

# Developing skills and profitability---

FIDIC 2004, Workshop 2 Presentation  
Flemming Bligaard Pedersen

# Introduction 1 / Technical consulting industry

- Our profession or "industry" is based on the concept and business idea of selling *professional services* to the market
- Our success in this commercial process depends on the *knowledge, skills and experience present at our employees* and on the *structural knowledge capital* present in our company
- Trust alone will not do it. Therefore one could claim that *forefront knowledge and development thereof* are the *fundamentals of the consultancy business*
- This creates an expectation for the (high?) level of *investments and costs related to R&D* in consulting companies

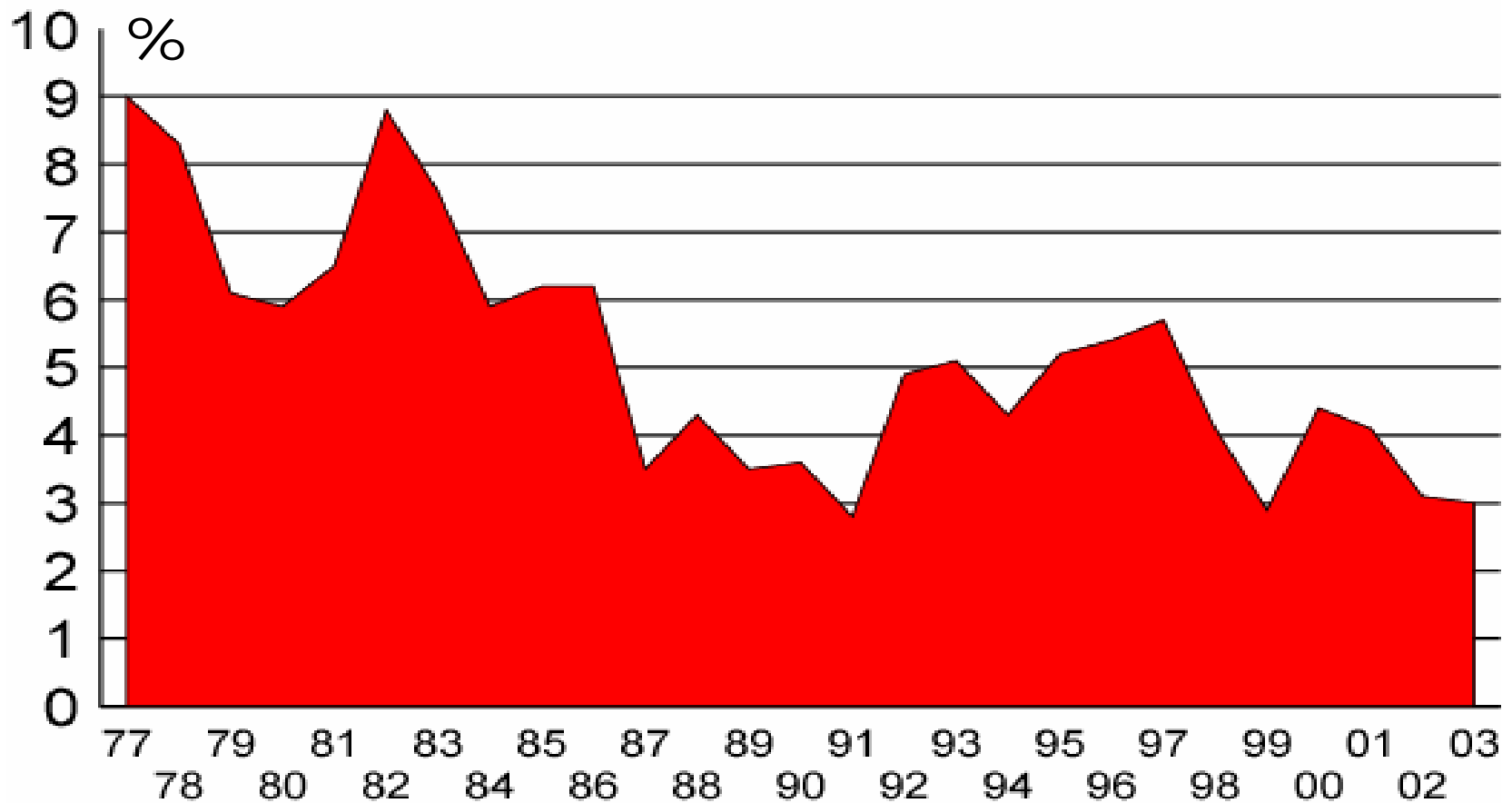
# Introduction 2 / Technical consulting industry

