategy, HR, and Big Four providers to niche consultancies specializing in talent verticals, e.g., leadership development and compensation management. The picture is further complicated by the rise of venture-capital-backed boutiques focused on solutions that target specific talent processes, e.g., onboarding and performance management. Leading providers develop and deploy consulting tools to help clients navigate a complex marketplace, such as concept maps that visualize consulting ecosystem relationship in the context of the client challenge and single frame discussion guides to explore the impact of consulting market dynamics on talent and workforce strategies. These tools transfer knowledge and insight that helps the client develop an internal capability for environmental scanning and evaluation of provider in specialist talent consulting markets.

ALM Vanguard of Talent & Workforce Consulting Providers

The ALM Vanguard of Talent & Workforce 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 talent & workforce 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

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
Leaders	Aon EY PwC Right Management Deloitte KPMG Mercer	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.
Challengers	Accenture DDI IBM McKinsey & Company The Segal Group The Boston Consulting Group Eagle Hill Consulting Korn Ferry PA Consulting Willis Towers Watson	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.
Contenders	Bain & Company Center for Creative Leadership Heidrick & Struggles The RBL Group Booz Allen Hamilton Conduent Lee Hecht Harrison ScottMadden	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 Talent & Workforce Consulting Providers comprises the following Leaders.

Leaders	Strengths
PwC	<p><i>“PwC remains a leader by successfully combining deep industry and technology expertise from across its network with a cross-functional, agile approach to designing and delivering talent solutions that emphasize employee-centricity, speed, and creativity. It is an approach that has been formalized with BXT (business-experience, technology), a methodology for working with clients to accelerate decision-making for digital transformation.”</i></p>

Source: ALM Intelligence

Provider Capability Ratings

The table below provides detailed capability ratings for Talent & Workforce consulting providers. (See the Definitions section of this report for explanations of the capabilities.)

Legend: ● Very Strong ◐ Strong ◑ Moderate ◒ Weak ○ None

Provider Capabilities: Talent & Workforce 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	◑	●	◑	●	◑	●	◑	●	●
Accenture	◑	◑	◑	◑	●	◑	◑	◑	◑
Aon	◑	●	◑	◑	◑	◑	◑	◑	◑
Bain & Company	◑	◑	◑	◑	◑	◑	◑	◑	◑
Booz Allen Hamilton	◑	◑	◑	◑	◑	◑	◑	◑	◑
The Boston Consulting Group	◑	◑	◑	◑	◑	◑	●	◑	◑
Center for Creative Leadership	◑	◑	◑	◑	◑	◑	◑	◑	◑
Conduent	◑	◑	◑	◑	◑	◑	◑	◑	◑
DDI	◑	◑	◑	◑	◑	◑	◑	●	●
Deloitte	●	●	◑	●	◑	◑	◑	●	◑
Eagle Hill Consulting	●	◑	◑	◑	◑	◑	◑	◑	◑
EY	◑	◑	◑	◑	◑	●	◑	◑	◑
Heidrick & Struggles	◑	◑	◑	◑	○	◑	◑	◑	◑
IBM	◑	◑	◑	◑	●	◑	◑	◑	◑
Korn Ferry	◑	◑	◑	◑	◑	◑	◑	◑	◑
KPMG	◑	◑	◑	●	◑	◑	◑	●	◑
Lee Hecht Harrison	◑	◑	◑	◑	◑	◑	◑	◑	◑
McKinsey & Company	◑	◑	◑	●	◑	◑	◑	◑	◑
Mercer	◑	●	◑	◑	◑	◑	◑	●	◑
PA Consulting	◑	◑	◑	◑	◑	◑	◑	●	◑
The RBL Group	◑	◑	◑	◑	◑	◑	◑	●	◑
Right Management	◑	◑	◑	◑	◑	◑	◑	●	●
ScottMadden	◑	◑	◑	◑	◑	◑	◑	◑	◑
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 procurement operations consulting and stand out from their peers for their highly effective and often innovative consulting approaches and service delivery.

Capability Areas	Provider	Strengths
Capability Development & Enabling Tools	PwC	PwC hosts an unparalleled portfolio of tools, frameworks, analytics, and models for designing and executing strategies at every phase of the talent life cycle, thus providing an end-to-end platform – and provider relationship – for building an integrated and coherent employee experience.

Source: ALM Intelligence

Provider Briefs

Leaders

Providers	Briefs
PwC	<p>PwC’s People & Organization practice delivers talent and workforce consulting services in the context of the client’s business strategy and operating model. The firm’s perspective is oriented around a color-coded framework in which four archetypal business models are defined by an organizing principle responsive to global megatrends: humans come first (the yellow world), innovation rules (the red world), companies care (the green world), and corporate is king (the blue world). Where an organization sits within this context has implications for their current and future workforce needs, which provides a starting point for exploring the proper blend of talent management strategies and determining the right mix of consulting competencies required to help clients align and execute talent and business strategies. PwC’s service offering is delivered through 15 People & Organization capabilities that span the talent consulting value chain and are supported by a deep bench of intellectual property in the form of models, data, solutions, benchmarks, and thought leadership, including that produced by PwC Strategy&’s Katzenbach Center for organizational transformation and in collaboration with Lynda Gratton of London Business School on the future of work.</p>

Source: ALM Intelligence

Definitions

What is Talent & Workforce Consulting?

