Case Study

Background

The general purpose of this study was to determine:

1. The things that are most important to graduate level students entering the workforce when choosing between various consulting firms.

2. whether given the same information, a structured decision-making method would result in an individual making a different decision that is more in line with their priorities than a decision made without the method.

Introduction

In a graduate level business consulting course at the University of Michigan, 64 students (broken down into 16 groups of 4 students each) were asked to select the 4 criteria (out of 10 presented) that were most important to them in evaluating future consulting employment opportunities. These criteria are henceforth described as *strategic priorities*. The 10 possible strategic priorities provided are shown and defined below:

Strategic Priority	Definition
Size of company	How many employees? How much revenue/profit?
Company growth potential	Future earnings and growth potential for the company
Personal growth opportunity	What is the promotion structure?
Compensation	Is it competitive within the industry? Provide the standard of living I want?
Location	Will I need to relocate? How far away? Is it in a city/state/area I don't like or isn't safe?
Variety of service/practice areas	Do their services span multiple areas or are they focused on one specialty? Does their specialty interest me?
Brand name	How recognizable is the company? Does it have a good image in the media?
Benefits	Healthcare, disability, and competitive industry benefits for employees?
Job security	Turnover rate for employees in this company vs the industry?
Work/Life balance	40-hour work weeks? 50? 60? How much work/life balance is there?

The students were then presented 4 hypothetical companies, each with different characteristics based on the strategic priorities. A very brief description of the 4 companies is shown below. The descriptions students in the simulation were given are much more detailed, and designed to emulate the complexity and the difficulty of choosing one company over another.

Companies

Veteris: Big established consulting company with over $6B in revenues and a footprint in 70 countries.

Nuevo: Medium Sized Innovative tech company in the U.S, based in Silicon Valley. Very fast paced, not much work-life balance.

Effectum: Small/Medium size consulting company who have made a name for themselves in a few industries across the Midwest and East Coast of the U.S. Family culture, rapidly expanding in size and revenue, but at the cost of a strong brand name.

Ordinarius: Consulting giant with revenues over $40B that works in every practice area and industry across the globe. Linear growth, but potential to learn in new areas. Over 250,000 employees worldwide.

Based on the company descriptions and the students' priorities alone, each of the 16 groups were then instructed to discuss and pick their top two companies.

What is important to the students?

