

A Management Consulting Firm that Helps Companies Win in a Complex World



Andrei Perumal
Managing Partner

About Wilson Perumal & Company:

Wilson Perumal & Company is re-inventing management consulting for the real needs of companies today, helping them to win in the Age of Complexity.

The world is changing, rapidly. The evidence is all around us as commonly held approaches to business strategies have failed to deliver on expectations. Increasing complexity in business is eroding the benefits of scale. Wilson Perumal & Company offers a unique point of view, distinctive expertise, and a proven approach to help companies compete and win in a complex world.

Our Perspective: We believe complexity is the defining issue facing companies today. **Our Focus:** We help companies simplify their business, compete for growth, and root out risk. **Our DNA:** We are not just another consulting firm, but bring new tools and approaches for today's challenges. **Our Clients:** We work across industries to help organizations in need of transformational change.

Our Team: We combine real-world experience with rigorous strategic and analytical capabilities.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Perumal, what is Wilson Perumal & Company?

Mr. Perumal: Starting at the basics, we are a management consulting firm. We help companies manage their business. Within that, we are a strategy consulting firm, but with a unique depth in operations. Our sweet spot is helping companies with issues at the interception between strategy and operations.

CEOCFO: What does that mean day to day?

Mr. Perumal: Day to day, this means that we help companies connect the dots in their business. That is one way we are a bit different from other consulting firms. I think many consulting firms help a company get better at a specific part of their business. They may help them get better at procurement or help them get better at inventory management, but we help them connect the dots between the different pieces of the business. That can look like many things, but for example, that may be a helping a company with its operations strategy. What should its operating model be? How many plants should it have? How does that depend on the type and breadth of the product line it offers? How does the company they find alignment between the resources of a firm, the processes of firm, and the products and services it delivers. How does its resource allocation and performance levels align with customer's key buying factors? At our core the approach we take involves a lot of insights around complexity. We think what is different in the world today and the last several decades is the amount of complexity that has grown in our companies and our markets. It is not just the variety of products and services, but also the complexity of the processes and organizations that deliver those products and services. That complexity makes it ever harder but also ever more important to connect the dots in your business, so we have developed some unique approaches for how we think about complexity and how we tackle complexity, and some unique analytical tools oriented toward understanding and quantifying complexity and its cost and impact.

CEOCFO: Would you give us an example of some feature or facet that you may look at that others would not think is important to include in the mix?

Mr. Perumal: Certainly, a great example is complexity. We say that complexity can be good or bad. Good complexity is complexity where the marketplace pays you sufficiently for it, and bad complexity is that which it does not. Having too much complexity is bad because it necessarily means you have a lot of bad complexity. One of the reasons companies have too much complexity is that at the point they are going to add let's say, a unit of complexity, whether a new product or a new report, they tend to have a very full view of the benefits of adding that complexity—it is very local, it is very near you and this is why you are adding it—but they have a very incomplete view of the cost of adding that complexity because that cost is very distributed throughout the system, it is the result of impacts on everything that the complexity touches.

Most companies, when they are looking at adding complexity to the business, whether adding products, adding segments, going into new markets, or adding systems or technology, focus very much on the benefits and not on the full, distributed cost. We look at and focus more on the full, distributed cost because what we find is that when they see the benefits, they almost over-estimate the benefits and under appreciate the cost, and that leads them to have too much complexity. Looking at that is key to starting to simplify an organization.

CEOCFO: Are there typical industries you work with or a typical size or type of company that would turn to you?

Mr. Perumal: We have worked across industries for big firms and smaller firms, but there are a few industries that do stand out. Those industries certainly include energy, financial services, retail, and healthcare as these industries are particularly prone to complexity. The energy industry is interesting because technically it was relatively much simpler endeavor, and it has just exploded in complexity in recent decades. It is a huge industry, so everything in that industry is magnified. To give you some examples, we started getting very busy in the energy industry after the Deepwater Horizon oil spill in the Gulf of Mexico, and it was a very different type of work than what we had traditionally done. I was asked to come address a private group of industry executives on the relationship between complexity and operational risk and brought in a lot of new insights around complexity. In fact, one of the executives mentioned that in our book, *Waging War on Complexity Costs*, if you replace the word “cost” with “operational risk,” all of our insights are still true. We had one oil company that came to us after that talk and said they had been struggling with operational risk in a remote environment, had been trying for years unsuccessfully to get a handle on it, and that became a pilot project where we took some of our learnings, experience, and insights on complexity and within nine months helped them reduce loss of containment incidents by over 70 percent. That was a bit different for us, but that has led to a whole new stream of work. The energy industry now is about half our business.

