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# Organizational dynamics: a journey of discovery

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Submitted to the Program of Organizational Dynamics in the Graduate Division of the School of Arts and Sciences in Partial Fulfillment of the Requirements for the Degree of Master of Science in Organizational Dynamics at the University of Pennsylvania  
Advisor: Larry Starr

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## **Abstract**

This thesis, informed by my learning in the Organizational Dynamics program, outlines a proposal for starting a management consulting firm focused on helping African entrepreneurs. I describe four courses that were instrumental in helping me realize where my academic and entrepreneurial strengths and interests lay and which also contributed to my vision to start a management consulting firm focused on African entrepreneurship. I provide a brief historical perspective of Sub-Saharan African economies which indicates that they are indeed growing and attracting foreign direct investment as well as generating local entrepreneurial activity. I argue that it makes economic and business sense to start a consulting firm that focuses on helping Africa entrepreneurs become better business managers especially in the field of human capital management. I conclude by presenting data that support this view as well as a proposal of the management consulting initiative.

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ORGANIZATIONAL DYNAMICS: A JOURNEY OF DISCOVERY

by

Susan N. Wambua

Submitted to the Program of Organizational Dynamics  
in the Graduate Division of the School of Arts and Sciences  
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University of Pennsylvania

Philadelphia, Pennsylvania

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Approved by:

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Larry M. Starr, Ph.D., Program Director

## ABSTRACT

This thesis, informed by my learning in the Organizational Dynamics program, outlines a proposal for starting a management consulting firm focused on helping African entrepreneurs. I describe four courses that were instrumental in helping me realize where my academic and entrepreneurial strengths and interests lay and which also contributed to my vision to start a management consulting firm focused on African entrepreneurship. I provide a brief historical perspective of Sub-Saharan African economies which indicates that they are indeed growing and attracting foreign direct investment as well as generating local entrepreneurial activity. I argue that it makes economic and business sense to start a consulting firm that focuses on helping Africa entrepreneurs become better business managers especially in the field of human capital management. I conclude by presenting data that support this view as well as a proposal of the management consulting initiative.

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## CHAPTER 1

### INTRODUCTION

My interest in general business management started when I was in high school. It grew over the years especially when I graduated from college and began working. I had opportunities to work in the profit and not-for-profit sectors and observed differences in how organizations were run. These experiences increased my interest in business.

Following graduation from college, I decided to pursue a Master of Business Administration degree. Upon completion, in the fall 2005, I was admitted to the University of Pennsylvania Master of Science in Organizational Dynamics (MSOD) program. I applied to this program because I was intrigued by the influences of human relations in organizations. While I was not sure about a preferred business focus, the MSOD program seemed to be an appropriate place to help me understand the contribution that individuals bring into an organization and how human relations in organizations affect organizational performance.

Despite completing an undergraduate degree in Education and an MBA program, terms such as executive coaching, talent management, and organizational development were new to me when I started the MSOD program. As I took more courses, I realized that U. S. employers were more willing to invest in their most talented employees unlike what I had observed while living and studying for my undergraduate degree in Africa. It seemed to me that African employers did not place as much value on employees perhaps due to the high rates of unemployment. Many people in Africa and other developing countries

count themselves lucky to have a job and it is not uncommon to find university graduates who are still jobless two to three years after graduation. For example, a study conducted by the Council for the Development of Social Science Research in Africa (2005) on African students who graduated between 1991 and 1998 revealed that the year of completion was an important factor in the employment of graduates. The Council for the Development of Social Science Research in Africa (2005) noted,

The majority of the graduates (72%) who completed studies in the 1991-1993 period were employed or had been employed earlier than their completion date. Among those who completed between 1997-1999 only 15% were employed immediately. The number of those who were unemployed immediately after graduation depended on the year of completion of the degree program. It increased from the early 1990s onwards.

In comparison, the U.S. Department of Education (McCormick, Nunez, Shah, & Choy, 1999) reported National Center for Education Statistics which followed U. S. college graduates between 1992 and 1993. The authors noted that 89% were well established in the labor force. While not all had finished their formal education, 18% were enrolled for an advanced degree or certificate (13% combining school and work and 5% enrolled only).

It must be noted that these data apply to the public sector rather than the private sector. According to McDade and Spring (2005) who published a study about the new generation of African entrepreneurs in the *Journal of*

*Entrepreneurship and Regional Development*, these entrepreneurs, all in the private sector, incorporate modern management practices in their business operations. They carry out market research to expand their customer base, use data for planning business ventures, provide training to develop staff capacity, and delegate responsibilities among employees. I worked for a private company in the petroleum industry, in Kenya, and there was on-the-job training for all employees quarterly. The organization was one of the fastest growing in the country and soon started opening up branches in other parts of Africa.

My education has permitted me to better understand some of the educational problems in Africa. I have also come to believe that my education and credentials will permit me to work on some of the problems and, hopefully, to make a positive difference. My goal is to use management consulting as a vehicle.

