

Top SCM Boutique Consulting Firms: Part 1, The Logistics Boutiques

By **Steve Banker, ARC Advisory Group, 07.06.07**
www.arcweb.com

ARC has been spending time investigating the strengths of different classes of consultants. One type of consultant is a Boutique. They are called "Boutique", because the analogy is being made to retail stores. If you were going shopping at the mall, you would typically find a giant anchor store (analogous to an **Accenture** or **IBM**) that sells everything. You might find a Category killer, a store specializing in a particular product set but whose footprint is huge - analogous to an **OfficeMax** for example. Finally, you would find many smaller stores specializing in one product area with a smaller number of SKUs. These Boutiques will make up most of the mall. Some will specialize in woman's shoes, others high end woman's apparel, others toys, and so forth.

Boutique stores typically provide specialization and better service, but are not necessarily less expensive. In contrast, Boutique consulting firms will give you the specialization, the service, and are typically less expensive than the giant consulting firms. The exception to this rule can be in the area of implementation services where very large firms that have a high percentage of consultants working offshore can use the labor rate advantages to drive lower priced engagements. **Satyam, Tata Consultancy Services**, and **Cognizant**, among others, use this model in the SCM area.

When it comes to consulting, ARC looks at services as falling into three areas: front end consulting, implementation, and ongoing services. Front end consulting could involve business process reengineering, applying best practices, and doing strategic analysis for clients. Implementation services involve implementing software or hardware solutions for the clients. Ongoing services include ongoing work in areas like software maintenance and training, and are often paid for through a continuing contract, rather than being based on a particular project.

In Part 1 of this series, ARC singles out leading SCM Boutiques that focus on Logistics.

In total, across all areas of SCM consulting, ARC looked at over 1,000 companies' Internet sites, narrowed that list down to 120 firms that appeared to do the bulk of their consulting in the area of Supply Chain Management, and up to this point, has interviewed over 20 Boutiques. Because a high percentage of our clients are manufacturers, consultants that lacked manufacturers in their client base were not included in the research.

In Part 1 of this series ARC will highlight some Boutiques focused on logistics, rather than areas like Network Design, Procurement, non-logistics Best Practices, or Supply Chain Planning.

In the area of warehousing consulting, there were a variety of different types of focuses. Companies like **Fortna, Forte, Keogh, the Progress Group**, and **St. Onge** are focused on the warehouse facility and the implementation of material handling equipment.

In contrast to consultants that do Network Design consulting - and help companies decide where warehouse should be located - this class of consultants focuses more of their attention on how the facility should be laid out and what material handling equipment should be used once the site is determined. Let's call these folks the Material Handling Boutiques. Ideally, a consultant would do both the Network Design and site simulations to get the base results. St. Onge has good capabilities in both areas.

Here ARC was particularly impressed by companies that had developed their own Warehouse Control Systems, which allows for integration to the Warehouse Management System. Fortna and Forte fall into this category.

We were also impressed by companies that have developed their own proprietary technology for simulating the layout of the warehouse. For example, Forte's DATALYZER uses the clients' order profiles, sales forecasts and other pertinent data to extrapolate operational volumetric requirements and

conceptual material handling solutions. The Progress Group has also developed proprietary tools in this area, and they are differentiated by a highly quantitative approach to facility design, slotting, and sequencing.

Material Handling Boutiques often provide ongoing services to insure uptime for the material handling systems they have designed and implemented. Here Keogh has an interesting capability. Their service has a component to insure material handling system uptime. This service is based on a library of 4 million parts where they have accumulated standard data on mean time to failure and other related data.

When it comes to implementing best of breed WMS solutions, **EnVista** is at the top of our list. While **Tompkins Associates** and **eSync** (recently acquired by **TranSystems**) are also known for doing work in this area, they are too big to be considered Boutiques. By our definition Boutiques have less than 250 employees. In doing this research, ARC noticed that in contrast to the large consulting firms which are particularly focused on implementing **SAP** and **Oracle**, Boutique consulting firms are more likely to implement Best of Breed solutions from companies like **Manhattan Associates**, **RedPrairie**, and **HighJump Software**.

Finally, in the WMS arena, Labor Management Systems (LMS) based on granular labor standards provide a very high ROI. In this area, **Tom Zosel Associates** (TZA) is the best known. While TZA has developed their own LMS solution, in practice they operate more as a consultant than a software company. They have worked with every Labor package as an implementation partner (often by doing the engineered labor study) or after the fact (to improve the ROI by extending the package to cover other groups of employees or through ongoing training programs).

There are many more Boutiques focused on warehousing than on transportation. When it comes to Transportation consulting, our top Boutique is **CP Consulting**. This firm garners about 80 percent of their revenues from Transportation Management System (TMS) implementation services. They are vendor neutral and have implemented just about every TMS except SAP, but they tell us they are seeing a real trend to the hosted OnDemand solutions, which is becoming a much higher percentage of their work.

In coming weeks, ARC will profile more SCM Boutique consultants focused on different niches.