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**Disruption in the Management Consulting Industry; Company D'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. Company D has yet to adopt to Generative AI and cites a lack of internal expertise. The company has focused on other internal investments, managing financial risks, and strategizing for long-term success with awareness of potential challenges in keeping pace with evolving Generative AI trends. 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,

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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).

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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.

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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

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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).

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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).

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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;

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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

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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).

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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

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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

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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:

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

5. Findings & Analyses

5.7 Company D

The management consulting SME was founded at the beginning of 2000 and is present in Scandinavia and Asia. It consists of four main areas focusing on using technology to provide insights, find business value, and satisfy client needs.

5.7.1 Strategy

The organization has grown staggeringly; clear guidelines were structured for the employees when there was a restructuring process into different business areas. This decision was taken to strategically position and coordinate the company's sales processes in which they meet clients and to structure the work internally for all employees.

“The restructuring process has changed because of our growth... there were no divisions when I started five years ago, the given projects were only based on our working profiles.”

As of today, the company does not possess any AI tools, neither in-house nor to clients. According to the interviewee, the organization has yet to see what opportunities both AI in general and Generative AI can deliver. The interviewee continues with:

“We all have to see the fantastic opportunities AI could deliver, but also do a strategic analysis to determine its pros and cons. We are trained in this way in our consultancy work, which I think will be an advantage in adapting to external change.”

In addition to adapting to change, the organization has to look over what and how to make tasks or processes more efficient while continuously questioning and building a strategy for how they remain relevant in the upcoming two, three, or five years.

The participant continues to discuss AI's impact and how Generative AI will automate or replace tasks. Hence, the company must find the time and types of tasks most suitable for AI to manage.

According to the participant, the most significant challenge is finding a use case to show clients since the focus is on customer value and the ability to show how it is economically justifiable. If the company can find an example of how it is done and how it generates value, it will be easier to display that information to clients and deliver a valuable product.

Currently, the company does not possess anyone in charge of its competitor analyses, meaning that the organization is still determining how its competitors work with AI. The participant continues:

“I do not think we have anyone who is looking at what other competitors are doing. We do not really know that. That is if our consultants out in the field meet with other external consultants and therefore get that type of information.”

The interviewee said that the organization writes and publishes reports, articles, and insights within the different business areas to share information and knowledge for their existing customers and potentially new ones. This initiative was launched in 2023 and is a way for the company to position itself in the market.

5.7.2 Structure

The respondent briefly describes the organizational structure where the company is divided into four business segments with a focus on IT, Transformation, Business and Development, and Sourcing and Procurement:

“We are a relatively small company that was started around 2010, with offices located in Sweden. You could say that we have four different business areas which we call capabilities, but they are similar to business areas.”

These areas have been developed during the last years due to growth in the company, and the participant explains how, in the beginning, the company had no specific divisions. Instead, the projects and assigned employees relied on what type of profile the customer had.

The company is viewed as a flat organization according to the participant but also discusses how the growth of the company has started to become more visual and states an example:

“We are starting to realize that we are not such a small company anymore and we probably need to start working as a bigger company. You cannot just pick up the phone and call your colleague and ask questions anymore because more employees are involved and that is a big difference.”

Further on, the respondent explains how the responsibilities are divided between the different employees and explains that the structure and chain of command are relatively standardized:

“If you are a senior, you can be responsible for any business area, office, or any other type of role besides just being a consultant.”

When discussing the question if the decision-making process has been changed when implementing new digital tools, the participant states:

“I would not say I have noticed any differences or changes in the years that I have been here.”

However, even though the decision-making process may not have changed, some tools have been integrated into the systems to help with specific tasks, for example, recruiting.

5.7.3 Systems

The respondents emphasize that the CEO makes the most critical decisions in dialogue with senior staff and states:

“This applies to the operational work, and then there are certain issues that go up to the level of the board.”

Furthermore, the respondent explains that there are rapid changes at all times; hence, some decisions need to be made faster than others:

“It is about the extent to which a decision-making process has been normalized. I would not say it is that formalized right now for all kinds of processes. For example, we have a formal recruitment and sales process.”