Management consulting includes the business of corporate advisement. Management consultants offer advice and skill to solve problems and are hired by organizations that need the expertise and outside perspectives that consultants possess (Chung & Slepicka, 2002). Specializations in management consulting include Human Resource Consulting, Operations Consulting, Strategy Consulting, and Information Technology Consulting, among others (Chung & Slepicka, 2002).

### Purpose of this Thesis

In this capstone/thesis, I examine four courses within the MSOD program that influenced my thinking and planning about management consulting. Having been born and raised in sub-Saharan Africa (SSA), I would like my consulting

career to benefit that region of the world. I hope to help African entrepreneurs become more competent in business management and thus compete effectively in the global market. I believe that management consulting would be a great business venture in SSA, and to this end, this thesis will present a proposal for starting a management consulting firm informed by my coursework in the MSOD program.

I plan to focus on Human Resource Consulting because I believe SSA is experiencing considerable organization change as it endeavors to compete in the global market. Human Resource Consulting and its popularity have grown as organizations seek to streamline operations and carry just the “right” amount of overhead to maximize profits. This field includes workforce transformation strategies, executive coaching, talent management, and team-building and strategies to gain and maintain competitive advantage all of which I have learned in the MSOD program and specifically from the four courses to be described. Talent management, in particular, focuses on leadership development, recruiting and staffing, employee training and development, and retention. This would be a good starting point for me as I have been working as an employee trainer in my current position and I also did recruiting and staffing before my current position.

Having had no previous consulting experience, I hope to work for several years for firms such as Towers Perrin, Mercer HR Consulting, or Deloitte Consulting all of which are focused on this type of consulting. I believe at least 5 to 7 years of experience may be necessary before I can start my own consulting practice. However, the point at which I eventually launch my own practice will

be dependent upon the experience I will have acquired and the confidence it will have given me as well as the resources I will have at that time.

The courses that were significant to my thinking and learning were DYNM 629: Organizational Consulting: Proseminar on Organizational Development, taught by Larry Starr; DYNM 602: Leader-Manager As Coach, taught by Charline Russo; DYNM 684: Organizing for New Services and New Markets, taught by Eric van Merkensteijn; and DYNM 634: Process Improvement Tools and Strategies, taught by Martin Stankard.

The format of my thesis is as follows. In Chapter 2 I describe the historical economic background and some of the emerging industries that are attracting foreign direct investment into the Sub-Saharan region of Africa. In Chapter 3 I describe the four significant courses and suggest how each independently and through their interaction contributed to the birth and development of my vision. Chapter 4 shows that management consulting is a quintessential part of any business venture by giving reasons why it is likely to continue to grow. To support this, I present examples from other parts of the world, especially Asia. In Chapter 5, I outline some elementary components of my business plan including the roles and responsibilities of the primary members of my proposed consulting firm. I discuss the projected impact the firm will have in SSA in Chapter 6, based on comparisons with other management consulting firms in both SSA and Asia. Chapter 7 presents a summary and my conclusions.

## CHAPTER 2

## SUB-SAHARAN AFRICA: A BUSINESS PROFILE

Figure 1 presents the Sub-Saharan Africa region. As depicted, it contains 47 countries and occupies a physical geography of over nine million square miles.

Figure1. Map of Sub-Saharan Africa\*



\* Source: Canadian International Development Agency (<http://www.acdi-cida.gc.ca/subsaharanafrica>)

## Background

According to Hernandez-Cata (1999) who wrote about SSA's economic policy and outlook for growth in the magazine *Finance and Development*, the Gross Domestic Product (GDP) of SSA averaged 4.5 % during the period 1995-98. The International Monetary Fund (IMF) argued that this economic performance was an improvement compared to less than 1.5% during 1990-94, and as a result was likely to attract foreign private investment. However, the IMF report also noted that at the end of the 1990s, official development assistance on which many SSA countries depended was shrinking and globalization would force SSA to make a decision on how to live in a more complex and more competitive world. These two issues could lead to changes that would attract private investment in SSA.

The *U.S. Trade and Investment with Sub-Saharan Africa 5<sup>th</sup> Annual Report* (May, 2007), reported that U.S. trade and investment in SSA rose from \$24.1 billion in 2002 to \$32.1 billion in 2003. Energy-related products largely accounted for the increase in U.S. imports from SSA. Nevertheless, non-energy-related imports also increased by 20% in 2003. Tourism and passenger transport, business services, education, and freight transport made the primary U.S. Across-border exports to Africa amounting to a \$2.2 billion surplus.

*The Africa Report* magazine, July – September 2007, stated that Africa is experiencing its highest economic growth in the last two decades. Its overall growth rate in 2006 was 5.5%, and this could rise to 6% in 2007, according to statistics issued by the African Development Bank (AfDB) and the Organization

for Economic Cooperation and Development. The demand for oil and non-oil minerals, increasing investment in these sectors and good weather conditions for agriculture are the main factors supporting this growth according to the African Economic Outlook for 2006/07.

Some of the industries that have attracted Foreign Direct Investment (FDI) include apparel, textile, mining, and motor vehicles. Regional integration amongst SSA countries is helping to eliminate regional tariffs and encourage intra-SSA trade.

