Disruption in the Management Consulting Industry; Company C´s In-house Development Towards Generative AI

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Disruption in the Management Consulting Industry; Company C´s In-house Development Towards Generative AI

An exploratory multiple case study aiming to analyze the in-house strategies of Management Consulting firms toward Generative AI adoption

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Abstract

The management consulting industry faces transformative shifts with the development of Generative AI. This technological advancement seems to promise efficiency gains, data-driven insights, task replacement, and reshaping the industry itself. As organizations embrace Generative AI, traditional consulting methodologies may change, and the ability to catch Generative AI's potential determines the industry's competitiveness. Following a presentation regarding Company C which is a Management Consultancy firm that is operational in the Nordics and has high interest in technology and have also been active in the realm of AI technology will be concluded. This study finds that the most prominent factors when transforming a business are ensuring safe data management and aligning employees' motivation toward change. Allegedly, the business model of consulting firms will need to be innovated due to the changing landscape caused by Generative AI.

Keywords**:**
Digital Transformation, Strategic Management, Business Model, Generative AI, Management Consulting, Technology Strategy

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1. Introduction

1.1 Background

1989 marked the beginning of a new era; Tim Berners-Lee, a British scientist, created The World Wide Web and thus forever changed the landscape for businesses and society (CERN n.d). Initially, it revolutionized the way people and companies operated and interacted with each other, i.e., web-based communication, and improved data collection (Chandra 2022). The World Wide Web gave birth to the stage that we are currently experiencing, more known as Industry 4.0 due to the technological advancements that have arrived from the fundamental functions of the Internet, with innovations such as the Internet of Things (IoT), Cloud Technology, and Artificial Intelligence (AI) (McKinsey 2022). The advancements in AI technology are progressing at a staggering pace, thus affecting not only businesses but also individuals. Indications are made that global spending on Artificial Intelligence will reach 110 billion US dollars in 2024 (Vial et al. 2022). Early adopters of AI technology can gain an advantage in their industries by creating new business value points, focusing on building competencies within the AI landscape, and scaling their operations (Ransbotham et al. 2018).

Historically, organizations have gone bankrupt due to their inability to adapt to external changes, such as alterations in demand, and interest, or adopting new technologies. Continuous adaptation and incorporation of technologies have benefited organizations' operations with greater efficiency, product quality, and increased competitiveness in the global market (Ferreira, Fernandes, and Ferreira 2020). External and internal changes prompt organizations to exploit new business opportunities to remain competitive in their industry,

creating a need for appropriate and agile strategies that prepare companies to identify market changes and transform their business plans (Damanpour and Gopalakrishnan 1999).

1.2 Problem Discussion

The relevance of AI has been studied over the past years in several industries, i.e., Health, Education, and Manufacturing (Knox 2020; Rong et al. 2020; Tran 2021), and it is inevitable that AI will serve a significant role in the future and will or already have disrupted various business models (Lee et al. 2019). Even though there are different branches within AI technology, Generative AI is gaining momentum and attention and, therefore, is considered a megatrend, according to Prashant Garg (2023), a consulting partner at EY India Technology. Although the full scope of AI technology's potential may still need to be fully realized in Generative AI, resources and expertise devoted to this field will increase over time. Therefore, it is essential to advance research regarding this specific technology due to the more prominent role it is estimated to play in the future (Holmström 2022).

One industry known to speed up innovation by driving digital transformation with AI technology across different industries is the consulting industry (Garg 2023). In addition, the consulting industry has been known to aid companies in identifying weak spots within the organization and, with their expertise in core areas, implementing innovation, thus streamlining processes to provide efficiency and growth for businesses (Laffitte 2023). Furthermore, the management consulting industry has remained similar in its business philosophy throughout the years, and it is reasonable to question the philosophy amidst the disruptive technological advancements, particularly regarding AI technology (Sayyadi, Collina, and Provitera 2023).

Kitsios and Kamariotou (2021) examine the convergence of AI and corporate strategy while discussing the challenges in practical AI implementation and the need for more expertise in leveraging AI for business value creation. It is also stated that there is a lack of research within this area and that their paper could act as a springboard for future research. Additionally, digital transformation within management consulting firms has also been studied. For instance, Crişan and Stanca (2021) discuss how businesses address digital transformation and what motivates their strategies. However, the authors ignore the specific technological advancement in AI where its future development and application are still uncertain.

The future of AI has been questioned, and Carmel (2023) draws attention to the uncertainty regarding its future course. The author further states, “Who will come out on top in the battle between AI and human consultants?” indicating that the future of AI in combination with consulting firms is uncertain and could bring potential threats with it. Furthermore, an illustrative instance of this can be found in Libert and Beck’s (2017) exploration of AI threats, displaying a scenario in which AI systems are subjected to the same questions that clients typically direct to their consultants. Management consulting firms may need to develop strategies to deal with these threats to remain competitive. It is impossible to separate the internal AI strategies or stages management consulting firms go through. Therefore, it is necessary to consider whether there is an explicit formula for success, why specific actions are taken, and how this will affect the future of consulting.

1.3 Research Purpose and Research Question

This study intends to investigate the role of management consulting firms in developing or adopting Generative AI. How do these firms cope with uncertainty, and how do they seek to gain an advantage by implementing Generative AI technology on an organizational level? Further, it will investigate what strategies the organizations undertake, how they seek to differentiate themselves in the increasingly competitive environment, and how the future will unfold in the consulting industry in symbiosis with AI technology.

The following research question was constructed to carry out the research purpose of this study:

How should Management Consulting firms internally strategize toward developing Generative AI technology?

2. State of Art

2.1 Management Consulting Industry

2031 is the year when the management consulting industry is expected to reach a market value of 810 billion USD, with a growing CAGR of approximately 10%, indicating growth within the industry and, thus, an increase in demand for the services that come with it (Allied Market Research 2022). The management consulting industry consists of a range of activities, all individually defined depending on which firm you ask, but more importantly, it serves the purpose of increasing efficiency within organizations and their business strategies (Allied Market Research 2022; Newton 2019). Due to the industry's remaining business philosophy, the traditional purpose of a consulting process today still includes providing information, solving problems, providing a diagnosis, recommending actions, and establishing change.

Further objectives are to build consensus and commitment, facilitate client learning, and organizational effectiveness; all these stages above turn into the “Hierarchy of Consulting Purposes” (Figure 1) (Turner 1982). Due to the constant and rapid changes that mainly occur externally, consultants must change and adapt their approach to different situations internally (Nissen 2017).

2.2 Business Model Innovation

One essential part is that executives of companies must know how their business model works if they want their organizations to flourish (Casadesus-Masanell and Ricart 2011). Joubert (2020) discusses the importance of business model innovation, the process by which a company adjusts its business model and can, for example, reflect on a company's revenue or create value for its clients. It is also mentioned that drivers for business model innovation can be product innovations or external factors that change the customers' needs, such as COVID-19. According to Krüger and Teuteberg (2018), the role of the consultant is evolving. The digital age demands a fresh set of skills and methodologies, including agile methods and coding proficiency, to name a few. Amid the diverse range of consulting models, the emergence of digital transformation initiatives and digitalized consulting procedures call for new kinds of consultants, which may affect the consulting business model as they provide a service to generate value. Krüger and Teuteberg (2018) continue to discuss how AI could significantly impact upcoming consulting practices since emerging work methodologies, such as agile project management and rapid prototyping, are shaping the foundation of a consultant's work. Hence, this shift could influence the project scope, consultants' skills, and project management's cost-revenue dynamics.

2.3 Digital Transformation

The development of digital transformations has forced businesses across various sectors to respond with numerous initiatives to explore emerging digital technologies to create and generate value. This technological advancement has required organizations to act as their business environment constantly changes by deploying technologies at scale and integrating them into their business to sustain long-term value (Brown 2022; Matt, Heß, and Benlian 2015; McKinsey 2023a). It has been shown that companies that undergo digital transformation perform better than those that do not; on average, these companies see a 17.3% increase in revenue (Brown 2022).