The graph below shows the percentage of groups who picked each of the strategic priorities as one of their four most important:
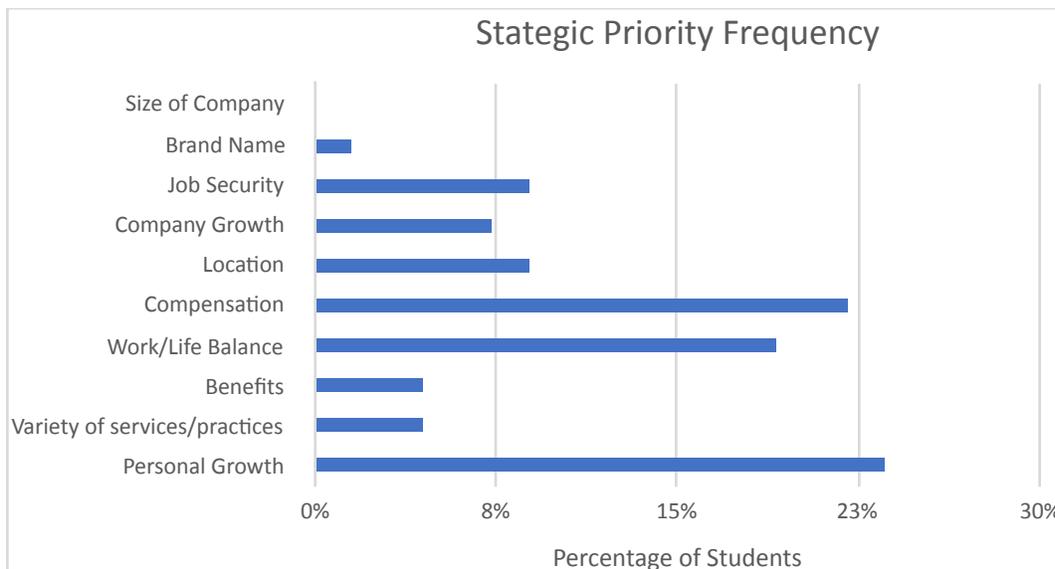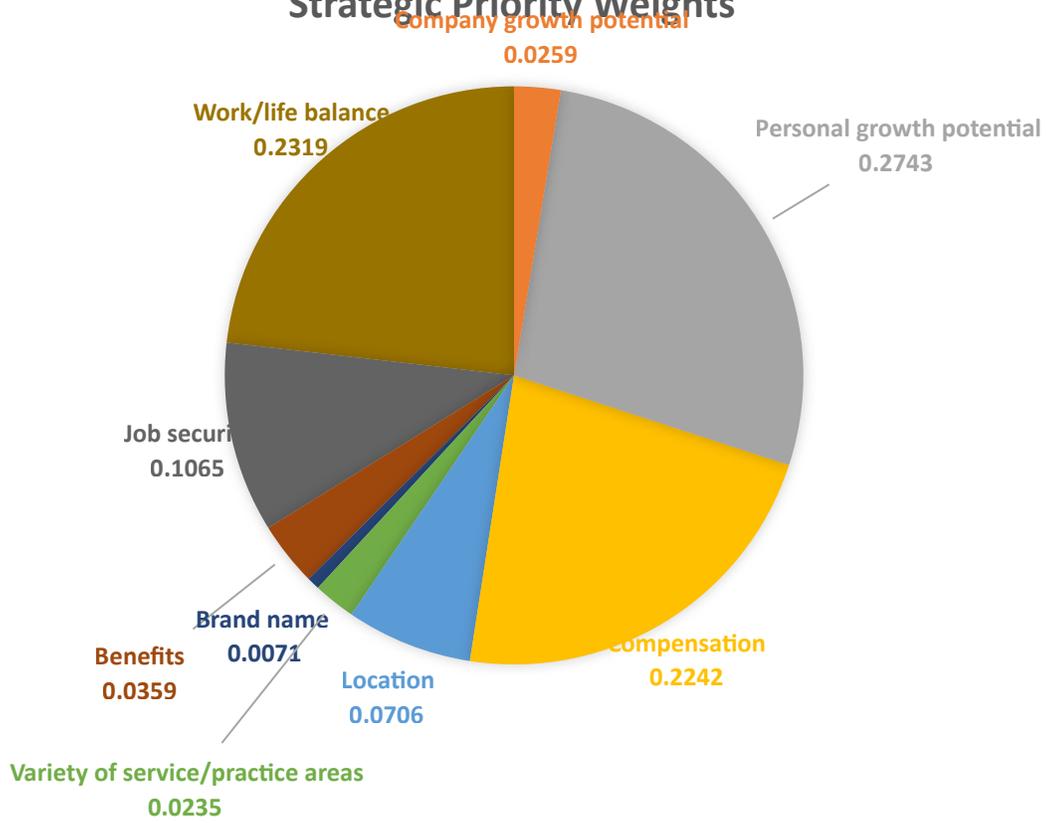

The most commonly picked strategic priorities were:

1. Personal Growth

2. Compensation

3. Work/Life Balance

How important are the priorities?

Based on the Allovance Method, once strategic priorities are selected, they need to be compared to one another to determine their relative weights. This required collaboration among the students as to how important each priority is. It is easy to see how different people may value priorities differently. Pairwise comparison is used during this step to ensure all stakeholders are on the same page as to the weights of

Strategic Priority Weights

- Company growth potential 0.0259
- Personal growth potential 0.2743
- Work/life balance 0.2319
- Job security 0.1065
- Compensation 0.2242
- Location 0.0706
- Brand name 0.0071
- Benefits 0.0359
- Variety of service/practice areas 0.0235

How do students define the priorities?