#### Consulting Challenges in SSA

Most of the multinational corporations with subsidiaries in Africa receive consulting services from their home offices abroad. This makes them better able to compete with their African-based counterparts many of which do not take advantage of consulting services, even such basic services as management training. Two reasons for the lack of use by local organizations may be affordability and trust that the outcomes will be positive. Most businesses in SSA are micro and small scale firms which are mostly preoccupied with getting themselves established and sustainable. These entrepreneurs use savings from previous employment to start their firms because they often have difficulty in raising capital from local banks or venture capitalists. According to Kirmani and Baum (1992) clients in developing countries also tend to appoint consultants only when they lack adequate in-house expertise to perform certain functions. The challenge therefore, for consulting firms is to show entrepreneurs that they can



actually help them achieve these goals. According to a World Bank study on the consulting profession in developing countries, clients are more concerned about cost than quality and hence rates of pay should avoid risks of compromising quality (Kirmani & Baum, 1992). Trust may be related to the fact that the lack of use of consulting services by many firms has not prevented them from making a profit, albeit marginal. Hence local consulting firms would have to convince clients that they can achieve even greater profitability by using their services. Assuming control of these forces, there is a plausible market for consulting services as globalization continues and competition increases; it will also, plausibly, become apparent that businesses receiving consulting services will more profitable than those that do not.

Historically, SSA has operated in a subsistence-level economy largely dependent on agriculture. Although some agricultural products have been grown for the export market, they have mainly been exported as unprocessed raw materials such cocoa and coffee beans due to lack of the capacity to process them. The *U.S. Trade and Investment with sub-Saharan Africa 5<sup>th</sup> Annual Report* (May, 2007) states that the regional organizations in SSA have worked toward policy harmonization in the telecommunications, transportation, and agricultural sectors and the creation of export processing zones<sup>1</sup> (EPZs) has encouraged diversification from agricultural to industrial production. It further states that in 2003 the top five imports from SSA in the Agriculture, Fisheries, and Forest

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<sup>1</sup> An Export processing zone is one of many trade policy instruments used to promote non-traditional exports. According to the World Bank (1992) it is an industrial estate, usually a fenced-in area of 10 to 30 hectares, that specializes in manufacturing for export. It offers firms free trade conditions and liberal regulatory environment. See Dorsati Madani, *A Review of the Role and Impact of Export Processing Zones*, August, 1999.

products sector included cocoa beans, vanilla beans, tobacco, coffee beans and cocoa paste. However, this may change because of increasing globalization which is motivating SSA to become more competitive.

Trends from 2005 (U.S. Trade and Investment with Sub-Saharan Africa 5<sup>th</sup> Annual Report, 2007) indicate that agriculture and extractive industries are the fastest growing industries in SSA. The biggest investors have been European multinational corporations. However, new investment from African and Asian investors has surpassed investment from Europe since 2000 with South Africa as the largest investor among African countries. South Africa has invested approximately \$1 billion on average, annually, in other African countries since sanctions were lifted in 1994.

In 2002, foreign direct investment to sub-Saharan Africa was absorbed into three key economic sectors: Agriculture and extractive industries (53%), Services (29%) and Manufacturing (19%). In the service sector, Banking, Telecommunications and Tourism industries have been the leading targets for foreign direct investment; the mobile telephone industry has been the fastest growing investment segment in the telecommunications industry. Other recent investment developments in sub-Saharan Africa illustrate the optimism for growth in the key economic sectors. For example, in the tourism industry, IFA Hotels and Resorts, a Kuwait-based international leader in the development of premier hotel and tourism resort projects with a market capitalization of over \$US 1 billion, announced plans to build luxury hotels and beaches in South Africa, Zanzibar and Tanzania in 2003. In the banking industry, the privatization of national banks in

Tanzania, Zambia, and Kenya is expected to draw millions of dollars in foreign investment. In addition, HSBC, the largest bank in the United Kingdom, has teamed up with local banks, such as the South African Standard Chartered, to establish new banking branches focusing on funding new investment throughout the SSA region.

The U.S. African Growth and Opportunity Act (AGOA) enacted in 2000, which reduces barriers to U.S. imports from a number of African countries, is bringing change to the manufacturing scene in SSA. In the past, most manufacturing sector investment has been aimed at production for the local market rather than for export. However, recent investments by a number of European countries in the textile industry in Africa are geared toward production for the export market. For example, U.K. and Germany have invested in textile and footwear manufacturing in Mauritius and Mozambique for export to the European market. Other investment opportunities in agro-processing exist in seafood canning and freezing. Peanuts in Senegal, cocoa in Ghana, and cotton, citrus, and tea in Mozambique also present opportunities for linked to exports.

Foreign investors have cited Bilateral Investment Treaties (BIT) as an important consideration in their choice of investment destination. European countries lead in the number of BITs concluded with SSA countries. For example, Germany, Switzerland, Netherlands, among others, have concluded several BITs with SSA countries. The U.S. has also concluded a number of BITs with SSA. These treaties provide a framework of investment regulations and protections of investor rights and the lack of a BIT acts as a disincentive to foreign investment.