Digital transformation distinguishes itself from business transformation as it seeks to improve overall performance through higher sales, lower operating expenses, higher worker productivity, and improved customer satisfaction (McKinsey 2023b). Digital transformation, on the other hand, primarily aims to improve organizational efficiency and productivity by utilizing digital technologies, tools, and processes. Often, this involves adopting new technologies such as AI, IoT, and Automation processes. Digital transformation is constantly technology-driven and aims to improve specific aspects of a business by leveraging digital technologies (Salesforce 2023).

McKinsey & Company (2023a) discuss six capabilities required when implementing a digital transformation strategy: clear business-focused strategy, in-house digital talent, scalable operating model, distributed technology for innovation, up-to-date data, robust adoption, and change management. Given these different capabilities to adapt to technological development, complex coordination is required to achieve the common goal, integrate the various strategies, and collaborate among the numerous individuals and entities within an

organization. A digital transformation strategy should then act as a roadmap that helps businesses manage the changes brought on by integrating digital technologies and directing their operations after the transformation (BCG n.d; Matt, Heß, and Benlian 2015).

According to Bode, Deneva, and van Sinderen (2021), digital transformation within management consulting is "...recognized as creating three general types of outcomes: cost reductions, time savings, and greater transparency"; these are solely a few instances of the positive effects that digital transformation has had on numerous organizations. However, other difficulties impose implementation challenges throughout the organization, high application costs, and issues with change management. Therefore, organizations must carefully balance these advantages and difficulties, create a clear digital transformation strategy, and take proactive measures to overcome challenges (BCG n.d).

2.3.1 Artificial Intelligence

In this era of technological advancements, Artificial Intelligence (AI) stands at the front of how businesses reshape their operations to continue generating value. This technology creates endless opportunities by revolutionizing industries (Matt, Heß, and Benlian 2015). Various technological advancements have been generated and implemented across organizations for many years; AI is one of the most frequently discussed subjects in the development of digital transformation today. The rapid pace of technology puts businesses on high alert, emphasizing the relevance of embracing change and innovation (Lee et al. 2019; Schallmo, Williams, and Boardman 2017).

A common misconception is that the only role of AI is cost reduction through replacing human labor. This is considered inaccurate, as the goals of incorporating AI extend far beyond cutting costs (Haenlein and Kaplan 2019; Urwin 2021). According to Haenlein and Kaplan (2019), replacing human capabilities is unfeasible today because computers have yet to develop the full spectrum of human actions, abilities, and reasoning. The synergy between intelligent computers and human minds explores opportunities achievable only with cooperation.

When discussing AI technologies, there are ethical and transparency issues to consider. Gînguță et al. (2023) discuss these ethical considerations with AI within the business consulting industry. Discrimination and GDPR issues are two examples of negative ethical considerations when using AI within business consulting. To ensure this innovation is used safely and sustainably, the European Union (EU) currently examines what regulations should be applied (European Commission 2023).

Generative AI is categorized as a form of machine learning that has recently gained momentum following the hype among ChatGPT, this AI technology provides several use cases, from optimizing business processes to creating new product designs (McKinsey 2023c). According to Garg (2023), a potential disruption is that most tasks performed by accountants, auditors, and tax preparers will take 50% less time to complete due to advancements within Generative AI. Microsoft has also estimated that programmers will spend 55% less time writing code (Garg 2023). The market for Generative AI is showing exponential growth trends with an expected CAGR of 24.4% from 2023-2030. Considering its growth, the current market size (2023) is valued at 44.89 billion USD and is projected to reach a staggering market value of 207 billion USD by 2030 (Statista 2023).

Hence, Generative AI will likely develop and diversify how different jobs are operated, but the actual impact it will carry, not to mention the risks it will contain, still needs to be fully understood (McKinsey 2023c).

When applying new technologies such as Generative AI, one must focus on its features and use past lessons from technological innovations. The core value is generated from understanding how Generative AI can help the business create value (McKinsey 2023c). One industry that has put much emphasis on the use of AI is the consulting industry. Garg (2023) mentions this example: “The consulting industry is at the helm of driving innovation. Hence, it is a significant responsibility to accelerate innovation by helping organizations define the pathways to adopt Generative AI”. Back, Parboteeah, and Nam (2014) also state that management consulting firms are essential for bringing new ideas and technologies, especially in AI, to businesses.

In addition, there is potential for Generative AI to explore and capitalize on unexplored market opportunities. New applications are continually being developed, and risk management is being improved to support informed decision-making. Hence creating a need to implement and further study the use-case of AI for management consulting firms (Garg 2023; Jonk 2023).

2.4 Strategic Management

Strategic Management plays a vital role in how an organization operates and should be considered an essential factor in the outcomes and results of the business. An organization's board should prioritize strategic management in all aspects to ensure competitive advantage within their respective industries (Pitt and Koufopoulos 2012). Critical factors include arranging strategies, monitoring the business environment, implementing the most suitable strategy, and evaluating the implementation to understand the organization's performance compared to its competitors in the market (Tapera 2014).

2.4.1 Deliberate and Emergent Strategies

Henry Mintzberg, an acclaimed scholar in strategic management, proposed the concept of Deliberate and Emergent strategies, highlighting initiatives a company undertakes to reach its goals (Figure 2). Understanding which underlying strategy navigates your organization is vital to achieving an efficient and leading corporation within its industry (Mintzberg and Waters 1985; Stobierski 2020).

Deliberate, or prescriptive strategy, is “the identification of the purpose of the organization and the plans and actions to achieve that purpose,” considering two elements: corporate-level strategy and business-level strategy (Lynch 2021). Furthermore, it focuses on the organization’s planned and controlled strategies, which start as ideas, develop into plans, and result in one or more actions. The main goal is to create and maintain a long-term position within the market that gains a competitive advantage. This type of strategy is essential as it emphasizes direction and control and thus completes tasks (Bozkurt and Kalkan 2013).
The emergent view is “finding market opportunities, experimenting and developing competitive advantage over time”, a dynamic and entrepreneurial approach (Lynch 2021;

Mintzberg and Waters 1985). An emergent strategy takes an unplanned approach and is separated from any predetermined plan. The result, therefore, often appears from regularities in a sequence of activities, giving the organization the competence to preserve its competitive advantage (Bozkurt and Kalkan 2013). Mintzberg and Waters (1985) state that openness to emergent strategy empowers executives to act before all knowledge is gathered and understood rather than targeting a "stable illusion" and thus enhances an organization's competitive responsiveness (Soliman, Anchor, and Taylor 2018).

2.4.2 McKinsey 7s

The McKinsey 7s framework was developed to advance business thinking, emphasizing coordination to achieve more efficiency as organizations grow (McKinsey 2008). The model has been refined to connect structure with strategy and incorporate five other elements into the matrix to provide more depth into understanding business decision-making. The seven elements are mutually dependent, further stating that the general decision-making for management is complex (Channon and Caldart 2015). The model developed by Robert H. Waterman, Tom Peters, and Julien R. Phillips (1980) was illustrated as a hexagon with an additional element in the shape of a spine that holds everything together (Figure 3). When specifying the seven elements, they were divided into Structure, Strategy, Systems, Skills, Style, Staff, and Shared Values (McKinsey 2008). The positioning of shared values remains in the middle of the model to demonstrate that this specific element is essential to advancing the additional elements. Hence, the model clarifies that the building blocks must balance and reinforce one another to reach the full potential of an organization (Channon and Caldart 2015)**.** Structure, strategy, and systems are divided into hard elements, which are easier to identify, rather than the soft elements, which consist of the remaining four elements: skills, style, staff, and shared values (Kenton 2022). Furthermore, the article discusses how the

management can directly influence the hard elements while the soft elements are more intangible, making them more influenced by the organization's culture. However, all elements are still considered just as important regardless of whether they are hard or soft elements.

