



Cornell
SC Johnson College of Business

XYZ Emerging Markets Case Competition 2019

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Introduction to the XYZ Emerging Markets Case Competition

Hello!

Welcome to the 3rd annual XYZ Cornell Emerging Markets Case Competition. The committee is excited to be holding this event, along with XYZ, and with the immense support of the Cornell SC Johnson College of Business.

This year, participants in the competition come from the business & policy schools in the United States, and even some across the globe. The goal is to identify and answer critical questions that real businesses and management are asking today. The impact of globalization towards business, both locally and globally, is immense and ignoring it would be a catastrophic undertaking.

We hope that your team enjoy the case that we have prepared. The panel of judges are eager to see each team's unique response.

Best of luck!



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Procedures & Rules for Round 1

Round 1 (the Proposal):

- Teams must submit a max. 10 page PowerPoint deck to the committee on deadline day by 11:59pm to the specified link
- Maximum of 5 pages of appendices are allowed per team
- Teams must state their team's assigned name to the deliverable and NOT the name of the school that they represent
- Any avenue of primary and secondary research is allowed so long as it does not violate the law; however key details within this PowerPoint must be kept confidential and not be shared with external parties
- Additional media such as music, video, third-party animation and other features outside the features of PowerPoint is prohibited; this is because the submissions will be printed out for evaluation by the judges



Procedures & Rules for Round 2

Round 2 (the Pitch):

- Finalist teams must send their pitch deck the day before finals on **DATE** via email to **XYZ EMAIL ADDRESS**
- Pitch deck will need to be based on the submission from Round 1 with the addition of two (2) additional 'executive summary' slides if required
- Total time for presentation/pitch is 5 minutes with additional time for Q&A from the judges
- Again, third-party media outside PowerPoint is prohibited for the interest of making judging and evaluation simpler for the panel of judges and interest of time

Additional Rules & Procedures

- Teams cannot change members once registered except for emergency situations (done on case-by-case basis)
- If attending the Final Presentation in the Cornell Tech campus, **only one person is allowed to miss the event**



2019 XYZ Emerging Markets Case Competition



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ChinaConsultingCo.

Management Consulting from China exported to the World



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ChinaConsultingCo. management team is working on the strategy for the future

Background

ChinaConsultingCo. Is a fast expanding management consulting firm in china. They have acquired 8 firms within the Chinese market and are built on a partnership model similar to Big4 and MBB within the US. They are looking to now expand overseas and are trying to figure out what is the best path forward.

Challenge

- 1. Where should ChinaConsultingCo. look to expand next? Which market/markets should they expand to next? Why?**
- 1. How Should ChineseConsultingCo. enter the market?**
 - Which tier of customers will they target?
 - How will they acquire talent?
 - How will they differentiate themselves?
 - What structure will they have?



World Dynamics

Current Events:

Even as emerging markets continue to embrace free trade and liberal economic policies, the developed world, led by the United States and the United Kingdom, has been facing a popular resistance to the free movement of people and goods. Both the US and the UK are seeking to either leave free trade agreements and trade areas or renegotiate terms of their participation. In addition, the US has raised many trade barriers with friends and allies alike. While major, permanent changes to trade policy have yet to be implemented, there is high uncertainty in what may come.

Major companies have made large scale investments in spite of these trends, but some, like Foxconn's investment in Wisconsin, appear to have been oversold and may cause further public distrust of foreign companies. At the same time, large consulting firms have received coverage in the mainstream media for their relationships with governments accused of human rights violations, but this has not drastically changed their behavior.



World Dynamics

Political issues:

Isolationist and nationalistic ideals have had growing support around the world in recent years. The US government has placed an emphasis on limiting immigration or potentially adopting skill-based immigration policies. Companies are increasingly being judged on the partners they work with and even the sources of funding they take, making it difficult for them to stay politically neutral. Even advertisements have had the impact of tying a company or product to a particular political agenda.

Foreign intervention around elections, on social media, or in the news has caused increased public scrutiny on companies with governmental ties or large government contracts. In addition, there has been increased awareness of cyber security issues and vulnerabilities. Some of this scrutiny has led to concrete action, like the US government blacklist leading to strained or severed relations between major US companies and Huawei.



Risks

The history of public stories around Chinese industrial espionage, including criminal charges against some Chinese nationals but also unconfirmed reports like that from Bloomberg News' late 2018, has created the potential for distrust of Chinese firms. Close relationships with foreign companies may be needed to overcome this, but also raises the possibility of public or legal scrutiny. There is a risk that companies will be unwilling to share important data and trade secrets when other alternative partners exist.

There is also the risk of targeted scrutiny of individual firms. Western politicians have historically tried to avoid being seen as favorable or unfavorable to specific firms, but this norm has been weakened in recent years. Entering into a new market where a single soured relationship can cause widely broadcast public denunciations creates a sizable risk.

In addition, while the global economy has done well and is continuing on a great trajectory, the political trends have also caused higher volatility.