### Evaluating the Conditions

One method to evaluate ongoing and/or future performance of an enterprise, including developing communities or countries, is to use a methodology developed at Stanford Research Institute by Albert Humphrey in the 1960s. Originally a team method for planning called the International Executive Seminar in Long Range Planning, his work resulted in an examination of strengths, weaknesses, opportunities, and threats, referred to as SWOT. I use the SWOT to examine the conditions in SSA.

### Strengths

1. SSA has good climatic conditions all year round that are conducive to the growth of many agricultural products such as tea, coffee, cocoa, and cotton. As opposed to some other parts of the world that have four seasons in the year, SSA has only two – the dry season and the wet season. Warm tropical temperatures favor the growth of other products as well such as rubber, which are exported to Europe and North America.
2. SSA has many natural resources such as petroleum, precious metals, and minerals. Gold in South Africa, diamonds in the Democratic Republic of Congo (DRC), petroleum in Nigeria and several other countries are some of the major products that are attracting foreign direct investment in SSA.

3. There is a large young population in most SSA's major cities most of whom move to the cities in search of employment. These young people provide much-needed labor in most factories in the large cities.

#### Weakness

1. High transaction costs go along with conducting business in SSA because of the risk associated with currency fluctuation. This is one of the major deterrents to foreign direct investment in SSA.
2. Poor fiscal policy – Easterly and Levine (2006) noted that fiscal policy and economic growth in SSA are interrelated. They stated that, “economic growth in SSA is associated with low-schooling, political instability, underdeveloped financial systems, distorted foreign exchange markets, high government deficits and insufficient infrastructure.” SSA is shifting toward infrastructure and education to prevent local capacity from being moved to other countries where the quality of physical and human capital is higher.
3. Barriers to foreign trade – Further reductions are needed to improve resource allocation and increase competition. While local industries need to be protected from unfair competition, some barriers to foreign trade need to be relaxed, especially when monopolies exit, to encourage competition.
4. The large population of young people has low literacy levels which makes skills-training problematic and hence low productivity.

### Opportunities

1. Creation of employment opportunities will occur with improved infrastructure, reduction in transaction costs and political stability as all this will encourage more investment in the region hence creating job opportunities.
2. Economic growth and increase in the standard of living – SSA has a lot to offer once employment opportunities are created. For example, economic growth and higher standards of living will follow if the resources that SSA possesses are fully exploited with sustainable development.

### Threats

1. High Inflation – The currencies of most SSA countries are rather volatile due to political instability and distorted foreign exchange markets and therefore fluctuate easily. This reduces profits and increases transaction costs for investors. Better fiscal policy will improve economic stability and allow more currencies to hold their value thus reducing inflation
2. War in parts of SSA such as Somali, Chad, and Sudan has discouraged investment. Africa's ethnic fragmentation and control over the natural resources has led to many of these wars. However, it seems that if political unrest is reduced, investors will return as has been the situation in the DRC. Foreign direct investment is flowing into the DRC due to its huge diamond resources. The wars in Angola, Sudan, and Somali have been going on for years and it has been extremely difficult for these

countries to advance economically. Changes in countries such as the DRC, may act as an impetus for the governments of the countries at war to try to resolve the problems that have led to wars in their countries so that they too can attract investment into their countries.

## CHAPTER 3

### SIGNIFICANT COURSES

In this chapter I review four courses that had significant impact on my understanding and on my beliefs about how I could make a difference in SSA. I examine each course in terms of stated objectives, educational experiences, and outcomes.

#### DYNM 629: Organizational Consulting: Proseminar on Organizational Development

One of the courses that helped me understand management consulting better was DYNM 629: Organizational Consulting: Proseminar on Organizational Development which I completed in the spring 2006. The objectives of this course, based on the class syllabus, included to understand and critically evaluate expectations, applications and outcomes of Organizational Development (OD) interventions promoted by OD practitioners, to understand how OD competencies are addressed by practitioners/consultants, and to understand how to establish an OD intervention.

Over the weeks, different speakers who are consultants and coaches in various organizations visited class. Each one spoke about how they got started bringing out their own personal style or bias in most cases influenced by their training or educational background. I noted in that course that the majority of people who entered consulting and coaching came from the fields of Counseling Psychology, Education or Business. I realized that my biases would probably



come from my background in both Education and Business. I have always been intrigued by business management and human relations. I also enjoy teaching or explaining things to others. It is interesting that even though I never chose to study Education<sup>2</sup> for my undergraduate degree, I learned much in courses such as Educational Psychology. I later realized that I enjoy imparting knowledge. As I have journeyed through this program, I have realized that my interest in consulting has a bias in both Education and Business and I do truly enjoy both. I currently work as a Trainer and it gives me great satisfaction when I am able to explain new concepts to employees which help them in their jobs. I believe a career in consulting will bring out these biases, especially in the human capital management arm of management consulting.