- Some investigations show that compared to many other industries the level of *investments and costs in R&D are relatively lower for the consulting industry*
- The explanation in general seems to be the *bad commercial conditions and the weak financial foundation* for this industry
- How can we then claim to be true and *trustworthy consultants* for our customers and be *serious partners* for the development of our societies into the future?
- And how can we without compromising the profitability *improve and satisfy the need for knowledge development?*

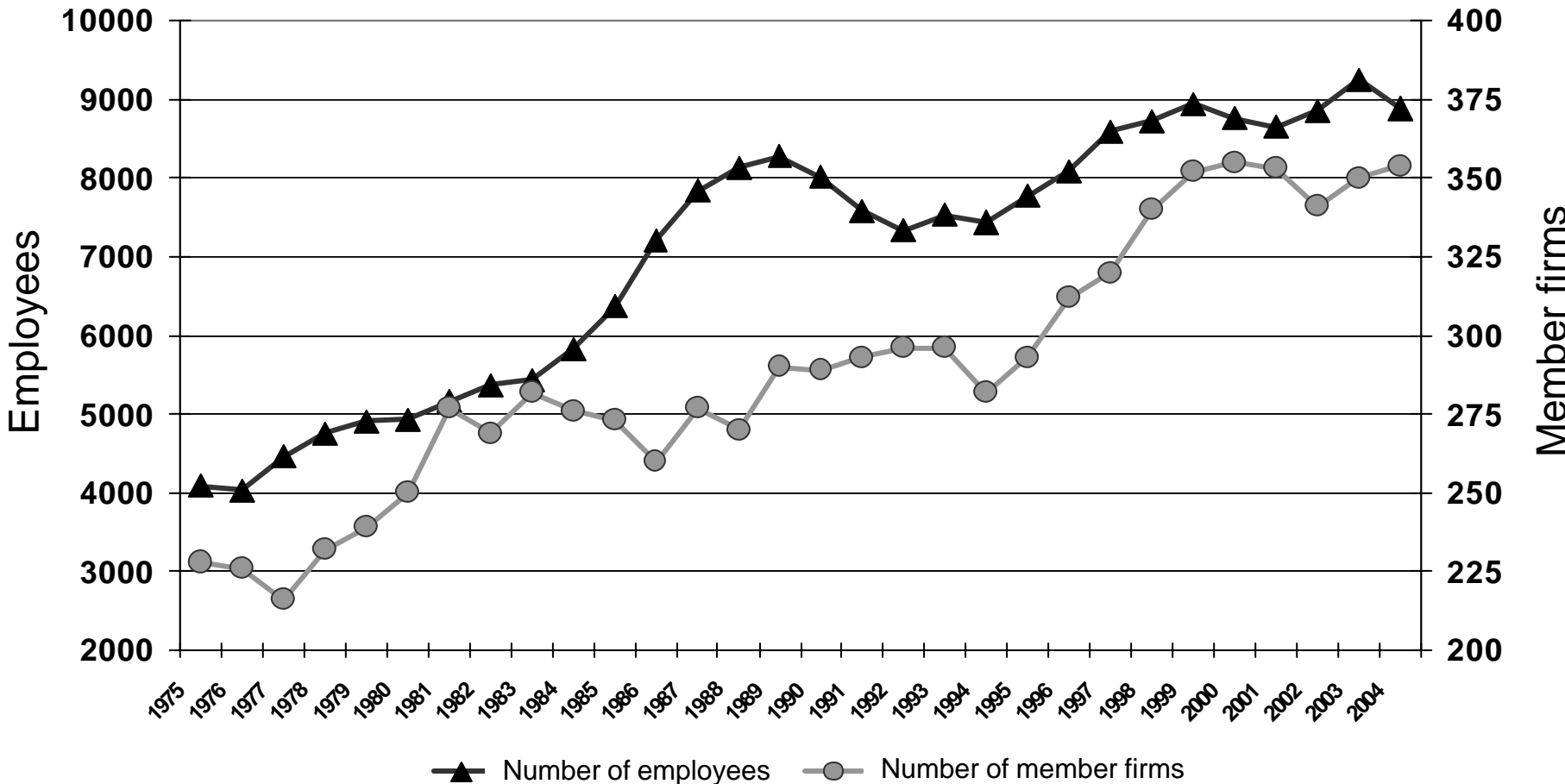
# Presentation of Workshop subjects

- Commercial conditions and future prospects
- Knowledge to be paid for by our customers
- Taking advantage of Knowledge Management
- Size, internationalisation and global integration as measures

# Development in profitability in firms in Danish MA period 1977-2003 / Operating Margin, EBIT (%)



# Development of number of employees and companies in Danish MA in period 1975-2004



# Future prospects

## Development in R&D costs in Denmark

<b>R&amp;D in selected Businesses/Industries</b>	<b>MDKK 2001</b>	<b>MDKK 2002</b>	<b>% increase</b>
<b>Production</b>	<b>14.332</b>	<b>14.125</b>	<b>-1.4</b>
<b>Trade</b>	<b>892</b>	<b>923</b>	<b>3.5</b>
<b>Intellectual service</b>	<b>5.960</b>	<b>6.888</b>	<b>15.6</b>

# Future prospects for the technical consulting industry

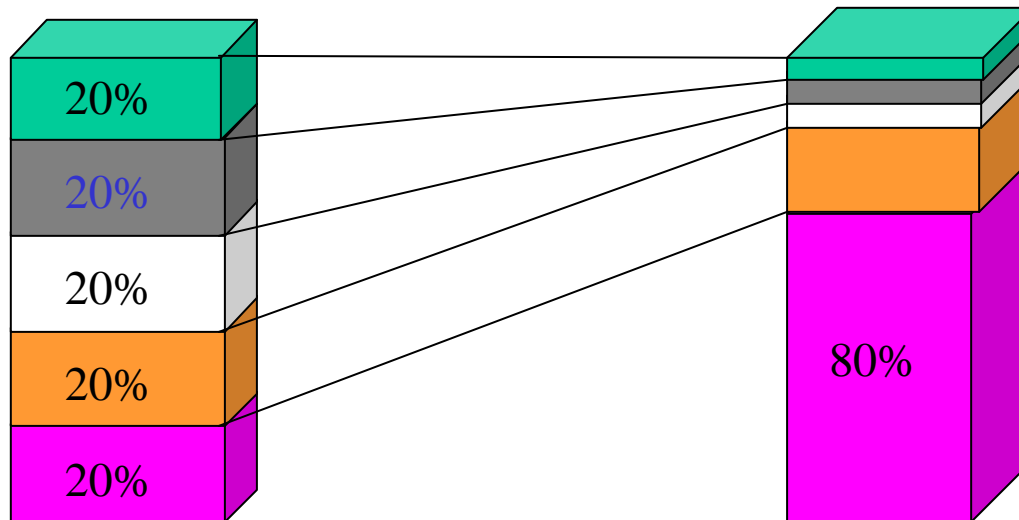
- The consulting industry has been growing faster than the general economy in our societies; and the growth rate for intellectual services is higher than for traditional production industries
- The general growth and technical and technological development makes our societies more and more complicated in demand for a sustainable future situation
- New technologies are emerging with a fast accelerating speed and the implementations thereof demands solutions to complex problems demanding new technical knowledge and understanding
- It seems to be difficult to attract young people to technical educations now and in the future