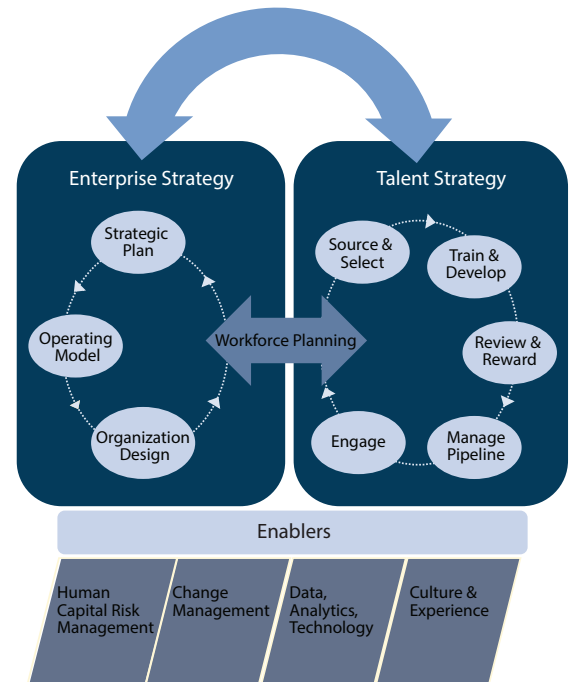
The function of talent and workforce is to strengthen an organization’s ability to source, develop, engage, and retain a workforce that delivers against the desired outcomes of the business strategy. As such, it is a value-creating management discipline focused on developing the right mix of talent strategies, operations, and processes for executing the objectives of an enterprise workforce plan. Providers serving this market help clients design and implement talent and workforce strategies that optimize the performance of each employee and the organization.

Talent and workforce consulting services can be delivered as point solutions to achieve process efficiencies or as a component of broader transformation initiatives that prioritize talent and workforce as a differentiating organizational capability. The latter context has led many providers to adopt a perspective and consulting approach that is business-led, combining HR with strategy and operations consulting and services that enable capability-building, such as change management, data analytics, and organizational culture consulting.

Technology advisory services also have been an integral component of talent and workforce consulting since its earliest incarnation in the 1990s, when business process reengineering was pioneered and HR was targeted for process automation. The rise of digital technology continues the tradition, facilitating the design and accelerated delivery of HR services capable of transforming the employee experience, as well as measuring talent program effectiveness and business impact. As important, providers are adopting more collaborative, digitally-enabled ways of working with clients that promise to increase the success rate and sustainability of talent initiatives.

The forward momentum of HR technology innovation will continue to add precision and personalization to the value proposition for talent and workforce consulting, and providers will further build their portfolios of digital consulting assets and capabilities that respond to client demand for faster results and measurable outcomes.

Talent & Workforce Consulting Framework



Source: ALM Intelligence

Definitions

Talent & Workforce Consulting Provider Capabilities

Capability Areas	Capabilities	Descriptions
Discovery	Needs Assessment	Establishing goals and objectives for the project and determining which stakeholders need to be involved from the client organization, consulting firm, and third parties
	External Market Insight	Using knowledge and experience to create hypotheses through trend analysis, benchmarking, maturity assessments, and case studies
	Internal Client Insight	Obtaining internal client insights through assessments, data analyses, interviews, and workshops, and incorporating findings in the business case and roadmap design
Design	Strategy	Aligning the talent and workforce strategy with the goals of the client's business strategy
	Operating System	Configuring client resources – information, technology, talent and other assets – to generate the value-add intended by talent and workforce strategy
	Management System	Mobilizing, managing, measuring, and motivating client resources to execute the strategy through governance, organizational structures, and performance management
Delivery	Project Management	Allocating, aligning, and coordinating resources in sequenced activities to execute and sustain the talent and workforce strategy
	Client Capability Development	Developing the client's technical skills and adapting mindsets and behaviors to execute and sustain the talent and workforce strategy and process design
	Enabling Tools	Employing tools for diagnostic and design activities that support creating, executing, and sustaining the strategy

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.

During the research process, ALM Intelligence identifies through interactions with consulting buyers, providers, and other sources the critical consulting capabilities that matter for the specific area. It presents its findings on providers' capabilities in three ways:

1. Vanguard analysis that positions providers relative to one another in terms of their overall client impact resulting from their depth and breadth of capability, accompanied by a ranking of providers according to their current depth, breadth, and client impact, as well as an assessment of providers' pace of capability development
2. An assessment of providers' relative strength in each capability area
3. Designation of best in class providers for each capability area

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.consulting.almintel.com.

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