This explains the firm's chain of decision-making and its workflows. Furthermore, the respondent argues that they are a growing company meaning that as of now, they can notice that decision-making is taking longer due to the increased size of the business, and the respondent believes that this will continue as the firm progresses and grows even more extensive.

The interviewee explains that its main field is within Strategic IT, however, also believes that there are some grey areas between these business units, which leads to a merger between them, and employees can work simultaneously within all the business areas as it is stated:

“If you are going to implement an ERP system, it involves sourcing and procurement, but there is also a lot going into digital transformation. Therefore, it varies, sometimes you work more with digital transformation in some assignments, then some assignments can be more strategy oriented.”

5.7.4 Skills

Larger companies may have the capabilities and knowledge to adapt to different emergent technologies, according to the respondent, where it is displayed more considerable differences between companies such as Accenture or McKinsey compared to smaller organizations:

“They possess a completely different technical knowledge than us because they are much larger and older. I think they have developed another level of expertise than us if you compare all the different areas and therefore this implementation becomes natural for them.”

Furthermore, the interviewee continues to discuss that larger organizations have more experience in digital changes, giving them a more robust and secure base. It is also essential to remember that it is easier to financially invest in technological tools when the company is more established in the market. Nevertheless, the respondent continues to discuss the reasons why they have not started with AI yet:

“It all depends on the expertise that exists internally. If we had had an expert with us, the approach might have been different, but now we see it from a pilot perspective.”

The organization has started to discuss what AI could deliver in terms of value, and it seems, according to the interviewee, to be a fun tool that you can test information and experiment with. Furthermore, they plan to have extensive workshops to broaden and deepen their

knowledge to adapt to AI if implemented. Nonetheless, the requirements for recruiting processes will likely stay the same although the organization implements AI technology, according to the respondent. Meaning that new employees would not have to acquire AI-specific skills.

5.7.5 Style

The respondent's attitude toward bringing Generative AI into their operational work process is positive but also highlights the importance of having all employees on board in this development:

“We will be very much in favor of it, and we want to adapt to it. But it is important to get everyone on board with such a large change.”

Following up on that, the interviewee also states that AI will probably not change the way they are currently operating and that it is crucial for them to weigh the different options that are available to gain more knowledge regarding what to invest money in and which skills that are considered the most relevant to develop within the company.

Further on, the participant discussed how the company needs to have explicit guidelines to make the employees safely use different AI tools:

“The company could also put in place different types of restrictions that exist in the system, for what can and cannot be done. But I think there has to be unambiguous guidelines from the management and that you have to educate your employees in AI.”

However, some areas of the work where AI can potentially have a more prominent role will be highlighted and have an extra focus from supervisory in the beginning, to ensure that everything is correct and includes the right information.

5.7.6 Staff

The respondent clarifies that they currently do not have anyone in their organization responsible for their AI development. However, they will soon have a conference where Generative AI will be a vital discussion point for educational purposes. However, as of now, no implementation is taking place, according to the respondent:

“We do not have our own technical skills about AI as consultants, so we have to learn, but that is the journey we need to make.”

Furthermore, the interviewee believes that the willingness to learn and general interest in AI and Generative AI seem more of a generational matter. However, the business has started to focus more on training and skills development at a time when the organization has started to grow more. Therefore, they are training their consultants in a more structured way to develop accordingly, which the respondent believes is crucial and must be done when the business is proliferating.

5.7.7 Shared Values

The interviewee states that one of the most essential aspects of using AI is ensuring that it can be handled safely. An example is the need for consulting firms to carefully manage their guidelines, ensuring clarity regarding permissible actions. The participant expressed:

“There is nothing that says you cannot use AI, and I think many consultants are already trying things out with this technology. So, the fact that it is not forbidden is a sign that it is allowed.”

It is further stated that the risks of experimenting with AI can be minimized with clear and structured guidelines. An example is the issue with trade secrets, where the participant mentions how, for most employees, it is common sense that you cannot provide sensitive information to an AI. However, it is essential to maintain well-organized guidelines, as what may seem like common sense to some may not be universally understood:

“There may be some grey areas, and especially with employees who may not think about data security in the same way as those who have worked in the industry for many years. So, I think it is important to be very clear.”