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CEOCFO: Technology is ever changing and the regulatory environment is changing as well. How are you able to anticipate when nobody knows what is going to be in effect a year, two or three down the road?

Mr. Perumal: We are not in a position or have the expertise to predict what the next technology is, so our answers are not necessarily technology dependent, but what we do know is that as technology continues to change at an ever-increasing rate, and regulations change at an ever-increasing rate. Our world is becoming much more complex and the companies that operate within that world are becoming much more complex. This requires a different way of thinking about issues. Gone is the day when I can rely on having a differentiated product or service to get premium pricing and stay out of commodity hell. It used to be that if I could have a differentiated product or service I could have a lasting sustainable advantage, so people focused on creating a differentiated product or service. Today, lifetimes are so short and competitive advantage is so fleeting that the real competitive advantage today is no longer having a differentiated product, the real competitive advantage is in creating the ability to consistently differentiate faster, more effectively, and less expensively than competitors. The increased rate of change has passed a threshold and has suddenly changed where competitive advantages really lay. In the old world, it was just having a great product. Well in that case, I will try to develop a whole bunch of different things—I will throw a whole bunch of things at the wall and hope something sticks. In today’s world, that is the absolute wrong thing to do because when I throw a whole bunch of things at the wall I really clog and defocus my innovation efforts. I also saddle my commercialization and supply chain processes with a lot of complexity and I am late to market. But today speed it is so much more important, so it really flips things around. What we bring is a different way at looking at issues supported by some unique analytic tools, a lot of analytical rigor, and also a lot of experience working in companies. I think that gone is the day that a bunch of really smart and talented newly graduated MBAs can come in and help companies with these kinds of issues. So our ranks have a lot more people who have actually worked issues like this in companies and bring that hands-on, done this experience to our clients.

CEOCFO: When you are using your analytic tools and gut feeling tells you something else, what wins?

Mr. Perumal: In today’s world, with these complex problems that we help companies with, it is no longer possible to come in and fully analyze an issue. That quickly becomes boiling the ocean, and it takes too long. Companies need answers faster, so there is a bit of art and science. The art is coming in, doing a diagnostic and quickly assessing the issue, and then using our experience to determine where we need go deeper. It is not that we are not going deep, it is just that we are going deep selectively. A gut feeling is rooted in experience, and that is very important part of deciding where to go deep. This is where the art comes in, in knowing where to go deep. While we certainly prize analysis, and it is a lot of what we do, if you go back a few decades there was a transformation where companies became much more rigorous about looking at data, developing data-driven solutions, and all of that was very good. The problem now is that when you layer

that on top of the complexity of the issues faced today, it easily becomes boiling the ocean. It also means that companies become reluctant to take action on issues they cannot fully analyze. There are a lot of issues that you cannot fully analyze every piece of, and to not take action is essentially making an un-informed decision. We have all been conditioned to seek comfort in precision, but we have found in our complexity work that precision can often be the enemy of understanding. What we do with these issues is lead with understanding and have that determine where we need to get precise. When faced with big, complex, systemic issues that are difficult to know how to attack, people start trying to get precise around parts of—they start eating the elephant—which limits understanding (i.e., seeing the elephant). We have a very different approach that we have trained our people to take. There is rigorous analysis, the key question is where do you do that analysis?

CEOCFO: *When you are talking with a prospective client, have they come to you because they understand the difference in your approach? Is there an aha moment when you are talking with them or is it more likely that they understand at the end when they get your report?*

Mr. Perumal: That is a very good question. I would say I could broadly divide the clients who come to us into two categories. Some are clients who maybe have read our book or some of our other publications, and they are firm believers in the complexity issue and they come to us because they have finally found somebody who is speaking to it and defining it. We call those people true believers. They come to do a complexity project with us. Then there are other clients that we have who maybe do not even know we have written a book on complexity, and they are not using the language of complexity, but they have a challenging issue nonetheless. Like some of the oil companies I talked about, many of them would not talk to us about a “complexity” project, they have an issue around operational reliability, or a company may have an issue around asset utilization among their manufacturing network. They have tough, systemic issues that they have struggled with for a while. When we start talking to them about an issue, we are looking at the issue through our complexity lens, and we are able to bring to bear a different approach and something that is much more compelling to them. It is a tool that we have used to get to the answer, but they are not necessarily looking for a complexity project.