#### DYNM 602: Leader-Manager as Coach

In the fall 2006, I enrolled in DYNM 602: Leader-Manager as Coach which helped me to articulate my own personal coaching model. As noted in the syllabus describing the objectives, the course is designed to help students learn how they lead as managers in the workplace since, it posited, that each person has his/her own leadership style. The course helped me to learn how to deal with employees at work by coaching them and enabling them to reach their full potential. I was able to articulate, as a result of the course, that my personal coaching model would be developmental in which I would seek to find out what

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<sup>2</sup> Education was not my first choice for an undergraduate major. Back in Kenya, we had to make four choices, at the end of high school, selecting which major we wanted to study in college. Due to the number of limited places in the state universities, a point system was used to determine how many people would be accepted into each field. I missed my first choice, Business, and ended up in Education.

is important to my employees, that is, their goals and aspirations and help to align them with the mission of the organization. Employees often have different goals even though they work for the same organization. One employee may identify more strongly with one aspect of the organization's mission or a specific value while another employee may be drawn to a different value. This knowledge helps the manager know how to use different styles or motivators when interacting with the employees and what kinds of projects will leverage their strengths. The manager will also know the areas of weakness and how to help the employees improve them.

#### DYNM 684: Organizing for New Services and New Markets

DYNM 684: Organizing for New Services and New Markets which I completed in fall 2006 was a course that was very eye-opening as far as critically analyzing an organization to discover its core or primary business. The objectives were to learn how to identify the organizational issues surrounding the development of new services and new products and the exploitation of new markets. Some of the questions we addressed were: How can mission expansion be properly managed? When are the risks unreasonable? Where are new opportunities found? Who, among the stakeholders, should decide? I noted that sometimes the industry in which an organization may appear to be involved may not be its core business. Determining how to conduct this analysis is important in deciding what kind of strategy the organization needs to pursue in order to achieve or maintain competitive advantage. We looked at expansion strategies

through mergers and acquisitions, product diversification, resources reallocations, and international opportunities. We also examined situations under which the risks were unreasonable and who among the stakeholders should decide on which organizational changes were to be adopted. This class was helpful in teaching me to look out for unseen opportunities that may exist for an organization.

#### DYNM 634: Process Improvement Tools and Strategies

While the MSOD program has given me tools, knowledge, and skills that will be helpful in launching a career in management consulting, DYNM 634: Process Improvement Tools and Strategies completed in spring 2007 taught me many tools used by practitioners in management consulting to bring about change in an organization. The objectives of the course were to learn simple, powerful tools such as brainstorming, process mapping, customer value analysis, affinity diagramming, spider web diagrams and others that help in the diagnosis of problems in an organization. We also learned two strategies of process improvement – Lean Production and Six Sigma approaches. I was able to meet these objectives by engaging in a project where I worked with a team to help diagnose improvement opportunities and proposed program of action for a case study company. The tools I learned will help in diagnosis and obtaining buy-in from stakeholders because they quantify the changes that result from using them and hence practically show the benefits to the organization.

CHAPTER 4  
MANAGEMENT CONSULTING: A QUINTESSENCE OF BUSINESS  
VENTURES

According to Kitay and Wright (1999), management consulting has enjoyed growth and expansion over the last two decades. The number of research institutes and think-tanks has proliferated (Evers & Menkhoff, 2004) selling advice to private corporations and government departments. Intense competition, the ever-increasing rate of change, the number of technological innovations, and economic globalization which has increased diversity have made the world very complex for both small and large companies. Moreover, efforts to control costs by downsizing in middle-level management has left corporations with insufficient executives for long-term strategic planning and other corporate activities in an era of e-commerce and virtualization.

According to Kubr (2002), consulting is essential to managing these changes:

The quintessential nature of consulting is to create, transfer, share and apply management and business knowledge. Knowledge here encompasses the experience, skills, expertise, know-how and competencies in addition to theoretical knowledge.

As the information age advances into developing nations such as those in SSA, knowledge-based occupations such as consulting are expected to grow due to a higher average standard of education attained by most people as compared to their predecessors. (Evers & Menkhoff, 2004)

Evers and Menkhoff (2004) offer three reasons why consultants in developing countries may be strategically important. First, the growth of ignorance increases the demand for expert knowledge. Globalization brings about a vast increase of what we know, but an even greater amount of ignorance, that is, what we know that we do not know. Each successful completion of a research project raises a number of new questions. Reflexive modernization<sup>3</sup> is stimulating the growth of ignorance because new knowledge is put into question as soon as it appears. The second reason is due to the increasing rather than diminishing marginal utility of expert knowledge. The law of diminishing returns experienced by all other goods does not apply to expert knowledge. The more a consultant or a group of consultants know, the more valuable individual pieces of knowledge become; thus the rise in marginal utility. In essence, knowledge is needed to utilize knowledge effectively. The third reason concerns the usefulness of expert knowledge as legitimization of political decisions. Consultants reduce the complexity of the globalized world and allow planners, politicians, business executives and other decision makers to base their actions on the executive summaries of the reports prepared by management consultants rather than their own knowledge.