# The Tower of Profit for consultancy

Grouped Customers

Contribution to profit margin

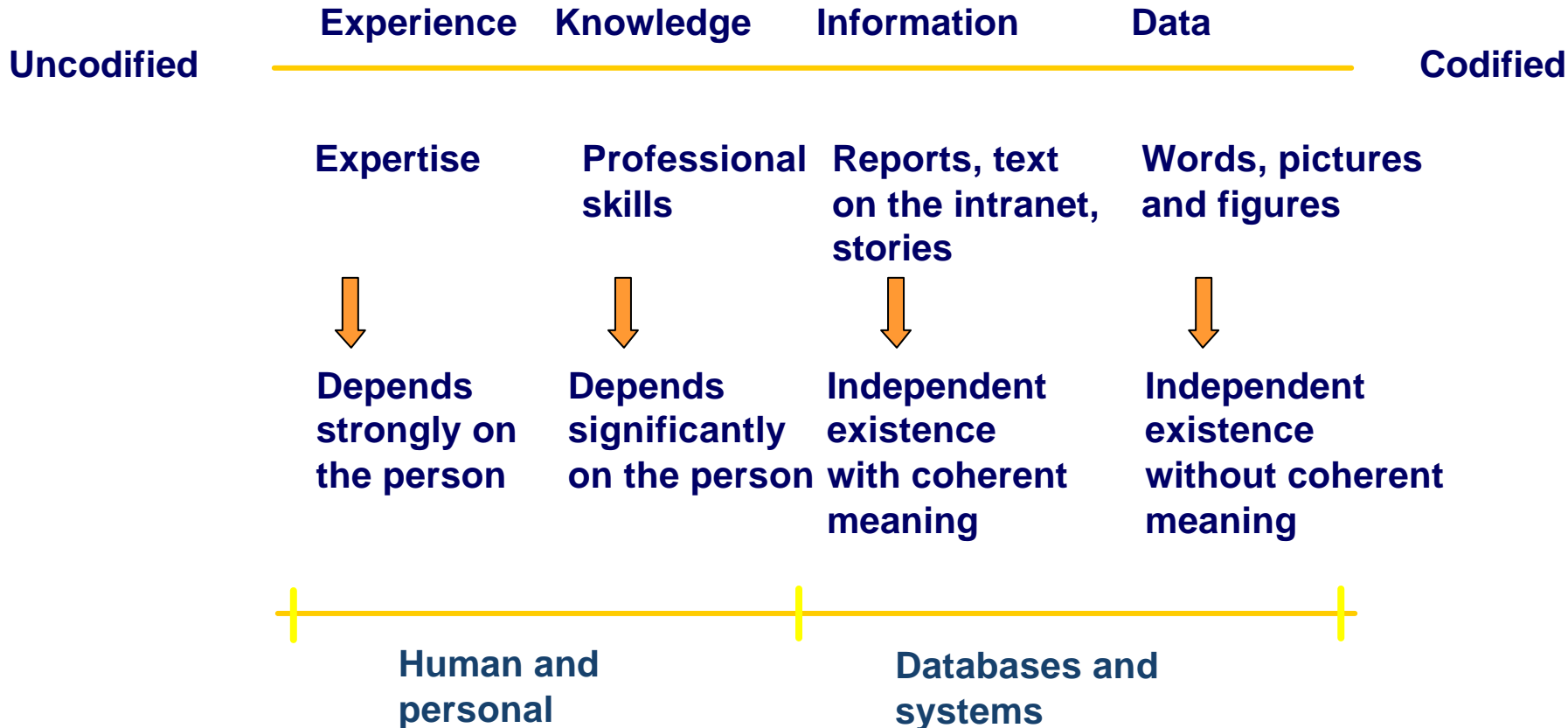


Caused by:

Size of projects?

Different type of knowledge services?