Strategy

According to the literature, the strategy consists of actions that will work in favor of carving out the firm's position to facilitate an improvement of its status and thus reach a competitive advantage in the industry (Story 2020). A competitive advantage can be obtained from the fact that the organization differentiates itself in the market and thus provides exceptional value to its customers (Channon and Caldart 2015). The optimal approach for an organization would be to find a strategy that is deemed long-term, and that would coordinate with the additional elements of the model, hence further distinctly stating what the objectives and goals are for the organization (Kenton 2022).

Structure

A company's structure refers to how an organization is designed (Story 2020). The corporate structure is a building block of the hierarchy, with the chain of command and the divisional structure that drafts how operations interconnect and function (Kenton 2022).

The ability to guarantee a straightforward organizational design is crucial for the development of an organization. If not, the organization's capacity to effectively achieve its objectives may be restricted by structural misalignments. The aim is to guarantee that the firm's overall strategy and objectives are supported by and in line with the structure (Channon and Caldart 2015).

Systems

Systems in the McKinsey 7s model illustrate the organization's regular day-to-day operations, including how the company makes decisions and how the workflow runs within ordinary operations (Jurevicius 2023). Hence, this underlines the importance of understanding formal and informal procedures since the systems define how business is done within the organization, which should be the main focal point for managers amidst organizational change (Channon and Caldart 2015).

Skills

Skills shape a company's competencies, allowing its personnel to reach its objectives. Thus, organizations must identify skill gaps and create training programs to educate their employees toward specific goals (Kenton 2022). The chosen strategy enables this element to assess all capabilities concerning the foundational factors of the organization; one specific problem might demand that new skills replace old skills or vice versa (Channon and Caldart 2015).

Style

Refers to the behavioral elements of the management style that shape the organization's culture. It is determined by pointers such as attitudes, shared values, and norms that form how people act. The management style used by top-tier management sets the standard for how the organization should strategize (Jurevicius 2023). It is crucial to question how managers lead the organization; for example, how employees react to the management style and whether certain behaviors or tasks are completed (Channon and Caldart 2015).

Staff

Mainly, the aspect of staff recognizes how the employees are recruited, managed, encouraged, and compensated; thus, staff can encompass employees with skills, competencies, experience, and internal capabilities (Jurevicius 2023). Although the staff is

considered “soft” within the 7’s framework, it still contains some hard elements, i.e., pay scale or performance measurements (Channon and Caldart 2015).

Shared Values

Core values are built on shared mentalities and aspirations, determining an organization's corporate culture. Hence, when a company needs to advance its values, it must go through drastic changes that shift its activities and turn the company towards a new direction (Channon and Caldart 2015). The primary role is aligning all elements to ensure and maintain an efficient organizational design using the organization's mission, values, and objectives to understand the company's purpose (Story 2020).

3. Methodology

3.1 Research Method

Qualitative and quantitative methods are the two different outlooks for data collection when crafting a study (Bell, Harley, and Bryman 2022). The quantitative methodology strives to assess variables and sum the recurrence of the data collected (Collis and Hussey 2022). This study will undertake a qualitative research approach because qualitative studies allow researchers to investigate the dependency of obscure data dimensions. This approach grants the possibility for the research to be more unrestricted in the collection of data as well as allowing the respondents to be more extensive in their answers (Easterby-Smith et al. 2018). The study aims to explore how management consulting firms strategize toward Generative AI, hence creating the need for in-depth analysis and the ability of the respondents to describe these kinds of events.

3.2 Research Design

Due to the purpose of qualitative research, a multiple case study is deemed most relevant; case studies endorse the possibility of adding depth to the research, which is required when the aim is to explore a complex phenomenon (Heale and Twycross 2017). Hence, relying on a single case study would not be appropriate for the scope of this research since it does not provide a solid framework for understanding the complexity of strategic decision-making. When the research question is built on a “why” or “how,” interviews are often the basis for case studies (Atkinson 2002); thus, that will be the core of this research.

4. Method

4.1 Primary Data Collection

When conducting research, there is a need for primary data, which can be described as original data obtained for a specific research purpose, supporting the study with different perspectives, and providing new information (Hox and Boeije 2005). However, the data collection is diversified depending on the study's research method, whether it is qualitative or quantitative (Hox and Boeije 2005). This study's leading source for primary data was obtained by conducting semi-structured interviews with management consulting firms and senior employees. This method creates the opportunity to receive in-depth answers from the interviewees, allowing them to articulate and specify insights and thoughts on the subject more openly (Farquhar 2012). Hence, these insights will be building blocks to correctly answer the established research question.

4.2 Sampling Approach

Various methods can be used when defining the sample for a study. A sample is a population's subset, and the sample used in this research paper has been determined through purposeful sampling (Palinkas et al. 2013). According to Easterby-Smith et al. (2018), purposeful sampling is choosing individuals or groups based on their specialized knowledge or experience in each field. The case selection was developed based on three criteria: Firstly, the interviewee must possess a senior position within the organization. Secondly, the interviewee must be employed by a company that engages in management consulting. Thirdly, the participants should not be employed by the same company to reach a variety of answers.

The sample selection will not be limited to a specific number of cases; however, according to Eisenhardt and Graebner (2007), it is expected to work with a range of four to ten cases as a rule of thumb when advancing research with a multiple-case study. Since it will not be possible to collect data from all businesses within the selected industry, this study aims to include information from four different cases presented in the table:

Table 1:

Name	Size	Role
Company A	Large Enterprise	Head of Data & Analytics
Company B	Medium Enterprise	Interim CEO
Company C	Large Enterprise	Executive Vice President
Company D	Medium Enterprise	Senior Consultant

4.3 Semi-Structured Interviews

Qualitative research is based on interviews to collect primary data, allowing for first-hand insights into general thoughts regarding a specific subject (Easterby-Smith et al. 2018). There are two standard interview formats: structured and semi-structured interviews. Structured interviews follow a prepared set of pre-made questions, whereas semi-structured interviews consist of most pre-made questions. Moreover, semi-structured interviews allow for an open discussion where new questions can emerge depending on the direction of the interview (Collis and Hussey 2022). Open-ended questions are generally used to study specific processes and identify correlations and justifications for the subject. When using open-ended questions, the answers will likely have depth and be information-dense, which is helpful when addressing the specific research question. For this study, semi-structured interviews were the most appropriate approach since they would guarantee a broader understanding of the subject. The interviews were also held in a digital format, hence via Microsoft Teams to accommodate different locations. The interviews were conducted in the mother tongue of the researchers and interviewees, Swedish, to avoid language barriers and ensure maximum insight and details. After conducting the interviews, the recordings were transcribed in Trint, an AI-powered SaaS platform, and later checked by each member to ensure no significant mistakes. Lastly, it was translated into English by Microsoft Word and again checked by the authors before it was used in the thesis.

4.4 Research Quality

When collecting non-numerical qualitative data, trustworthiness is often questioned due to the lack of tools to assess its validity and reliability. Hence, four criteria will be used to assess the reliability of the qualitative data: credibility, transferability, dependability, and confirmability (Collis and Hussey 2022).

Credibility

According to Silverman (2021), credibility is an essential aspect of a qualitative study as it refers to the trustworthiness of the research. Furthermore, credibility is important because the researcher needs to convince the reader that the study is reliable. To enhance the study's credibility, the semi-structured interviews will undergo both individual and comparative analyses. Treating multiple respondents uniformly and examining their perspectives from various angles can enhance the study's validity. Furthermore, to reinforce credibility, the interviews will be conducted in Swedish to mitigate potential misinterpretations or language barriers. The authors have carefully transcribed and translated the interviews into English, ensuring that the English interpretations mirror the original Swedish context. Finally, the tutor has reviewed the paper to uphold its credibility throughout the entire study.