In Asia, for example, the economic downturn of 1997-1999 forced many local firms to reposition their competitiveness often with the help of external

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<sup>3</sup> Reflexive modernization refers to the idea that the very processes that were designed to – and did – yield progress, also produced side effects and risks. The same institutions that nurtured progress have developed blind spots for the negative effects that come with it. A re-orientation of modernization is therefore necessary towards the vision of a ‘radicalized modernity’ or ‘second modernity’. See Beck Ulrich (1992). *Risk Society: Towards a New Modernity*. London: Sage

management consultants. Singaporean management consultants reported an increase in clients during the crisis as both small and large firms experienced the rapidly changing environment and saw their need for effective change consultants/Organizational Development specialists as facilitators of change processes (Evers & Menkhoff, 2004). As argued earlier, to survive, SSA must become more competitive in the face of globalization. The same should hold true for management consultants in SSA and this supports my desire to start a management consulting firm in SSA. For example, Evers and Menkhoff (2004) state that small Singaporean entrepreneurs have reported reaping the benefits of hiring external experts which allows them to get important jobs done without adding employees or having an additional fixed cost. They noted that, “a good outsider can provide generic diversity to an inbred organization” was a statement expressed by one fish farm owner who had enlisted external consultants to aid him in upgrading the firm’s technology.

In recent years, governments have increasingly become major consumers of consulting services. The International Labor Organization (ILO) has been active in management and small business development and employment promotion since the early 1950s. It has assisted member states to establish local consulting services for the various sectors of the economy through its technical cooperation projects. The ILO through many different programs is a user and developer of management consulting services. Private firms such as The Political Risk Services Group<sup>4</sup> (PRS), a political risk consulting firm, provide services that

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<sup>4</sup> PRS provides a decision-focused political risk model with three industry forecasts at the micro level. The PRS systems forecasts risk for investors in two stages, first identifying the three most

help investors such as multinational corporations, governments or governmental agencies in decision making. PRS has country reports which are completely revised on a quarterly basis and forecast the risk of doing business in various countries. Each report includes comments and analysis on recent events, profiles of key political players, and wide-ranging forecast scenarios, as well as basic historical and political background and data on the government, political entities, the environment, and the economy, including key sectors. These reports would be useful to consultants and entrepreneurs like me and others who wish to start businesses in SSA because they can serve as resources when advising clients. They can also help in the growth of businesses as favorable conditions are predicted in various parts of SSA which may result in more clients for consultants. The reports can also challenge governments in SSA to make changes that will make their countries favorable investment attractions if they have not been deemed favorable in the past.

The major industries attracting foreign direct investment in SSA would benefit from management consulting through process improvement tools and strategies. Some of the tools I learned from the class that would be helpful include the Spider Web Diagram and the Pareto Diagram which help to narrow down the problems an organization is facing to the highest leverage problems. Once these are identified and resolved, other smaller problems get resolved as well. Many countries in the region are in volatile political and economic

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likely future regime scenarios for each country over two time periods and then by assigning a probability to each scenario over each time period, 18 months to five years. For each regime scenario, PRS's experts then establish likely changes in the level of political turmoil and 11 types of government intervention that affect the business climate.

[http://www.prsgroup.com/PRS\\_Methodology.aspx](http://www.prsgroup.com/PRS_Methodology.aspx), downloaded on November 11, 2007

situations and even though management consultants cannot predict what will happen, they can help corporations make informed decisions on how to plan for the future. Human capital management and change management services will continue to be required especially as privatization proceeds and downsizing along with it. Corporations will need to make decisions on how to attract and retain their most qualified employees.

The question arises as to whether SSA has the capacity in terms of education, affordability or the business culture to absorb management consulting. I argue that it does because the business culture especially in the capital cities is quite metropolitan. There are large multinational corporations in most capital cities as well as small and medium sized corporations that would afford consulting services. I plan to target the smaller and medium sized local corporations. The majority of the population in SSA is young and these younger people tend to spend more, indeed, entrepreneurs are trying to tap into this target market giving rise to many small businesses especially in industries such as apparel and technology. According to Oppenheimer who wrote about why Africa will succeed in the *New African* magazine (July, 2007), half of Africans are under the age of 20 and just 10% are older than 50. While companies already in existence may see a need for consulting services due to the problems they may be facing, I believe start-up companies require consulting services too. It has been reported that almost half of all start-up companies fail within the first five years. Packaging consulting services into various packages will also make them more affordable.



Parts of SSA have experienced a huge “brain drain” in terms of educated people due to the lack of employment opportunities. As a result of the large young population in Africa, the number of people seeking employment will increase at a rate of above 7% over the next 10 years – requiring 15million jobs annually (Oppenheimer, July 2007). Many university graduates leave their countries for further education and better employment opportunities abroad. According to a 2005 World Bank study entitled *International Migration, Remittances and the Brain Drain*, from a quarter to almost 50% of college-educated graduates from countries such as Ghana, Uganda, Mozambique, and Kenya leave their countries to work in Western democracies. As more companies begin to use consulting services some of these graduates may opt to stay at home and become self-employed as consultants or other knowledge-based experts. For example, a 2005 study conducted by the University of Florida entitled *the ‘new generation of African entrepreneurs’: networking to change the climate for business and private sector development*, found that these entrepreneurs were business globalists who organized a system of business enterprise networks consisting of national, regional and pan-African organizations (McDade & Spring, 2005). They use modern management methods and information technology, transparent business practices, and are committed to intra-Africa commerce. 57 entrepreneurs, men and women, from 10 Sub-Saharan African countries were interviewed during this study. They were highly educated with 92% of them having attended college and half of them earned advanced degrees (MAs, MBAs, JDs, and PhDs). 85% were educated abroad and some held professional positions

at firms in the USA, UK or Europe before returning to Africa to start their own firms. 70% of the entrepreneurs interviewed in this study own service firms which include advertising, computer training, consulting services, financial services (such as banking and investments), information technology, legal services, printing, public relations, and travel planning.

