

Executive Summary

The team was tasked by our client, Deloitte Canada, to evaluate whether their current partnership structure is relevant for the 21st century. Deloitte currently operates on a hybrid ownership structure composed of equity partners and salaried employees. The governance model is based on collective leadership of Deloitte's partners, and corporate strategy develops based on the client base of the partners. Organizational structure of salaried employees is horizontal, without an authoritative hierarchy, but rather based on expertise and experience. The objective is to analyze whether the current partnership structure is the best way forward into the 21st century and if not, suggest a more suitable structure for the future workplace.

The team approached the problem by separating organizational structure into 3 hierarchical levels: 1) Ownership: employee-owned or externally-owned, 2) Directive: board of directors or consensus, and 3) Management structure: vertical or horizontal. Each structure is scored using a collection of metrics classified into 5 categories: 1) Client relationship, 2) Service quality, 3) Culture, 4) Corporate strategy, and 5) Growth. These are scored according to their impact on 3 groups of stakeholders: 1) Client, 2) Consultant, 3) Corporate. Analysis is conducted in 3 ways:

1. **Aggregate scoring:** a tally of scores illustrating the best solution as the one which scores the highest
2. **Binary decision-making:** solution is formed by choosing the better of the two options at each hierarchical level
3. **Heat map:** a solution is developed by viewing areas of threat and opportunity shown as a colour gradient according to their weighted impact

Of the three approaches, the heat map approach most closely reflects the needs of the client. The heat map visualizes strengths and weaknesses of each solution and allows for prioritization of categories and stakeholders.

The proposed solution is an employee-owned, horizontally managed company, with the addition of a board of directors. Including a board of directors increases the directive of

a company. As shown in the heat map, this solution favours the goal of being future-focused and prioritizes impacts to the client and consultant, since these are the asset base of a management consulting firm. A key benefit of this solution is the ease of implementation. Other organizational structures remain unchanged and the implementation process minimizes the impact on day-to-day operations. Moving forward with the solution requires amending bylaws, developing the desired qualifications for the directors, appointing a chairman, and filling the board. Care must be placed into the aspect of conflicts of interest. As a management consulting firm, the close relationship between working with the client and allowing members of the client base to govern the firm is liable to conflict of interest issues. To keep the majority of decision-making power within the company, it is recommended that the board be filled with an equal number of internal and external directors, chaired by an internal member. Increasing directive makes the company future-focused and ready to meet the challenges of the 21st Century.