# Skills and Competencies



# Hierarchy of Knowledge

**Experience**

**Knowledge, competence**

**Information**

**Data**

# Knowledge Management

## 1. Generation



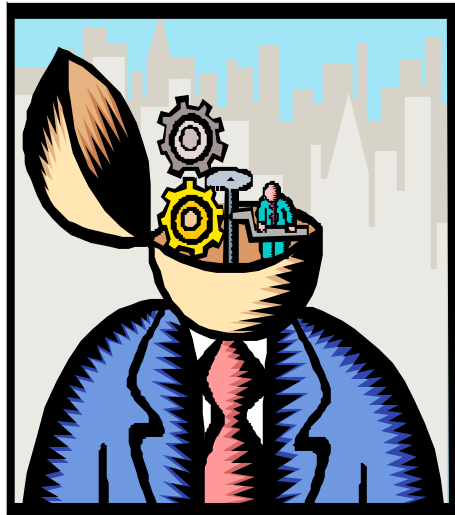
⊗ Knowledge-sharing

⊗ IT-systems



# Knowledge Management

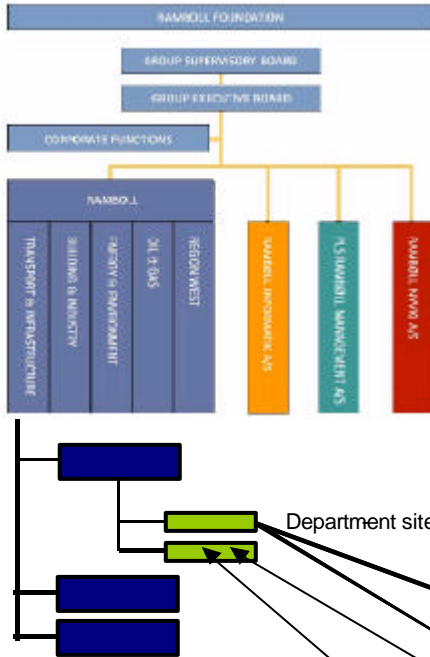
## 2. Generation



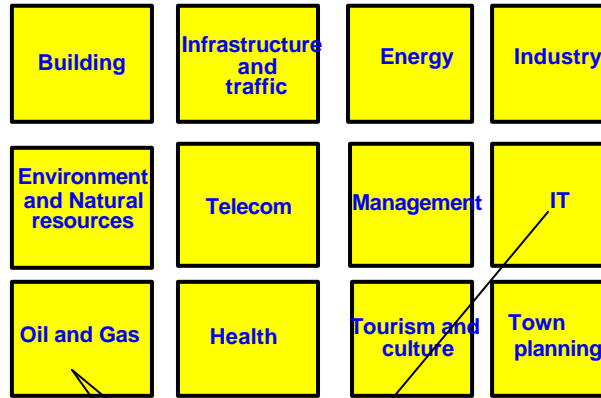
- ③ **Strategy and business**
- ③ **Interaction between people and IT-systems in organisations**

# The Knowledge Management challenge

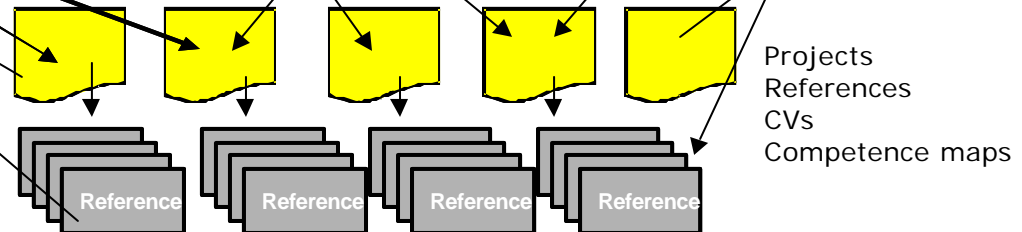
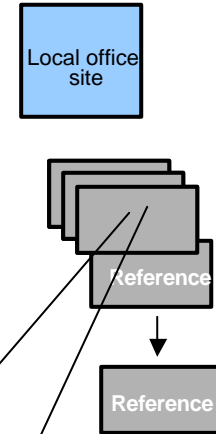
## People & Organization



## Services & Market Areas



## Geography and Offices



- ora
- Ledelse
- ion
- derforhold
- er
- ation (RAP)
- akend
- ort
- sssupport
- Økonomi
- Jura
- s: Unit, Departmen
- 07.15: Rambøll inc
- CCO i Thailand
- ark
- øll har skrevet kontrakt med ECCO i
- nd, hvor ECCO produktion af sko
- r. Kontrakten betyder, at Rambøll
- ennemføre en energieffektivisering
- energiledelse af og på ECCO's
- (Morten Peick)
- 07.09: Efterlysning
- ark
- ogen modtaget et brev fra
- arks Idrætsforening uden attention-
- . Brevet indeholder en lejekontrakt
- h TDC og DIF. Brevet er til JDP lokal
- (pau)