Chinese relationships around the world & Belt and Road Initiative

The Belt and Road initiative (BRI), formerly One Belt One Road, is an effort by the Chinese government to increase regional connectivity and further develop China's economic and political relationships around the world. Unveiled in 2013 and with a completion date targeted for 2049, the project has largely focused on leveraging Chinese expertise on infrastructure development. Initially the project focused on countries in Asia, Europe, East Africa, and the Middle East, but it has grown to include countries all over the world outside of North America (with 126 countries having signed cooperation agreements for the effort).

BRI also includes financial support and lending opportunities, such as through the Asian Infrastructure Investment Bank and the Silk Road Fund. Investment is also occurring in public and private research projects to help with development and engineering efforts.



Options for market entry

Outsourcing - To compete in the world markets Chinese firms will need to begin with partnering with firms who know the market and understand the clients' needs. Chinese firms can leverage those partnerships to build their brand and learn the market.

Focus on niche market segments - Chinese firms must be strategic about what type of clients they're targeting. They can't compete in the beginning with MBB firms and the Big 4 head on. They can establish loyal clientele in areas they have relative expertise, such as operations.

Begin with Chinese clients abroad - Clients often trust firms who understand their work style, business norms, and local culture. Chinese companies are ideal to help firms from China put their foot in the door in a foreign market.

Choosing markets strategically - Firms should choose markets where their relative strengths are an advantage, and that are easier to begin with in terms market knowledge, logistics, culture etc. A good rule of thumb would be to start with markets close to China, and advance from there.



Talent Acquisition: Strategies



Steal talent from larger consulting firms (MBB, Big 4)



Develop talent through university recruiting (Globally)



Move partners from around the world



Form strategic alliances with existing consulting firms (Licensing)



Develop talent internally



Focus Areas: consulting around the world

Where should ChinaConsultingCo. fall?

- 1. Strategy Firms:** They help the clients reach the right strategic answer and draft the strategy.
Top Tier examples: *McKinsey & Co., Bain, BCG*
Second Tier examples: *Strategy & (PWC), Oliver Wyman, LEK, Roland Berger*
- 2. Implementation Firms:** They help the clients implement the drafted strategies and ensure their success. For example: *Accenture, Deloitte*
- 2. Function specific Firms:** These firms focus on a specific function or a handful of specific functions. For example: *FTI (Financial Consulting), Analysis Group (Economic Consulting)*
- 2. Industry specific Firms:** These firms form a small part of the sector and focus on specific industries. For example: *Trinity Partners (Healthcare Consulting), Cognizant (IT Consulting), TCS (Tech Consulting)*



Consulting Market: Share & Stats

Global Consulting Market: ~ \$150B

CAGR: 5%

Top 10 consulting firms' market share (56%): 1. PwC (11%), 2. Deloitte (10%), 3. EY (10%), 4. KPMG (8%), 5. McKinsey (5%), 6. BCG (3%), 7. Accenture (3%), 8. IBM (2%), 9. Microsoft (2%), 10. Booz (2%)

Market Dynamics (Acquisitions): Deloitte – Monitor; PwC – Booz & Co.; EY – Parthenon

Market Disruption: Digital transformation consulting (~ \$23B) growth leading to disruption and causing firms to adapt to maintain market share



ChinaConsultingCo. At A Glance



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ChinaConsultingCo. KPIs

Year	Revenue	# Employees	# of Partners
2013	\$ 43,000,000	120	10
2014	\$ 67,000,000	259	25
2015	\$ 90,000,000	330	40
2016	\$140,000,000	500	70
2017	\$190,000,000	760	100
2018	\$230,000,000	870	110
2019 Q1	\$ 68,000,000	960	122
2019 Q2	\$ 71,000,000	1,050	134

- 2 Outsourcing firms were acquired in 2014
- 3 Tech Strategy firms acquired in 2019 with average employee count at firm of 50 people
- 1 Management Consulting firm acquired in 2015
- 1 Construction management company acquired in 2017
- 1 Accounting firm acquired in 2019 Q1



Current Customers and Clientele

ChineConsultingCo. Is currently only operating within China. Customers include many state owned enterprises including many of the largest Chinese banks and State owned Telco. Project include everything from outsourcing to strategy and management consulting.

ChinaConsultingCo. Has a limited list of multinational clients doing business in china and no customers or consultants located outside of China. The projected are mostly of FTE supplementation instead of hiring local staff in China and limited strategy/management consulting work.

ChinaConsultingCo. Has not currently integrated many of the acquisitions and is allowing allows the firms to operate independently under the ChinaConsutlingCo. Brand name. The quality and type of services offered by the different firms located all over China differ greatly.



Current Office Locations



- ★ Headquarters
- ★ Regional Offices



Emerging Markets Institute

CORNELL SC JOHNSON SCHOOL OF BUSINESS - EMERGING MARKETS INSTITUTE

Founded in 2010, the Emerging Markets Institute (EMI) brings together prominent researchers, practitioners and students with an interest in the role of emerging markets in the global economy. EMI aims to be a platform for thought leadership that both creates new insights and prepare students and business leaders for success in emerging markets. Particular themes of interest are emerging multinationals, innovation from emerging markets and corporate governance in a changing global context.



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