## CHAPTER 5

## MANAGEMENT CONSULTING INITIATIVE

My vision is to start a management consulting firm that will help African entrepreneurs gain business management skills that will enable them to compete in the global market. Our goal is to provide them with consulting services that are tailored to the African market, package the services differently to increase affordability, and to open up branches in key parts of SSA to make the services more accessible.

The firm will be a partnership of three founders – two of my friends and me. Penny has an MBA in Marketing and brings a wealth of experience from various organizations both in Africa and the U.S. Stella has an MS degree in Telecommunications and has worked for the last five years in this industry, which is also one of the fastest growing in SSA. Her experience has been gained both in Africa and U. S. The firm will be a member-managed Delaware Limited Liability Company<sup>5</sup> located in Philadelphia, PA. I will be the third member having already earned an MBA in Management and anticipating my MS in Organizational Dynamics. The firm will be held by the three of us, with equity contributions as follows: Susan – 51%, Penny – 25%, and Stella – 24%. We also plan to join the East African Enterprise Network (EAEN) that is one of several regional network organizations that help entrepreneurs improve the private sector in Africa. They

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<sup>5</sup> For many years a large number of publicly held corporations have been attracted to the state of Delaware because of its corporate-friendly laws. The Delaware Business Trust Act contains highly permissive provisions allowing promoters of business trusts a staggering degree of freedom to design their relationships with beneficiaries-investors. It explicitly invites commercial and manufacturing enterprises (C & M Enterprises) to take advantage of this marvelous contract-like organizational form emphasizing its liberal contractarian approach and the freedom to write into or omit from the trust documents anything they wish. see Boston University School of Law, Working Paper Series, Public Law and Legal Theory Working Paper No.1-16

do so by providing useful information to one another in their different areas of business. For example when a Ugandan network member decided to do product sourcing in South Africa and Kenya, he contacted the EAEN and the South African Enterprise Network (SAEN) for information and advice (McDade & Spring, 2005).

We plan to start the firm in 2014 at the earliest. By that time, I hope to have gained considerable consulting experience with one or two key players in the U.S. and to have risen to a position in the organization where I can understand the details involved in running a consulting firm. During the same time, my partners will also be focusing on their areas of specialty and adding to their experience. We shall all be gathering current data on SSA with regard to the industries we hope to target; mainly, the fastest growing ones. Trips to SSA to obtain reconnaissance information will be part of our focus during this period as well.

Part of the marketing strategy for the initiative will include partnering with a reputable local marketing and public relations firm to inform entrepreneurs about the benefits of the services we provide. We hope that this partnership will provide clients for us by association. The consulting industry is such that one has to build trust with his/her clients hence an association with a reputable firm will be helpful. This kind of partnership will also ensure that any trip to SSA for the purpose of consulting will be well-coordinated, hopefully with several engagements planned in different countries, to make good use of the time we spend there. This partnership will be based on a commission basis to motivate the marketing firm to find us clients.

The key employees at inception of the company will be the three partners. We will also hire two research assistants and a secretary/administrative assistant. Their salary will be similar to that of others in the same positions in the Philadelphia area. The roles and responsibilities of each are as follows:<sup>6</sup>

#### CEO and Partner (Organizational Development)

The person will review, design, and develop all aspects of a customer's organizational development function. This person will develop training programs, facilitate implementation of appropriate change management initiatives, and review current development programs to ensure adherence to company goals. This partner will be responsible for continually building the company's stock of human capital and encouraging employee development and measure performance to gauge the success of programs. The CEO of the company will also be responsible for planning and directing all aspects of the organization's policies, objectives and initiatives as well as the short- and long-term profitability and growth of the company.

#### Partner (Business Development)

This person identifies, negotiates and manages strategic relationships with content and technological partners. This partner will manage the marketing, sales and product development teams to implement business development initiatives.

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<sup>6</sup> Job descriptions are from [www.salary.com](http://www.salary.com), downloaded on November 11, 2007

### Partner (Client Technologies)

This person improves desktop hardware and software processes and supports critical business strategies by managing the development, installation, vendor selection, maintenance and repair of desktop equipment. The person will also lead multiple projects and oversee technical staff to ensure that client specifications are met.

### Research Assistant

This person collects and analyzes data to evaluate existing and potential product/service markets. He/she identifies and monitors competitors and researches market conditions or changes in the industry that may affect sales. The ideal candidate should possess a bachelor's degree, and 1-2 years of experience in the field or in a related area and have knowledge of commonly-used concepts, practices, and procedures within a particular field. The candidate relies on instructions and pre-established guidelines to perform the functions of the job and works under immediate supervision. Primary job functions do not typically require exercising independent judgment. The person reports to partner.