When discussing AI and corporate culture, the participant stated that AI is most likely not the only thing that will affect their corporate culture. Since the company is increasing, it is mentioned that many other things will affect the corporate culture and that it might be hard to know what is because of AI or not. Furthermore, the participant discusses how they want to measure the openness to AI among their employees. This will be done by handing out a survey where their employees can answer if they have positive or negative feelings towards AI, aiming to include the employees during the digital transformation and helpfully incorporate this technology into the organization.

5.8 Analysis

The company is considered relatively young and has undergone some changes compared to its initial years. For example, when the firm was founded, it was not divided into different business units because it was such a small organization. Back then, the company matched the type of skill the consultant had with the issue the client was facing when providing expertise. With time, the company grew and formed four different business units that are present today. A reason for changing to units could be the need for structure within the organization but also

to increase internal capabilities and work more with knowledge sharing among different teams to help strengthen the consultants' expertise. This decision was made to help the company strategically position itself in the market by coordinating its sales processes and providing structure for the employees.

It is essential to have a clear structure, especially in growing organizations for many reasons, such as ensuring everyone is working towards the same goal and creating a workplace promoting employee initiatives. It is also crucial to make these strategic changes when the organization grows to help it generate a competitive market advantage. It is fundamental to look at how the company can reorganize to stay competitive and what other changes can be made to remain competitive, not just in today's market but in upcoming years. The participant discusses how no noticeable technical or structural changes have been made except for the division's advancements during the five years the participant has worked there. However, the past years have experienced various external changes, i.e., COVID-19 or the current economic recession, which have affected the world and corporations in many ways. Hence, it is difficult to understand how such changes have not affected or forced the organization to go through changes at all. On the contrary, the market or economic conditions may have affected internal investments in recent years, which has slowed down technological advancements and instead caused the organization to concentrate on other areas of the business.

The participant states that they have yet to investigate AI and how it could benefit the organization; the main reason for lacking behind is because they do not possess internal knowledge of this type of technology. Moreover, since they are reasonably small compared to competitors in the market, AI tools might not be a prioritized investment since other investments could be of larger value while being a young company. This can also be related

to risk mitigation, which is essential in the early stages as they would be more vulnerable to, for example, fluctuations in the market. The reason for not investing in AI can therefore be supported, but not even considering AI and how it will affect the organization, or the consulting industry is a significant risk, especially when adapting to market trends. This can cause the company to fall behind not only in the development of this technology but also when looking at a possible new demand in the market where they can capture market share.

Furthermore, the participant states that they do not necessarily look at what their competitors are doing, which may be good since they can potentially stick to their initial strategies. Especially when it is a young consulting firm, and many of its competitors have capabilities that cannot be compared with. However, not looking at competitors' actions may be a disadvantage since all companies must be agile when following different market trends, regardless of the industry. Although the company does not implement it themselves, staying informed about what is happening around you is essential.

When discussing Generative AI and the future of consulting, it is stated that it can generate excellent opportunities. However, it is also noted that the company needs to create a strategic analysis to determine its advantages and disadvantages. Hence, it is crucial to consider various aspects that can contribute to generating value for their business, which is a good start when looking at how they will strategize towards AI. Not choosing to integrate AI is a way to strategize, but the company still needs to make a strategic analysis and pay attention to the situation, as the participant mentions. By doing so, they could avoid potential risks associated with the technology, such as ethical risks, implementation costs, and dependency on technology. Instead, they could look at their competitors' actions, have a mellow approach to AI, and not be first movers. The company is today writing insights and articles to share

information and knowledge with their clients, a proactive initiative since it can help them develop expertise, follow, and adapt to market changes.

The participant states that their approach to Generative AI could have been different if they had internal expertise since that could have helped them understand this technology and made it easier to adopt. Since they have waited to explore AI, there can be a risk that they need to stress this digital transformation process, which can be ineffective, costly, and challenging in many ways. Therefore, if they choose to integrate AI, the company must be aligned in creating a long-term strategy to facilitate all aspects of the organization, from value creation to change management.