Dependability

The term dependability in research is connected to accuracy and relevance, meaning that if the research is conducted a second time, the outcome should have comparable results to be considered valid (Collis and Hussey 2022). Therefore, the study should include sufficient information about the issue for accurate future research (Collis and Hussey 2022). In this study, the researchers had clear interview roles to ensure consistency throughout the data collection period; two led the interview and two took notes. To further ensure consistency and reduce the amount of bias, the researchers composed independent analyses of the

interviews. Later the analyses were collected and composed into one document to generate different perspectives.

Confirmability

The neutrality and objectivity of authors are the main steps to ensure that the research remains trustworthy (Collis and Hussey 2022). Thus, confirmability refers to the extent to which other researchers agree with the study's results (Baxter and Eyles 1997). By sharing raw data, explaining the various research steps taken, and providing impartial information to the reader, one can achieve confirmability within the study (Collis and Hussey 2022).

Transferability

One primary concern when it comes to qualitative studies is the transferability of the research because of the contextual nature of interviews. Therefore, the researcher should thoughtfully understand how effectively the research could be adopted into different contexts (Kuper, Lingard, and Levinson 2008). Compared to a quantitative approach, the qualitative approach gets narrowed down due to a smaller sample size, and the result is often based on personal experience (Amankwaa 2016).

4.5 Ethical Considerations

During any research project, there are specific ethical considerations to be aware of, and these should be highly relevant to reduce the risk of distress for all parties involved (Cacciattolo 2015). Therefore, the researchers should agree on a code of ethics and be open to reconsideration throughout the process because there is rarely a simple solution, hence creating the need for being open-minded and solution oriented (Vanclay, James Baines, and Taylor 2013). A set of principles and guidelines from Vanclay et al. (2013) were given to ensure an ethical study and were followed to protect the participants during interviews:

voluntary participation, the possibility of being anonymous, and the right to check and revise the data before publishing the research.

5. Findings & Analysis

5.5 Company C

Company C is a Nordic company specializing in digital transformation. It was founded in 90's and now has over 4000 employees. Their business focuses on four core areas and aims to make tailor-made solutions for all their clients.

5.5.1 Strategy

The respondent mentions that their business has been driven by making startups and acquisitions, which has organically led to their large organization. The participant continues to discuss how their business model can be affected in their daily operations and how they generate value for their clients:

"I think we will move towards more value-based and more packaged. And I think that sometimes we will need to have fewer consultants in the assignments."

The respondent goes on to explain how this is not the first time that a technological advancement has raised the question of how business is done:

"A number of years ago, it was thought that a certain percentage of everyone's jobs would be replaced by AI. That has not really happened yet, but I think it is going to change the whole market."

The interviewee believes that as Generative AI is incorporated into the market, especially in the Big Four consulting firms possessing more extensive databases, it will experience even

more profound changes. An illustration of a large consulting firm with a sizable database is given:

"Because we work in a different way with customers, we do not have the type of databases that they have where they can collect, for example, what all construction companies in the world have done and what is best practice in most of the processes. That is not how we work. But for them, I think that it can change, the time to analyze data and put together big analyses should go much faster."

The respondent discusses how the organization will generate value in the future and how AI will be used in strategy to ensure that:

"I think that it is going to change and we need to talk more about value. What is value creation, and why is a product or service worth a certain price? But I still think it is going to take a long time because customers are not really prepared to let go of the control."

It is further stated that rather than just looking at the technical aspects of AI, it will be essential to strategize with AI experts from a management perspective:

"It is probably more on the management side to understand how you create value out of using AI tools. So rather than just focusing on the model and technical skills, we need to see it from a business perspective related to value creation."

This is further stated later in the interview:

"This is going so fast, so it is more about being opportunistic and fast-moving rather than putting 5000 people into developing models. It is more interesting how you use it to create value, and if you figure that out, you can get a huge advantage."

The participant emphasizes the significance of doing so concisely and organized when following this development, thus reducing the risk of doing anything too fast that ends up in bigger problems. Furthermore, the interviewee emphasizes the significance of growth and flexibility and that examining the essentiality of certain modifications is crucial rather than mindlessly conforming to the current trend.

Looking at the firm's future strategies, the respondents mention that they see the efficiency potential with Generative AI and are open to these solutions. However, they need to ensure it is regulated as many of their clients own their data and might need to be more open. The participant further states their implementation plans for integrating AI into their business:

"We have not had a plan to build our own because we believe there are so many good solutions on the market. I think we should spend our money on the right solution instead and maybe change the solution as they keep developing because I think a lot is going to happen in this area."

Lastly, the participant states the importance of staying aligned with their clients when strategizing AI in their business, as this could generate a significant competitive advantage.

5.5.2 Structure

The respondent explains that the organization has a large number of subsidiary companies, where approximately 75% are active and conduct business. There are also some holding companies, and the organizational structure is stated as follows:

"We have our four business areas and underneath that we have a bunch of subsidiaries. These are completely flat, so there is no hierarchy in them. If you look at the legal structure, all subsidiaries are equal under our parent company."

The different subsidiary companies have a large spread since they can be specialist companies, and there are different focuses on commercial excellence or working capital, for example. The subsidiary companies can range anywhere from 5 to 400 employees.

The interviewee continues to explain that they have had a digital approach from the start, simplifying the processes of emerging digital tools such as Generative AI practices. This structure has made it easier for the company to adapt, as the respondent states:
"We are born digital and have been around since the 90s, so we have been working with technical issues and innovations for a long time. AI has been integrated into our business for a long period of time because it is a part of our mission, therefore I do not know how important the recent buzz about it has been for us."
Since the corporation is huge and there are many subsidiary companies, the data is only to some extent attainable since the companies have quite locked environments. The respondent explains that they have significant autonomy in the companies and that AI will contribute to a change in the structure as the interviewee states:
"I think that a big change that will be here is that we will need to open up much more between the companies to get access to data to be able to get even more out of this."

5.5.3 Systems

According to the participant, the company has different structures for integrating various systems:
"Generally, on bigger decisions like a common ERP system or other big tools, we take it at group level, and the subsidiaries have to accept the situation."
Following up on that, it is up to each subsidiary when dealing with more minor decisions on, for example, what kind of workspace tool can be used for the daily workflow. Therefore, the

technical infrastructure includes both programs that are broadly used and some that are more team focused. The participant states:

"We have about 30 lawyers and they are happy to look at how we can use AI to make our work better and easier linked to their legal work."

The respondent also discusses the different tools that are used. Some are proven efficient, such as Git-Hub for writing code and ChatGPT for helping the management side. When choosing and evaluating the different tools, the participant used Microsoft CoPilot as an example:

"We can press a button and everyone will have it on their computers and access it. However, that is not the big question. The big question is how can it change the way we work. What do we benefit from it? And what is the value we get out of it."

The participant further focused on the importance of keeping the data secured and stated:

"What we do is try to write policies and have a clear strategy for AI, especially when it is linked to customer data. That is where we and the customer can get into trouble. So, the important thing for us is how we handle the data."

The interviewee further elaborates that they, as a company, always need to be critical when using different AI tools. What happens if the AI model starts developing untrue answers, hence, how far can the company rely on it?

5.5.4 Skills

AI is considered a knowledge bank that consultants and senior employees can leverage, shaping the company's capabilities and competencies. According to the interviewee, it can be

used when expertise is lacking. Moreover, the participant states that AI models are used with the help of analytical models to deliver value:

"For us, I believe it is going to increase the quality and speed at which we produce services. We work with a pool of experts, providing even larger access to knowledge-sharing and advice-giving."

On the other hand, the interviewee also discloses that many junior resources that conduct different analyses might decrease over time solely because AI will replace those types of assignments. Thus, the consultants do not have to crunch numbers or build analyses similarly. Since AI is used within the company and there is a risk that it can provide incorrect data, the interviewee emphasizes the importance of validating the data:

"If you look at building code, then those with competence should validate it; with AI, it takes many experts to find when its outputs are strange or wrong."