### Administrative Assistant

This person will perform a variety of administrative functions such as scheduling appointments, gives information to callers, and takes dictation. The person will also compose memos, transcribe notes, and research and create presentations, generate reports, handle multiple projects, and prepare and monitor

invoices and expense reports. The person may assist with compiling and developing the annual budget. The ideal candidate should possess a high school diploma with 1-2 years of experience in the field or in a related area. He/she has knowledge of commonly-used concepts, practices, and procedures within a particular field and relies on instructions and pre-established guidelines to perform the functions of the job. The person will work under immediate supervision, and will typically report to a partner.

## CHAPTER 6

### PROJECTED IMPACT ASSESSMENT

This chapter will project how my management consulting initiative may perform based on how similar businesses in Africa and Asia have fared so far. I have given examples of two management consulting firms both headquartered in the U.S. but providing services to corporations that want to start businesses or have businesses in Africa and Asia. While my initiative may not have exactly the same focus, as I will be helping local businesses already in Africa, I believe that I can glean some helpful tips from them especially with regard to general operations of the firms and expansion and/or diversification strategies. I have also used the example of the firm focusing on Africa to show the different kinds of investment opportunities that SSA is attracting and hence, plausibly, create a greater need for consulting services.

Business ventures in SSA will be impacted by my management consulting initiative in several different ways. As new ventures become competitive in their industries and it becomes apparent that they are receiving consulting services, more and more entrepreneurs will seek consulting services. For example, Global Integrated Development Group (GIDG), established in 2003 is an international network of skilled and experienced professionals committed to the economic and social development of emerging frontier regions of the world, specifically Africa.<sup>7</sup> They offer various services to organizations that wish to invest in Africa including consulting services.

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<sup>7</sup> [www.global-africa-us.com/index.html](http://www.global-africa-us.com/index.html) about us, downloaded on November 11, 2007



GIDG has established manufacturing facilities in various countries such as Ghana, Ethiopia, and Uganda. This has not only created employment opportunities but has also provided economic development in these regions and benefits for the businesses involved locally. GIDG has also utilized the AGOA act and imported Ghana's first garment order to the US. The businesses of the group includes: Sankofa Investment Management Group/Sankofa Investment Advisors, Butta (Bringing you the Treasures of Africa) Inc., Made in Africa, Sankofa Mineral and Natural Resource Group, and GIDG Consulting, among others. The company, headquartered in Inglewood, California with three offices in the U.S. and two in Africa, has helped broker numerous deals with companies in SSA. With companies like these bringing investment opportunities in SSA, the demand for consulting services will increase. While some organizations like GIDG have their own consulting arms, competition from other consulting firms will give African entrepreneurs more options.

Runckel & Associates is an international business consulting firm based in Portland, Oregon which provides consulting services to corporations interested in doing business in Asia in the areas of manufacturing, investing or opening an office or factories in Asia.<sup>8</sup> The firm guides small, medium, and family-owned businesses to expand their operations in Asia. One of the reasons why they are successful is that many of their consultants have lived and worked throughout Asia, speak most of the Asian languages and understand the law, culture and challenges of living and working throughout the region. The firm has established branches in many parts of Asia and has consultants who are ready to assist

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<sup>8</sup> [www.business-in-asia.com/r\\_index.htm](http://www.business-in-asia.com/r_index.htm) *Business Solution*, downloaded on November 11, 2007.

entrepreneurs become successful in Asia. It is with this in mind, that I believe my management consulting initiative may have a similar impact in SSA being that all three partners have lived and worked in sub-Saharan Africa.

## CHAPTER 7

### CONCLUSION

The world has become a global village in many ways. Technological advancements have transformed the way business is transacted in the 21<sup>st</sup> Century. It has enabled globalization to advance at a fast rate. Businesses around the world are able to communicate easier and faster using various media such as video-conferencing, faxes, email, and many others. SSA is faced with the challenge of moving along with the rest of world or being left behind.

SSA is stepping up to the challenge and improving its infrastructure in order to attract investors. Privatization of government-owned and run institutions such as banks, public utilities and communication and transportation is proceeding in many countries making these institutions more competitive. SSA is blessed with abundant natural resources such as precious metals, petroleum, minerals, and a climate that is conducive for growth of agricultural products. BITs and other trade agreements are being signed to encourage trade in these resources. All this is creating jobs for the people of SSA as companies are created in the manufacturing and extractive industry, apparel, telecommunications, and other fast growing industries.

Unfortunately, SSA has experienced a tremendous amount of brain drain as university graduates leave for further education and stay overseas due to better employment opportunities. As businesses grow and flourish as a resulting of receiving consulting services, many of those who left may be encouraged to return. The MSOD program has given me valuable skills in diagnosing and

providing interventions that can help entrepreneurs add value to their business and gain competitive advantage. I have chosen to focus my efforts on SSA not only because I would like to see that part of the world develop economically, but also because there is great potential as evidenced by the increase in foreign direct investment in SSA.

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