The organization wants to understand their employees' attitude toward working with AI and gain their opinions and insights by surveying them. Even though the respondent's view is positive towards implementing Generative AI into their daily operations, it demands a joint effort to make it an organizational transformation across the different business units.

Nevertheless, there are both positive and negative aspects to creating such a survey.

The positive aspect of involving the employees is that they know the importance of having all people on board, hence, they might feel more positive towards AI tools if they are a part of the transformation and can share their opinions on the subject. Letting people share their opinions before the transformation and make decisions on how to use new tools or which to proceed with could make the company more tolerant and give a sense of ownership if there are any problems or issues in the beginning. However, on the contrary, bringing in employees' opinions might make this transformation more time-consuming due to collecting the data, interpreting it, and after that making use of the opinions and deciding which tools

the employees want to use and when it should be integrated. Hence, larger implementation decisions may allegedly only be taken by upper management.

The organization has only started to discuss what AI could deliver in terms of value for their business and plans to create workshops to broaden their knowledge about it. However, since they are in the early stage of AI and Generative AI, much more work still needs to be done to implement it in their business. It is also possible to conclude that some of their employees have already started to experiment and, in some cases, use Generative AI in their daily practices since the company has not forbidden it. Not transforming their business digitally towards these trends could impose problems for the organization if no guidelines are implemented for using these models. Historically, digital transformations have disrupted businesses and changed how organizations operate and conduct business. AI can be seen as a massive disruptor, causing changes for organizations; hence, failing to realize the importance of digital transformations could lead to diminishing relevance of the firm's position in the market. It could be a matter of risk mitigation due to both a financial perspective and the uncertainty of the outcomes these new tools will generate. Several developed AI tools exist, and one of the reasons that the company has yet to show a significant interest in AI may be that they are still determining which one they should invest in. The business values well-organized guidelines, which is of even greater importance when there are no restrictions in the business towards using language models such as ChatGPT since it relies on common sense not to add sensitive company or client information. Without strict guidelines, there is an increasing risk that employees will use Generative AI tools in a harmful manner due to a lack of education or knowledge, and in the worst-case scenario, release client data to the public without understanding what their actions lead to. The common sense in the use of these models should be universally understood. However, it cannot be guaranteed; hence, finding

themselves in a status quo where they do not restrict the use of Generative AI nor invest in advancing their position and expertise in the field could lead to more significant uncertainty and risk rather than making a concrete decision of what direction they will take.

The participant mentioned a few reasons why their competitors could more easily implement AI in their organizations, mainly because larger organizations are more experienced, possess more internal intellectual capital to set a solid base for the transformation, and have more extensive financial resources compared to smaller companies. However, this must not be a fact since smaller organizations tend to be more agile and often have a shorter decision-making process for adoption. Smaller organizations are considered more mobile due to their cost and organizational structure, which makes allocating resources to digital transformation initiatives easier. Additionally, since it is a smaller organization that has yet to allocate investments into a digital transformation within AI technology, it might be easier to implement the transformation simply because of the company size, thus, making it easier to communicate and collaborate with the employees.

Larger organizations, on the other hand, can face extensive implementation timelines and coordination challenges as more people must get on board with the change. Digital transformation takes time, regardless of the organization's size, and many challenges can come with it. A challenge brought up by the participant is ensuring safety while employees use AI, and it is therefore essential to educate them all, regardless of whether AI is implemented or not in the organization. Hence, the company could do itself a favor by educating its employees to ease the implementation process of AI whenever or if it goes through.

According to the interviewee, the important thing is finding which task that can be automated and most suitable for AI to manage or even replace. However, there are some concerns about using AI, and the respondent mentioned an aspect that could lead to tasks being changed by this digital transformation. They need to ensure that the quality of work generated by different AI tools remains the same. From this perspective, the company is concerned with the value of the product they are selling to the customers, and focusing on the outcome is vital to maintaining its reputation. Implementing different tools before educating their employees could damage their brand if they were to move too fast.