Additionally, when looking at competencies and skills, the participant is starting to see competition in shaping their AI tools. Especially in the first phase of various projects, everything from how fast you work to how well you integrate AI models to support the produced data.

5.5.5 Style

The interviewee shares a genuine interest in technological development and what happens to the organization when it digitizes; hence, the respondent tries to stay educated by reading relevant information to stay up to date. The participant's view on AI is explained like this:

"It is easy to think that AI is something mysterious, but it is models trained many times without any thinking organism behind it, hence, built by numbers. I am trying to talk about AI in terms of how we should use it and for what; I want to give examples of how I use it and how we should communicate our use to our customers."

In general, the participant believes that their leadership style has not changed much, but because there is a significant interest in technology and AI, the interviewee explains the need to be careful in wanting too much; you can end up in the wrong place if you rush it:
"We need to find out what it exactly is, and what is okay or not. Our deliveries have to keep up with the development of this so that the customers remain satisfied, and we have to find the right pace so that we do not run too fast just because we find it fun and exciting."
Since the organization consists of many subsidiaries, the interviewee is familiar with a fraction of all initiatives that are being made regarding AI. Hence, there is an incredible amount of experimentation within the companies, but to facilitate the learning processes throughout the whole business chain, they have created common forums to promote development. The participant continued:
"I do not see obstacles with AI, but I do see risks in relying too much on it. I see that we need to be more critical of what is written and improve our quality assurance and scrutiny, which is a different skill that has to be incorporated throughout the whole organization."

5.5.6 Staff

Participant C brings attention to how the organization emphasizes playfulness and that the employees experiment with different tools:
"We need more willingness to experiment and look at new tools. If you want to stand still and use your old process, then we are probably not the right organization, because it is much more about all individuals having to drive development both for themselves and the organization."
Following that, the interviewee elaborates on their internal competencies, where they have employees who have particular expertise in some areas. These skills simplify different

training sessions within the company, enabling others to be a part of the in-house knowledge sharing. A big part of internal knowledge is also based on sharing different articles among colleagues that might be of interest to always be at the forefront of new technologies.

When discussing the difference in the ability to adopt new technologies when comparing older and younger employees, the participant states:

"It is pretty hard to generalize. I think that if we look at those who do not belong to my department on the development side, I think that they probably see that the younger ones are faster at absorbing new things."

The participant highlights that the critical factor is not age but rather the personality and how curious you are:

"Because we think that expertise in people, either those with experience or completed education, often is considered more curious."

5.5.7 Shared Values

When examining the organization's shared values, the respondent states that managing customer data is one of the most significant challenges. It is emphasized that they must be transparent with their customers and constantly think about how they can ethically do this:

"It is more about being careful for security reasons. Is it safe enough for us to use it? Otherwise, I feel that most people here are on board to apply AI in their daily practices."

The interviewee further states the challenge regarding their utilization of their core values within their firm:

"I think that will be one of our challenges, but also a way to actually use our values to implement the models more broadly. The core values of the company will not conflict the implementation of new language models instead we can use our values to ensure that we do it in the right way."

The respondent continues by describing the importance of responsibility towards clients and the need for transparency when implementing AI tools. Therefore, the interviewee explains that they do not need to change their corporate culture but instead strengthen it and continue to work with core values such as transparency and responsibility.

5.6 Analysis

Company C is described as flat, with no hierarchy between the business areas. However, there are differences between the subsidiaries as they specialize in different areas, making integrating new processes throughout the organization challenging. Hence, it will be necessary for the organization to look at the utility of the Generative AI implementation for all areas and how it would create value within all subsidiaries when strategizing. If this is not taken into account, there is a considerable risk that the company will have a weak or unknown return on investment for some of the subsidiaries, which can be costly. There is also a risk that this sort of implementation could be ineffective or unnecessary for some subsidiaries as they might not be willing to adapt, have the knowledge, or do not need AI's features.

Furthermore, it is emphasized that it is up to each subsidiary to decide on workspace tools for daily work. These decisions favor generating value with Generative AI and set clear and structured guidelines for each subsidiary. The organization is also interested in applying and learning more about Generative AI within all subsidiaries; their legal department is highly

motivated to apply Generative AI to enhance quality and effectiveness in their daily work. Measuring the subsidiaries' adaptability can requrie much work. Therefore, it is of utmost importance that they strategize to ensure that each subsidiary can apply Generative AI to make their deliveries better and more effective. The respondent further states that they have significant autonomy within their business units.

When strategizing towards AI, they need to look at opportunities to open up more between the companies when managing data. This openness can be an essential aspect of their AI strategy. Suppose they can utilize all data within all subsidiaries. In that case, AI may have undiscovered advantages that could help the company share knowledge and apply solutions amongst their clients. An important aspect to consider is ensuring client data is appropriately managed if they share the data between the subsidiaries. Otherwise, it could affect their transparency and responsibility towards their clients; hence, it is essential to instruct all clients and employees about this change.

Today, the company encourages its consultants to experiment with Generative AI, which facilitates the learning process and promotes the development of AI usage. It boosts their managers to foster AI and assist with change management through time. The risk of experimenting can be significant, especially with no clear guidelines, leading to a clientele risk when looking at data management.

The company has had a digital approach from the beginning, facilitating the adoption of emergent tools such as Generative AI. Therefore, the participant's leadership style has mostly stayed the same. Further, the interviewee states it is easy to want too much, which could backfire on the organization if you move too quickly with all implementations. As a leader,

you must strategically figure out how and what you want to communicate to your team and not let your interest in technology be the guiding pillar rather than the strategic objectives of the business. Hence, aligning all employees is essential to reach all the technological goals and thus make the business move forward. Incorporating employee thoughts and following your instincts and interests could help the organization. Due to the company's digital base, the interviewee believes it must strengthen its corporate culture instead of changing it. It can require much effort from an organization to change its corporate culture completely; thus, one must question if this is necessary when implementing Generative AI into the corporation. Hence, strengthening the culture may be the most suitable option in times like this. When amplifying the organization, the leaders should engage all employees as inclusion is vital to growing more robust. Additional core values such as transparency and responsibility are, according to the interviewee, essential when strengthening the corporate culture. In the long run, if more emerging technologies or advancements hit the market, the company will likely have a strong culture that can more easily tackle and incorporate these technologies thanks to Generative AI, leading to a competitive advantage in the future and putting the company at the forefront of the industry.

The interviewee explained that it is important to be critical when using different AI tools and asked how far the company can rely on them. It is vital to be critical of using AI tools for all firms, and being critical is a way to guarantee quality and ensure the business maintains high standards. Having an overall critical approach will lead to detecting inaccuracies before they affect different business decisions and processes. The approach also reflects the company's strong commitment to the ethical use of AI, which will allegedly be a key driver for the future. Furthermore, it is adequate to be critical due to mitigating risks, which can prevent adverse outcomes such as flawed decision-making and misinformation. Furthermore, if

several inaccuracies were found, it could lead to distrust of the AI models, resulting in limited autonomy in the decision-making process. Lastly, due to the complex AI models, finding the root cause of some inaccuracies might be challenging, potentially slowing down correction processes. Therefore, finding the right balance can be difficult but essential.

The participant also discussed the importance of keeping the data secured and, thus, having policies and a clear strategy for AI when it is linked to customer data. This approach intensifies the importance of risk mitigation by having well-established policies that reduce the risk of misuse of customer information, data breaches, and unauthorized access. Furthermore, this can also provide greater transparency and hence create more trust from the customer towards the company. However, this process is also resource-intensive to develop and maintain comprehensive policies and strategies towards using AI models and requires investments in personnel. Furthermore, there can also be over-regulation, which could hinder innovation and the agile development of different AI solutions. Hence, finding the right balanced solution for policies and strategies towards AI use will be crucial for fostering innovation and efficient processes.