**Outlook Smart Messaging - Inbox**

New | Delete | Options

From	Subject	Received
Bent Feddersen (BF)	RE: Adgang til FRIs lukkede sider fra VIP?	to 2004-07-15 ...
RBS_kreditor	Leverandørfakturaer til kontering FBP	to 2004-07-15 ...
Henrik Garver	SV: FRI statistikmateriale	to 2004-07-15 ...
Jette Salsgård Jens...	RE: Ram til din pc / Efter din frokost?	to 2004-07-15 ...
Henrik Garver	SV: FRI statistikmateriale	to 2004-07-15 ...
	Out of Office AutoReply: Etik og værdier	to 2004-07-15 ...
	RE: Ram til din pc / Hvor lang tid tager det?	to 2004-07-15 ...
	SV: FRI statistikmateriale	to 2004-07-15 ...
	RE: Adgang til FRIs lukkede sider fra VIP?	to 2004-07-15 ...
	Ram til din pc	to 2004-07-15 ...
	FW: Etik og værdier	to 2004-07-15 ...
	Rambøll Danmark Ekspres - Mediovervågn...	to 2004-07-15 ...
	Your mailbox is over its size limit	to 2004-07-15 ...
	RE: Møde ang Rambøll Future as	on 2004-07-14 ...
	RE: Powerpoint skabeloner / Rambøll præes...	on 2004-07-14 ...
	RE: Diverse / tillægsspørgsmål	on 2004-07-14 ...
	RE: Diverse / tillægsspørgsmål	on 2004-07-14 ...
	RE: Rapport fra O&G møde den 10. aug	on 2004-07-14 ...