CEOCFO: *Do you follow up? Do most of the companies that engage with you tend to take implement your advice?*

Mr. Perumal: With our projects, we will do an assessment, we will design a solution, and we also typically help companies with the actual implementation. When we have done the analysis and identified the opportunities, laid out a road map and made recommendations, typically there is a big positive response to that because we are finally able to lay out a path to something that the company has wanted but almost began to believe they could not achieve. When we come back a year later, which we often have, we typically find that the company is even more excited about the results. The further we get away from the project wrap up, the more excited they tend to be because they start finding other benefits from work that we have done. Some of that stuff is what we anticipated and some is stuff we did not anticipate because, in order to solve the problem, we have connected many dots in the business, which has lent clarity to many other issues that were not even in the original scope.

CEOCFO: *Wilson Perumal recently named as one of the best firms to work for by Consulting Magazine. How do you create that atmosphere?*

Mr. Perumal: I think it is a few things. One is that we are very focused on a mission, and we have like-minded people who are focused on this same mission. Stephen and I created this firm five or six years ago, and we did not create this firm just to have a successful firm and earn a good living, but we created this firm because given our experience inside of consulting and outside of consulting—we had both worked for big consulting firms, small consulting firms and top tier strategy firms—we felt that the issues that companies were facing were evolving and the type of consulting partners they needed was evolving as well. Before starting this company, I came to the realization that the projects that had the most impact on clients were more about connecting the dots of the business and less about getting better or particular pieces of the business. So many consulting firms, especially larger ones, for efficiency in going to market kind of mirror their clients’ structure, which creates the same walls and blind spots, so they replicate the same challenges that their clients have. When we worked at this and even more broadly looked at the world, I think the world is struggling and has to figure out how to deal with complexity. Not just for for-profit companies but public policy and other organizations as well. There are academic institutions that are looking at complexity much more than before, and there are some think tanks. We felt that our greatest contribution could be made by building a for-profit consulting firm delivering value primarily to for-profit companies. We look at what some of the more academic groups produce, and some of it is very helpful. I think what we produce is a much more practical way of attacking complexity, and each benefits from the other. We are focused with a mission, not just an endeavor. Our stated goal is to be the top consulting firm on the planet in ten years’ time. We do not really define that with metrics, and we kind of do not want to get too metrics-oriented about it, but we define the top as being the consulting firm that brings the most value to help clients solve the core issues of the time. We think the defining issue of today and the foreseeable future is around complexity, so we are on a mission, and not just a mission to grow and be successful, but a mission to add value and to help change the world.

CEOCFO: *Final thoughts?*

Mr. Perumal: We set out to start this company with some pretty ambitious goals. We looked at other organizations that had done things that no one would have thought possible, and many of them were technical organizations like the Apollo space program, Palo Alto research center that created a first PC, and even the Manhattan Project. We looked at the dynamics and the energy and culture of those groups. There have been books written about them and they are often called great groups. What we found in those groups were traits that we thought were particularly lacking in consulting. Consulting is an environment that attracts reasonable people, but reasonable people do not change the world. Also, I think most consultants and most consulting firms for many good reasons are conditioned to be risk averse. We have embraced some very counter-culture values and traits, and I think what you see in the best firms to work for survey is that our people reflect that. The way we describe it to our team is that we are setting out on a boat; we believe the world is round or maybe we will find the new world out there. We have set out to sea and charted a course. Surely, we will face some storms, and the boat is a little rickety and we need to build this thing on the way, but we are looking for like-minded sailors to get in the boat with us and go out and change the world.

BIO: Andrei is a seasoned advisor to senior leaders in both industry and government and an innovative thinker on complexity, strategy, and operations. He has deep business and technical expertise across a variety of disciplines, and draws from his broad base of experience to help clients solve their most critical strategic and operational issues.

After graduating with his engineering degree from MIT, Andrei served in the US Navy's Nuclear Power Program. There he learned the fundamentals of managing and eliminating risk in complex systems. Following the Navy, Andrei worked at Beal Aerospace Technologies—an ambitious private rocket venture under Texas billionaire Andy Beal—where he oversaw the successful design, construction and operation of a propellant grade hydrogen peroxide concentration plant.

Andrei began his consulting career with Bain & Company, where he advanced ahead of peers and earned a reputation for developing powerful modeling solutions for strategic issues. Following his time at Bain, Andrei was recruited back by Andy Beal to be Director of Strategic Operations for Beal Bank, one of the most profitable banks in the nation. Andrei later joined George Group Consulting to help build George Group's Operations Strategy practice. He was named Engagement Director of the Year in his first year, soon after elected Principal and served on the Global Leadership Team. Andrei was named Partner by Accenture upon its acquisition of George Group in 2007. Andrei left Accenture in 2008 to found Wilson Perumal & Company.

Andrei is also co-author of *Waging War on Complexity Costs* (McGraw-Hill), the #1 business book on complexity, and the upcoming book *Growth in the Age of Complexity*. He resides in Dallas.

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