The interviewee further elaborates that they have yet to plan to build their own AI model since there are so many reasonable solutions out on the market, and these solutions are constantly progressing. This can be beneficial since there are cost savings in purchasing already developed systems on the market rather than investing in R&D to create your own AI model. The adaptability aspect is also relevant since the company can switch between different models if their current one does not meet the business's needs, creating a possibility of finding the optimal solution for them. However, this also requires the company to rely on external providers, which makes them dependent on overall functionality, support, and

updates. This further limits the possibility of customization, which could be relevant for the business in certain aspects. Lastly, this hinders security and privacy since a third-party provider is involved, which implies that they have to choose a model within their policy frame that is a good fit for their future strategy or find an agreement with the service provider not to get access to what is being put into the language model.

Decisions about various systems are often made in each part of the organization. However, more significant decisions, such as a typical ERP system or other significant digital tools, are taken at the group level and implemented in the subsidiaries afterward. Giving each subsidiary freedom of choice and possibly adopting systems that fit the firm's purpose can be a suitable option to maximize efficiency. Nonetheless, deciding to adopt a hyped technology such as Generative AI should be taken by higher-level management and implemented throughout the organization. According to the participant, this is because Generative AI will increase the quality and speed of the services produced. Hence, the decision to implement it in all subsidiaries should be obvious. The interviewee discusses various tools that are used for different purposes, such as ChatGPT, Git-Hub, and Microsoft CoPilot, to name a few. A critical aspect of these tools is that by pressing one button, all employees can access it on their computers, but what is the organization doing to educate its employees about these digital tools? Or, more importantly, how do you get employees to switch tools and swap out the old to new ones? Continuous work and education are essential to align the organization in digitally transforming the business. If not, the company is at risk of falling behind in the development and potentially losing shares in the market. In the end, if employees are unwilling to try out new tools, an organization similar to Company C may not be the workplace; such a digitally laid company demands employees to play and experiment with tools to build and discover all benefits that, for example, Generative AI can deliver. If it, in

the end, would not give any value, then you, as a consultant, could return to old practices or tools.

Incorporating various AI tools demands much effort from an organization to align all involved stakeholders, and there is a need to be critical of all the available tools. Writing policies that answer questions like "What happens if the AI model develops answers that are untrue?" is essential as that is a considerable risk with AI. Sharing policies or guidelines that touch upon various questions gives the consultant more confidence in their work, for example, how to approach AI or what steps should be taken if the data is biased. A significant focus from the company side is to keep its customers satisfied. Hence, their deliveries must keep up with the AI development and be aligned with what is acceptable. Managing customer data is the major challenge in keeping all customers satisfied while transforming the business. Hence, transparency and ethical thinking are of importance. If the organization realizes that AI cannot keep customer data safe, they would have to, for security reasons, lower their use of it; in the end, the clients are the drivers for succeeding.

The interviewee states the importance of looking at different skills and competencies that will be important with Generative AI. Their extensive in-house expertise can facilitate knowledge sharing and training more easily during a digital transformation. Nevertheless, there can be hindrances among the employees as some are less adaptable than others when it comes to change, which the participant elaborates on. The reason for this is not, for example, age or gender, but it lies within the individual's and everyone's past experiences. A big organization must include its employees during the digital transformation and ensure they feel heard. If not, there is a risk that the transformation will not be as smooth. Managers are also

responsible for ensuring that all employees are included, working with change management, and ensuring that everyone is working towards the same goal.

Furthermore, there might be duties within consulting that can be diminished due to Generative AI; building analyses or working with extensive data will likely be in low demand since you have an AI model that can accurately complete it. This could also lead to new roles that can help human labor in certain aspects, meaning consultants will be able to increase their overall quality. However, someone will always need to validate an AI's work to reduce risk, especially in the early stages of the implementation. Thus, it might not be a question of roles that are disappearing within consulting but rather a change of priority and what type of work duties a consultant takes on in their everyday work.

According to the participant, the organization has been around since the 90s and is born digital. Therefore, a more significant change in the Business Model has yet to occur because they are used to working with technical issues and innovations. Additionally, the participant concludes that AI has been around and integrated for an extended period. Thus, the company needs to find out how much the megatrend of Generative AI has affected the organization. However, the company's long experience in the market and around technological tools may also make it confident in adapting to new situations. From another perspective, it could also be quite dangerous to be overconfident and presume that all digital transformations are the same. There may be a risk of underestimating the value and importance of Generative AI to a certain point and relying too much on previous situations and experiences that they have in the company. To tackle this challenge, they must keep developing internal knowledge among their colleagues through education and training. Another way to keep progressing in the company is to follow one of its core business strategies. The company has always been driven

by start-ups and acquisitions, which led to the large organization it is known for today. The company can continue to invest in these types of businesses as it will expand its competence and build on its competitive advantage against competitors. New perspectives and knowledge could result from these acquisitions, and experiments can be accomplished by supporting start-ups within the firm.

The respondent discussed that several years ago, it was thought that AI would replace a certain percentage of everyone's jobs, but now, instead, the respondent says Generative AI might reshape the whole market. While the speculation about several industries would have widespread job displacement on the scale that was initially speculated, it is indeed transforming different industries. As of now, it has not replaced human labor but instead has been instrumental in reshaping industries. The positive aspect of AI is that it allows for faster and cost-efficient processes and has further led to the creation of new relevant roles. It is also possible to argue that it has been effective as a complement to human capabilities, making it possible for workers to focus on higher-value tasks that require more creativity, emotional intelligence, and critical thinking, which allegedly should lead to higher job satisfaction among employees. However, it remains crucial that strategic planning and investment in education and training staff are at the top of the mind for businesses, which will reshape the business models for companies in various industries, especially in management consulting. The interviewee discussed the potential shift in their business model, emphasizing more value-based and packaged service where fewer consultants would be needed for the assignments. A transition to a more value-based model would challenge the traditional working-by-hours model, thus emphasizing delivering more tangible and strategic outcomes for the clients. Hence, this model could increase customer satisfaction and loyalty since it would be possible to see a more straightforward correlation between the actual service

provided and the value received. This is something that the management side needs to determine and focus on. Rather than just understanding what models and techniques should be used, the importance lies in how this new business model will provide a profit and keep the customers satisfied.

Furthermore, offering packaged services could contribute to operational efficiency, allowing the company to systemize some processes, improve effectiveness, and reduce costs. A more packaged-driven service would also provide simplicity and transparency for the customers regarding what is included in the service and associated costs. This could enhance the sales process and make the service more accessible to clients with special needs. Moreover, it is possible to scale the business with value-based and packaged services, which could lead to more remarkable growth for the company and a more significant market share. On the other hand, it will impact the role of the consultants since fewer consultants would be needed in this approach, which could also lead to job displacement and the need to reskill the workforce. Managing correctly would be vital in ensuring a smooth procedure. Furthermore, shifting to a more packaged service could mean that some clients would prefer a more customized approach, meaning that this potential transition would require thoughtful communication to ensure that the clients perceive the value of this approach correctly. Conducting significant changes in the business model could also be met with resistance not only from the customer, who may still prefer traditional work processes but also internally and with challenges among the workforce, hence, adapting and managing to a new business model requires effective and strong leadership.

6. Joint Discussion

When looking at each case company and their perception towards the implementation of Generative AI, it all accumulates in that they want to weigh both the advantages and disadvantages of using this type of technology. All companies presented have generated a unique strategy towards AI, with some aspects considered similar. Each company's strategy is related to the openness towards AI. Companies A, B, and D have shared similar developments to become more sales-focused over the last few years. What differs from Company C is that they are subsidiary-based, which may be why they did not undergo any reconstruction. The focus on sales is nevertheless a pattern that goes through all the interviews. Furthermore, Company B is the only company that has started to develop an internal tool. Also, Company C is interested in bringing AI to their daily operations and has started to use tools already existing on the market instead of investing money into creating their own. On the contrary, looking at Companies A and D, who have not started implementing any in-house tools officially, it could be of concern that they are moving too slowly on the market with their internal development and could lack internal knowledge compared to their competitors. Company B stands alone in benchmarking its competitors to see that the organization is following the path of larger companies. At the same time, Companies A, C, and D do not put the same emphasis on their competitors. Nevertheless, despite the rapid environment, not looking at what competitors are doing could lead to an inevitable risk of falling too far behind in the development of Generative AI.