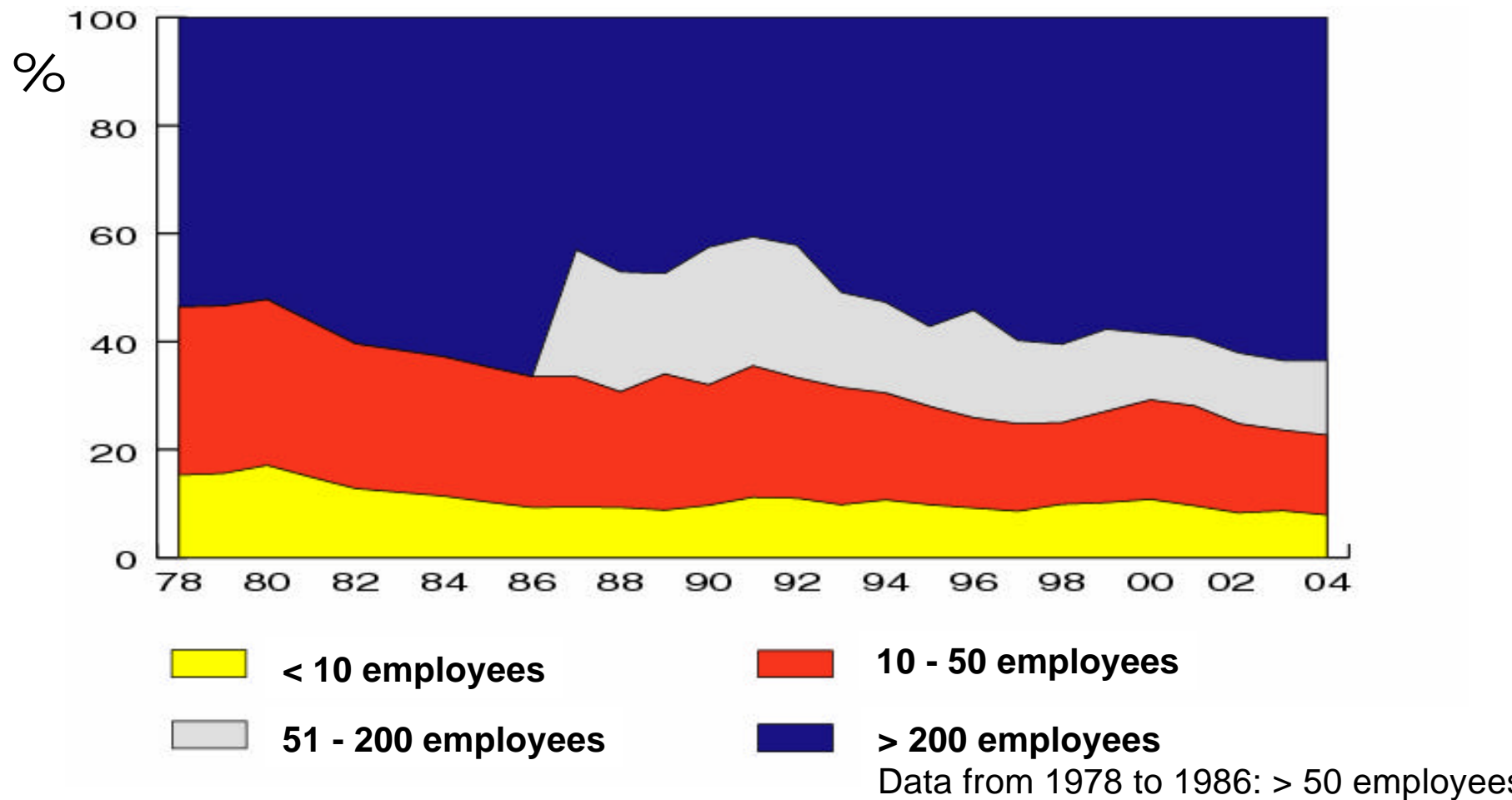
**News Personal**

- [2004.06.29: Ny og revideret tidsplan RAMBØLLS administrative portal \(BOP\)](#)
- [2004.06.24: Nye regler for aflevering af timeseddel](#) RAMBØLLS administrative portal  
I forlængelse af introduktionen af den nye timeseddel fremrykkes tidspunktet for rettidig aflevering til sidste