The company has divided its organization into business segments, which allows the employees to specialize their skills in different core areas, leading to higher efficiency and smoother operations in each segment. Furthermore, it helps the business tailor its strategies to each segment's needs and potential obstacles. Hence, segmentation could be critical in making the right strategic decisions. It is also a way for the company to reduce risk. It provides diversification, which could be helpful if one of the business segments were to struggle, meaning that the company does not have to rely on the outcome of one of its segments. Lastly, it can provide a more efficient resource allocation regarding finances and human capital since each segment aligns its goals and business focus. However, this can also present the risk of potential silos as each segment finds its way to operate, which could prevent collaboration and information-sharing between the different units. Nonetheless, managing four distinct business segments in terms of efficient communication between them can also take much work. Hence, if the segments do not have a developed strategy, it could create the risk of limited synergy between the units, leading to missing opportunities for the company to optimally grow.

The respondent argues that the small organization is considered relatively flat and does not have a strong hierarchy. However, the company has noticed that due to its expansion, there may have to be a change in the business model. Currently, the company has a flexible and agile approach by allowing their employees to work cross-over as a project could involve several of the divisions. Hence, it could be possible to revise these different divisions to ensure they become more mutually exclusive and collectively exhaustive. However, developing more narrow and specific divisions could also make the organization less flexible, which could be a negative outcome. One option for the company to maintain having experts in various projects could be to offer tailored teams for the specific needs of customers. This would provide inside information from more perspectives and could benefit the company in their work. On the other hand, this would make resource planning much more demanding and potentially make the organization unstructured. So, for this to succeed, there would be strict guidelines on how the teams are developed and what to do when one employee is needed in multiple projects.

The respondent explained that they do not have anyone responsible for their AI development but will soon have a conference to discuss Generative AI. The company may face a competitive disadvantage because they have not implemented AI into their business model; since a large portion of consulting firms are active in this space, the risk of falling behind in the development is high. The company as it stands today is missing out on relevant insights, and it could have limited capabilities to improve its day-to-day operations. Hence, they need more effective decision-making, delivery, and efficiency for the business in all aspects.

As a relatively young company, it can be difficult to maintain a steady revenue stream, which makes it important to focus on finding new customers and projects. However, it could also be that motivation in the company needs to be improved in the engagement of Generative AI.

Nevertheless, the company could lose market share if they do not look at what other firms in the consulting industry are doing in terms of Generative AI. Since the rapid development in technology, especially as AI is considered a megatrend, clients may create higher expectations of all consulting firms and value expertise to a greater extent in this domain. Hence, this company stands at the risk of failing to meet the requirements or needs of clients, which could lead to a loss of market share and customer dissatisfaction due to the inability to leverage data-driven and more sophisticated solutions that AI can provide.

Moreover, AI and Generative AI are becoming integral to the consulting industry, and therefore, not realizing the value that can be carved out from the technology could lead to the business being less relevant or obsolete if the company fails to adapt to the new market trend. The participants discuss that one considerable uncertainty for them is that there are very few use cases still, therefore for Generative AI to be economically justifiable demands assuring if it provides enough customer value.

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

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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

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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

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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

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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

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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

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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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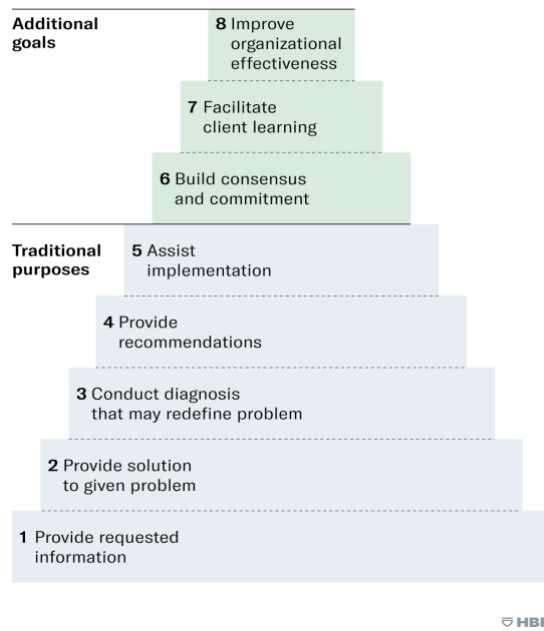
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Appendices