Within each strategic priority, there are many differences in terms of what various people consider desirable or undesirable. For example, what one person considers a desirable compensation, may not be desirable at all for someone else. Let's look at how some groups defined low/high desirability for the top priorities.

Personal Growth Potential	**Compensation**	**Work/Life Balance**
Some groups measured this by promotions in a given period (one year), others by amount of new skills learned	Most groups defined this as a dollar amount, however some used a % of industry standard pay, while others defined it by the car you can afford.	Groups defined this as the number of work hours per week combined with holiday/vacation time and after-hours work.
Low Desirability	*Low Desirability*	*Low Desirability*
In general, getting a promotion after 5 or more years	Salary between $55-80k	• 50-80 hour work weeks • Work on weekends and some holidays
High Desirability		*High Desirability*
In general, being promoted or learning new skills every year or so.	*High Desirability* Salary over $100k	• 30 – 40 hour work weeks • No weekend/holiday work

The variations in strategic priority definitions between different people highlight a core problem of decision making on a larger scale. In a group, or for example, a large corporation, decisions are often made by many different people with different viewpoints. Reducing decision making to smaller scales, and working together to agree on common priorities and definitions of those priorities makes decision making more logical and effective. In our case, although each group contained multiple different students with multiple definitions of priorities, they spent time coming up with and agreeing upon a single definition for high and low desirability.

Selecting the top two companies

The last step was to score each company based on each groups strategic priorities and definitions. Figure 2.1 shows the average score each company got for each strategic priority over all 16 groups. No group picked "Size of company" as a strategic priority, thus it is not applicable.

Figure 2.1 Average Scores for each priority for each company

Personal Growth	Variety of services/ practices	Benefits	Work/ Life Balance	Compensation	Location	Company Growth	Job Security	Brand Name	Size of Company

Veteris	68	95	98	82	72	96	58	92	100	N/A
Ordinari us	23	85	73	54	75	92	63	57	100	N/A
Nuevo	97	48	61	10	98	74	100	35	66	N/A
Effectum	90	87	57	90	63	72	82	59	66	N/A

The scores above are out of 100. We now have a ranking of each company by strategic priority.

Results

What is Most important to the Students?

As shown, The three most important factors valued by prospective consulting firm employees were personal growth, compensation, and work/life balance.

Changing Decisions

68.75% of the groups ended up choosing a different company after using the Allovance Method. This shows that given the same information, a structured decision-making method does indeed cause individuals to make different decisions that are more aligned with their strategic priorities.

Before Allovance Method		After Allovance Method			
Group	Company choice	Effectum	Nuevo	Ordinarius	Veteris
Group 1	Effectum	43	27	25	98
Group 2	Effectum	77	69	47	72
Group 3	Veteris	70	33	39	82
Group 4	Nuevo	52	85	80	90
Group 5	Veteris	95	54	64	79
Group 6	Effectum	95	72	49	91
Group 7	Veteris	86	75	63	77
Group 8	Veteris	56	75	56	64
Group 9	Veteris	89	53	39	66
Group 10	Effectum	58	79	57	76
Group 11	Veteris	89	72	76	85
Group 12	Veteris	84	90	50	63
Group 13	Nuevo	63	61	66	72
Group 14	Veteris	87	50	53	81
Group 15	Veteris	72	73	51	80
Group 16	Effectum	81	71	29	73

Whether the student ultimately chooses the highest scoring company comes down to multiple different factors that can get very complicated. In short, when assessing between many different projects, some

projects may score strategically lower than other projects, but have a much higher urgency (Ex: Roof needing to be replaced has low strategic value but very high urgency).