arbejdsdag i måneden. Årsagen er et ønske om hurtigere

➤ [2004.06.22: InBrief - June 2004](#) Koncernkommunikation - Newsletters  
The summer vacation is rapidly approaching. A time when we can relax (Henriette Rode Schmidt)

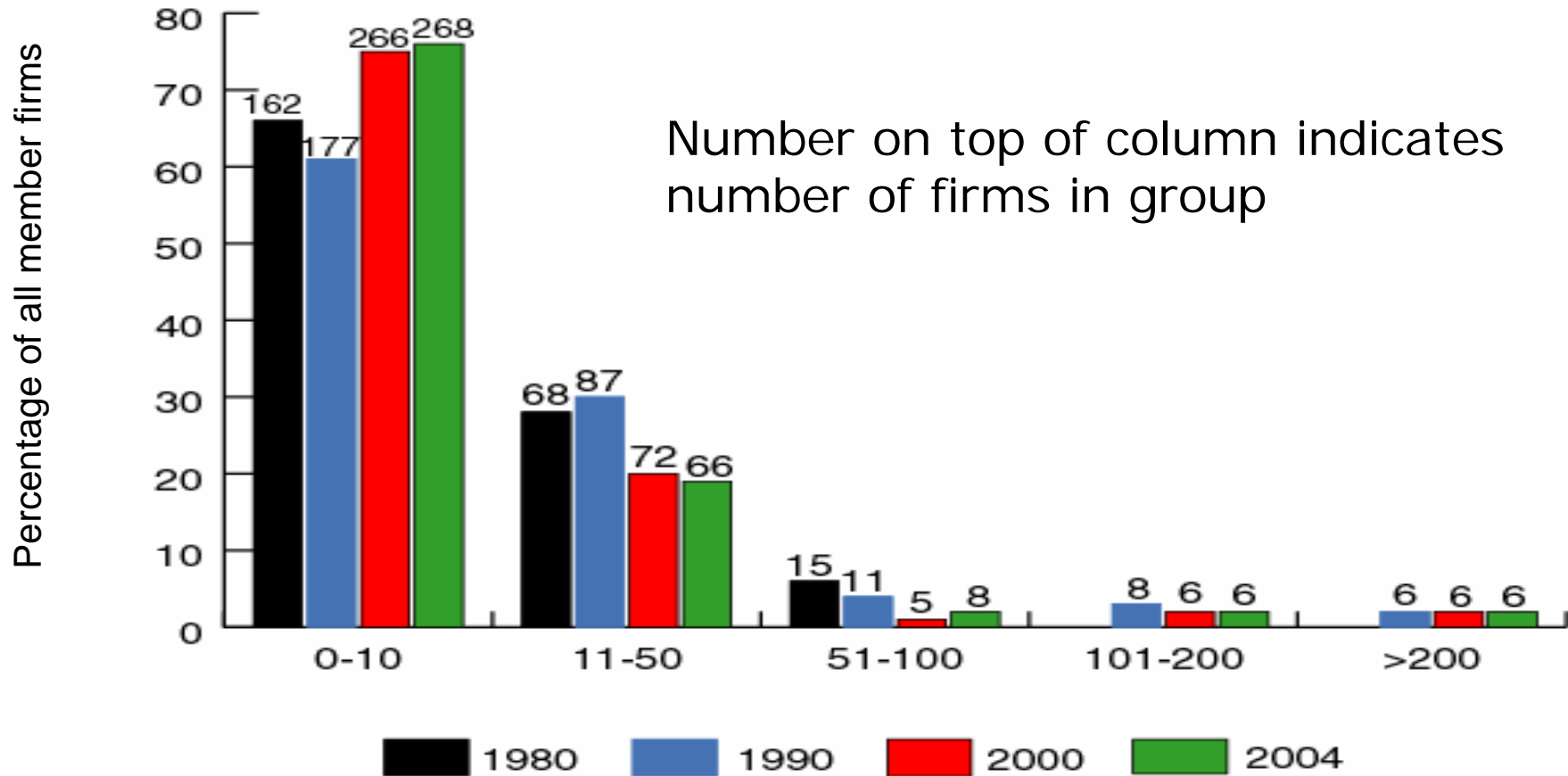
➤ [2004.05.25: InBrief - May 2004](#) Koncernkommunikation - Newsletters