All case companies discussed the importance of incorporating risk management and clear guidelines into their AI strategies for the future, emphasizing that this will be one of the most important aspects to consider when strategizing toward AI. Hence, constantly monitoring the business environment is an important strategic aspect of mapping out risks and opportunities.

Monitoring can result in finding emerging strategies and, thus, finding new opportunities in the market. It can be disclosed from the case companies that Company D needs to monitor the business environment and map out the risks and opportunities since Generative AI has been one of the most discussed subjects for approximately one year. Nevertheless, the company is only now starting to conduct workshops regarding the subject in the fourth quarter of 2023. Therefore, the connection could be that Company D is focusing on its deliberate strategy since it continues with business as usual even though the Generative AI megatrend is penetrating the market. However, even though the other case companies bring more attention to monitoring the business environment, it could be argued that the rest of the case companies also have deliberate strategies.

Company C focuses on having a technical approach from the start and has AI closely integrated into its business philosophy, making it easier to adjust to the new trend of Generative AI and continue with its ongoing strategy. On the other hand, Company B has showcased patterns of reacting to emergent elements to incorporate them into a strategy because they see the potential benefit from it, hoping to gain a competitive advantage to adopt their own Generative AI tools for in-house use. Hence, defining the correct strategy moving forward demands much work. Still, it remains crucial from a strategic management point of view that the case companies possess a strategy that involves monitoring both their competitors and the business environment for new trends and thus detect risks and opportunities to transform and execute the most appropriate strategies moving forward. Regarding the implementation strategies for Generative AI, Companies A, B, C, and D discuss the importance of creating an organizational culture that ensures the technology is received well. This includes training employees and guaranteeing that everyone is on board. When it comes to training, all companies believe they need to emphasize how their

employees use Generative AI safely and ethically. All the companies are united when discussing the relevance of having guidelines and principles for using AI services when conducting their work and that an important matter will be how to validate the outcome of the work done by a Generative AI tool. These guidelines will help the employees and ensure that no classified data will be exposed to the public. Throughout all the interviews, this is one of the most significant uncertainties around using Generative AI tools to secure the data. It is interesting to see this pattern, which may be why some companies have made this progress slowly and have yet to rush into this digital transformation.

Scrutinizing McKinsey's six capabilities required for a digital transformation, all companies emphasize having a clear strategy to generate value, which is essential in their deliveries to clients. Further, it is stated that having an operating model that promotes knowledge sharing and having cross-functional teams will be of the essence when implementing AI, especially regarding knowledge development. However, Companies B and C are the only cases discussing the importance of internal expertise in AI transformations. This specific talent bench is essential for AI since there are significant uncertainties around it, and having internal knowledge will aid the organization in its implementation process. Company A possesses a large talent bench but solely uses it towards their clients instead of in-house. Furthermore, change management is one of the capabilities that all companies mention as an important aspect of their digital transformation. This capability plays a vital part in preventing failure in the adoption of the technology into the organization. One part of the change management process could be to ensure that everyone has access to all the tools within the organization to foster a technological culture. Company C, which is considered technologically oriented, already possesses this capability, and the ones needing a technological edge must oversee it during their digital transformation. All companies discuss

the risks of using Generative AI and emphasize change management when educating and having clear guidelines, especially when looking at data management. During a digital transformation, a capability refers to sharing data throughout the organization to use the technological features to their fullest and have up-to-date data. Hence, all consulting firms should look at data management while implementing Generative AI in their business, both from the perspective of handling client data safely and also how they facilitate the adoption of AI. Making sure this is handled and educated in an early stage of the process is important to mitigate the risk of having incorrect data or using Generative AI in an unethical way. A digital transformation with AI could differ compared to other historical digital transformations as Generative AI will require all employees to oversee how they validate and use data they both provide and get from this digital tool.

Three out of four consulting businesses interviewed have adjusted their departments to become more sales-oriented, leading to a change in their business models. Additionally, all companies emphasize generating value with Generative AI rather than implementing it without a clear strategy and value creation plan. Companies A, B, and C mention that Generative AI will increase efficiency, thus completing projects faster, which allegedly could result in price changes. The new model can change the landscape of how consulting is operated, causing reconstructions across the industry; hence, a possible domino effect is on the verge of happening, which would leave companies not implementing AI to fall behind since they will not be able to complete projects and tasks as efficient as other consulting companies using Generative AI. However, Company D, on the contrary, does not believe the pricing model is subject to change, which is a different perspective from that of the other three companies. Lastly, all the companies agree that the customers should always be in focus

and that the integration of any tool cannot, in any matter, affect the outcome of a project in a negative manner.

When looking at the findings of the interviews, all companies agree that they may need to overlook their business model in the future. The companies were all driven to innovate their business models, mainly by switching their divisions to become sales-oriented and, thus, generating a more extensive customer acquisition. Innovation in today's digital age requires consultants to acquire fresh skills and Generative AI is forcing companies to rethink the relevance of current employee skills and question the current business model it obtains. Three interviews showed that changes will most likely occur in their present business models as efficiency increases in symbiosis with the development of Generative AI. Providing consultants instead of charging by-the-hour be paid by the value they deliver; the authors believe that this change in the Business Model likely will occur. Hence, Business Model Innovation will become an important factor in the future. However, there will still be uncertainty about how the consulting firms will charge their clients.

Nevertheless, what needs to be discussed is how the value is measured and how the consulting firms determine how much the service is worth. The authors believe that after the interviews with the companies, a mix of own motivation and in-house education will be essential to learn these new skills. The company needs to provide education to strengthen the internal knowledge of the company and thus evolve the whole organization. Motivation is critical, and the employees must be willing to learn and learn by doing. A company cannot force its employees to understand, a symbiosis between the two parties must be in place for this to be successful.

7. Conclusion

The findings and analysis provided for the study have allowed the study to answer the following Research Question:

How should Management Consulting firms internally strategize toward developing Generative AI technology?

The study shows that this technological advancement will allegedly affect and reshape the consulting industry; hence, consulting companies should carefully study and plan to implement Generative AI. However, no clear strategy can be applied to all consulting firms to ensure a successful transition. Consulting firms must look at what their competitors are doing, understand market trends, and how these affect the business as the future of this technology is uncertain. By undertaking these actions, organizations can take advantage of opportunities and more successfully manage risks, which will be essential when strategizing toward Generative AI. Consulting firms must look into their organization and acknowledge their employees' openness towards Generative AI to generate value.

If Generative AI were applied in consulting firms, businesses must develop a strategy that considers the digital transformation process, where data management and change management are two essential parts to include. In this context, change management involves aligning employees and their motivation to participate in digital transformation and ensuring the business is organized toward a common goal. Data management in the consulting firm partially involves securing data by establishing clear policies and guidelines. Further, data management includes overseeing how employees utilize Generative AI and validating the provided data.

Lastly, business model innovation is an essential aspect that all consulting firms must consider. There is a possibility that Generative AI will change consulting firms' revenue models, which makes it vital for the industry to see how they can innovate their business models to stay competitive while using Generative AI to create value in their business models.

7.1 Limitations

All studies contain certain limitations; the ones being mentioned are to create awareness and relevance to the reader. The study includes a small sample, which can be argued to be too few to generate conclusions. Furthermore, the study targeted Nordic organizations, limiting the study's relevance in a global context. A further limitation was the timeframe as the number of case companies would allegedly be more prominent during a longer period, enhancing a profound generalization.