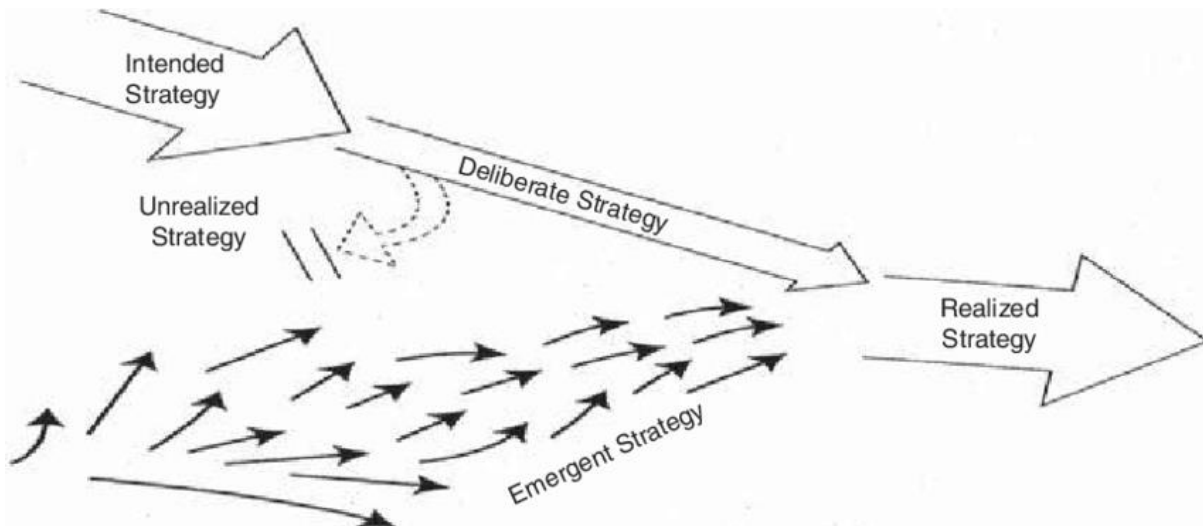
Figure 1:

A Hierarchy of Consulting Purposes



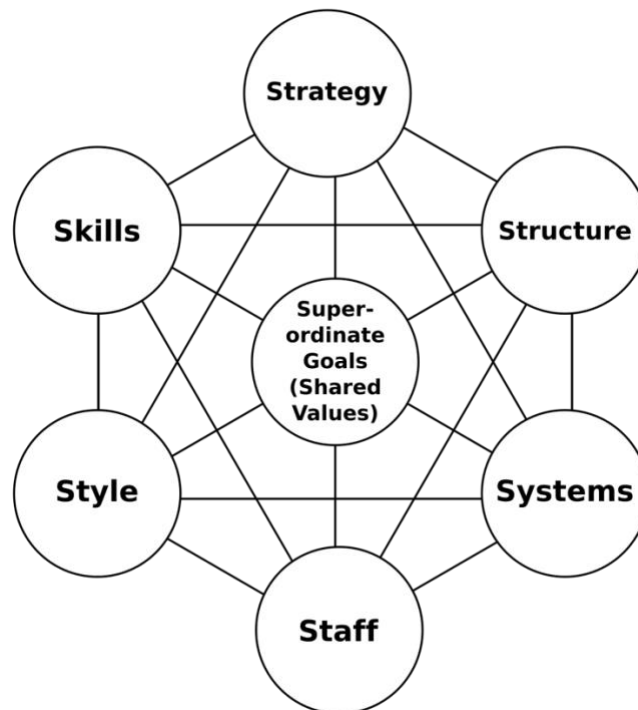
Turner (1982)

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?