# Development in employees in firms in Danish MA grouped according to size in period 1978 - 2004





# Development in member firms in Danish MA according to number of employees

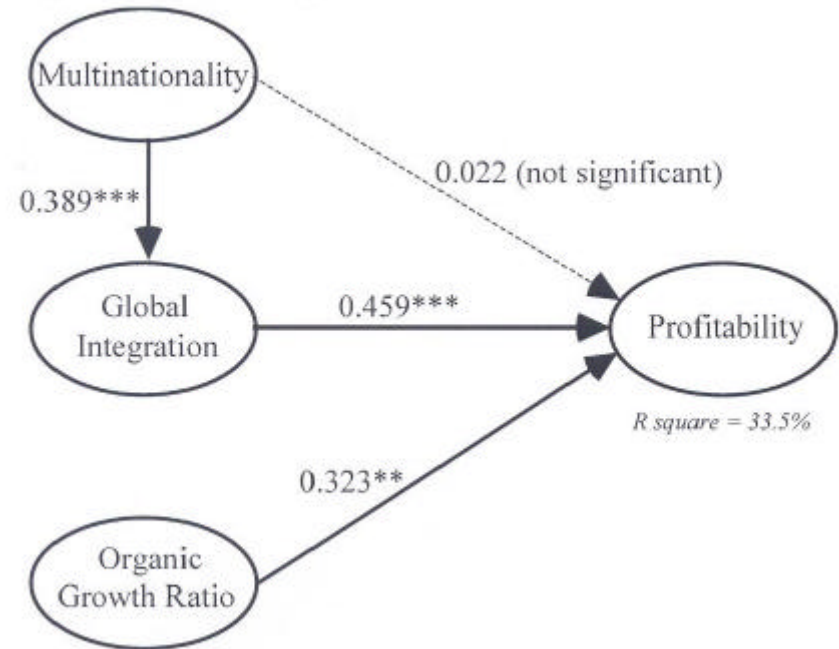


Note: The group "51-100" does in 1980 include all companies with more than 50 employees, i.e. also companies with more than 200 employees

# A strong positive association between global integration and company profitability

- Global integration is defined as the cross-border transfer of operational resources within the company

Figure 1: Profitability-based Research Model



Statistical significance levels: \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ ;

Source: The University of Western Australia, GSM, 2003

Study of the Relationship between Global integration and performance in Multinational Professional Engineering Companies

# Questions---

Workshop 2 group discussions

# Subject matters for workshop discussions

1. How is the true commercial conditions and future outlook for the technical consulting industry? What do we do about it?
2. Which kind of knowledge are our customers really willing to pay (most) for? Which measures do we take?
3. How can we focus and facilitate Knowledge Management in knowledge based companies? Proposals for actions to improve daily management and development of skills?
4. Is size and global integration a tool for our improved profitability? How do we see the future for our industry?

# Discussions?