Further limitation would be the lack of prior research concerning Generative AI for the management consulting industry. As the topic is relatively new and emerging, there are few academic journals and strategic-specific information. On the other hand, this provides a gap that this study hopes to fill. One could contend that utilizing only top management in the study would provide a more accurate depth, closely aligning with managerial decisions on their strategic approach which also could be a limitation to the study. Lastly, the results of this study are not necessarily applicable to other industries since Generative AI might have another effect on different sectors. Since the study was only conducted through interviews, by adding a quantitative approach, the paper could have gained more depth and justified a conclusion to a greater extent.

7.2 Future Research

The study has shed light on several critical aspects of how consulting firms can strategize amid Generative AI. However, several avenues remain unexplored, which presents opportunities for further research.

The study focuses exclusively on the management consulting industry without considering other sectors or markets. Each industry has unique characteristics, and exploring and comparing an alternative industry presents an intriguing opportunity that fosters further research. Another possibility is to examine the consulting industry by addressing the research question with a broader sample or exploring a different perspective, such as investigating how employees utilize Generative AI in their work or using a quantitative approach to the study. As the study indicates a possible move towards value-based pricing, further studies could focus on measuring value and, in-depth, finding how the pricing model would work within the management consulting industry. Lastly, future research could address the research question post-integration when Generative AI has matured and thus investigate if the organization's in-house strategies were profitable.

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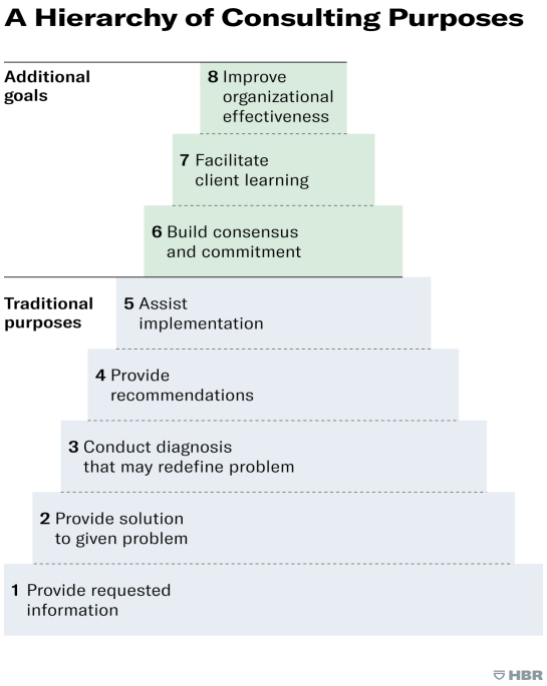
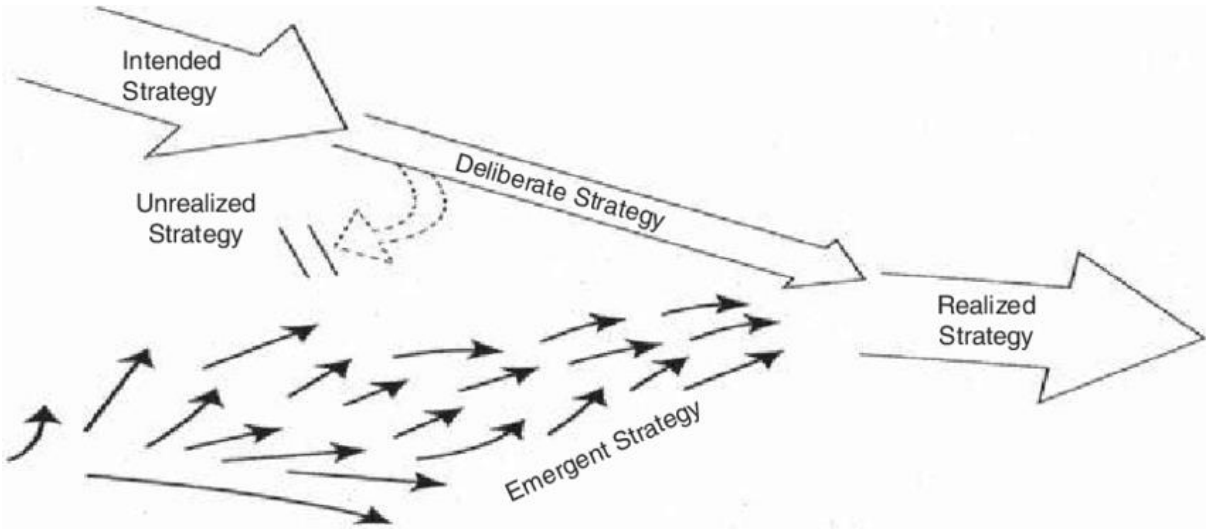
Appendices

Figure 1:



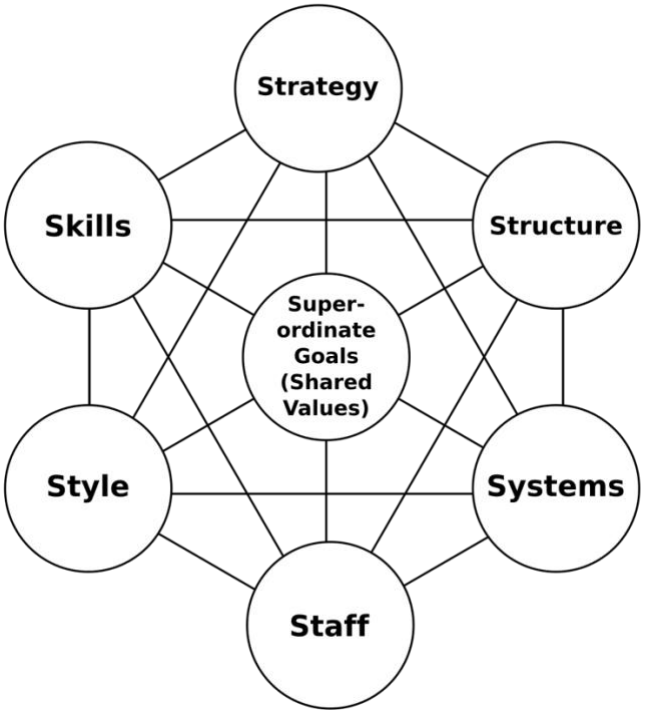
Turner (1982)

Figure 2:



Mintzberg and Waters (1985)

Figure 3:



Waterman, Peters, and Phillips (1980)

Table 2:

Predefined Questions
Introduction to the company
Tell us about yourself and your role at the company
Part 1:
Can you explain what your organizational chart looks like?
Has it always looked the way it does today or has it changed over the years?

What has influenced that change?
Part 2:
Can you describe how you make decisions within the organization?
Does the decision making process look different when implementing digital changes?
Part 3:
Have you started adapting/using generative AI?
What does your daytoday work with AI look like and how do you implement this within the organization?
Are you being influenced by your competitors or are you noticing an increase in AI implementation in your industry?
How do you see the Management Consulting industry changing in the future regarding AI?
How do you view the use of AI within the company by your consultants?
What are the benefits? Are there any negative aspects when it comes to setting up a business strategy?
Do you see any obstacles to implementing AI in your daily work?
What are the most important parts for you when you do this for it to succeed?
How much are employees involved in these decisions?

Part 4:
What does the implementation process of AI tools look like in your organization?
How are your consultants affected by this?
How do you ensure your consultants have the knowledge required to use generative AI?
Are there any specific AI related skills that you think will become more important in hiring in the future?
Part 5:
Do you notice any difference in how the younger and older people in the company approach new AI tools?
What do you think about AI? And how do you lead your colleagues through this development?
Have you had to change your leadership style?
What do you think is the biggest challenge when implementing AI?
Part 6:
Do you think your company culture will or must change as things move faster? Or is there room to keep the same mindset?
How do you ensure that AI is used in a safe/moral/ethical way within your organization?
How do you ensure your AI implementation does not conflict with your values?