



Consulting in the Age of AI: The BTS Case

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Abstract

This dissertation analyzes how Artificial Intelligence (AI) challenges traditional business models in the consulting industry, using BTS as a Case Study. The firm, known for its human-centric and customized services, faces strategic inflection points around pricing, organizational structure, and value proposition as AI transforms the consulting landscape.

The Case explores internal and external tensions driven by AI adoption. Internally, BTS confronts the implications of increased efficiency on its pricing model and traditional pyramid structure. Externally, it must reassess its differentiation as AI democratizes knowledge and tools once exclusive to consulting. Evaluated strategic alternatives include value-based pricing, restructuring roles, and reinforcing its position as a transformation advisor.

This study reveals key findings: (1) Adopting transformative technologies like AI can introduce significant operational and industry shifts, challenging even well-established consulting firms. (2) Continuously developing dynamic capabilities is crucial for maintaining competitiveness in the evolving consulting landscape. (3) Strategic initiatives focused on integrating cutting-edge technologies like AI can enhance a firm's value proposition, attract new clients, and potentially create new revenue streams.

The Literature Review explores relevant strategic concepts, including disruptive innovation, business model innovation, and dynamic capabilities, to provide a theoretical framework for understanding these challenges and potential responses. The dissertation also includes a Teaching Note to help instructors guide classroom discussions around technological disruption, pricing strategies, organizational adaptation, and business model reassessment.

Keywords: Artificial Intelligence, Business Model Innovation, Pricing Strategy, Organizational Structure, Disruption, Consulting, Dynamic Capabilities.

Consultoria na Era da IA: O Caso BTS

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Resumo

Esta dissertação analisa como a Inteligência Artificial (IA) desafia os modelos de negócio na consultoria, usando a BTS como Estudo de Caso. A firma, conhecida por serviços humanizados e personalizados, enfrenta inflexões estratégicas em precificação, estrutura organizacional e proposta de valor, devido à transformação da consultoria pela IA.

O Caso explora tensões impulsionadas pela adoção da IA. Internamente, a BTS confronta as implicações da eficiência crescente no seu modelo de precificação e estrutura piramidal. Externamente, deve reavaliar a sua diferenciação face à democratização de conhecimento e ferramentas pela IA. Alternativas estratégicas avaliadas incluem precificação baseada em valor, reestruturação de funções e reforço do seu papel como consultora de transformação.

Este estudo revela conclusões-chave: (1) Adotar tecnologias transformadoras pode introduzir mudanças operacionais e setoriais significativas, desafiando consultoras bem estabelecidas. (2) Desenvolver capacidades dinâmicas é crucial para manter a competitividade no panorama da consultoria em evolução. (3) Iniciativas estratégicas focadas na integração de tecnologias como a IA podem melhorar a proposta de valor, atrair novos clientes e potencialmente criar novas receitas.

A Revisão da Literatura explora conceitos estratégicos relevantes, incluindo inovação disruptiva e capacidades dinâmicas, para fornecer um quadro teórico para compreender estes desafios e respostas. A dissertação inclui uma Nota de Ensino para ajudar os instrutores a orientar discussões sobre disrupção tecnológica, estratégias de precificação, adaptação organizacional e reavaliação do modelo de negócio.

Palavras-chave: Inteligência Artificial, Inovação de Modelo de Negócio, Precificação, Estrutura Organizacional, Disrupção, Consultoria, Capacidades Dinâmicas.

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Case Study

It was mid-February 2025, and André Ribeiro, Senior Vice President and Head of BTS Madrid, found himself facing a troubling truth. "We only have a few months, I do not know if six, four or two, in which we can keep selling our services at the current price," he lamented, grappling with the disruptive force of artificial intelligence (AI) in the consulting industry. BTS, a leading global strategy implementation firm founded in Sweden, faced a critical dilemma. While the Madrid office contributed significantly to the firm's €238 million global revenue in 2024, the rise of AI threatened to undermine the very foundation of its business model. AI's ability to readily provide services like framework creation and business scenario development (services that were the differentiating and value-adding propositions of consulting firms) forced BTS to confront a new reality. As André prepared for the first quarterly meeting of 2025 where AI would remain a strategic priority, he wrestled with fundamental questions: How could BTS justify its pricing in a world where AI democratized access to information and frameworks? How could the company maintain revenue levels and not only prepare for, but leverage AI to enhance productivity and quality in its operations? The answers held the key to BTS' future success in a rapidly evolving technological landscape.

BTS

BTS was founded in 1986 by Henrik Ekelund after his experience as a consultant at Vector Utveckling and Nordic Management, where he recognized a gap in the consulting sector. Many firms excelled at strategy formulation, but clients struggled with implementation. To address this, Henrik founded BTS with a human-centric approach, focusing on customized solutions and experiential learning to bridge this gap. Unlike traditional consultancies, BTS shied away from standard solutions, prioritizing tailored interventions to equip clients with the tools and skills needed for real success. The firm developed a strong track record of helping businesses execute their strategies and achieve sustainable results, utilizing interactive methods such as simulations, assessments, and coaching. Thirty-five years later, BTS had evolved into a global firm with over 1100 employees, a presence in over 36 countries, and a diverse client base including Fortune 500 companies, government agencies, and non-profit organizations. Its slogan, "Strategy made personal", reflected its mission statement: "*Inspiring and equipping people and organizations to do the best work of their lives.*" Through strategic acquisitions and expansions,

BTS diversified its expertise across sectors. By 2024, BTS had organized its operations into areas of expertise, including Strategy Execution, Business Acumen, Leadership Development, Leadership Coaching, Change & Transformation, Sales & Marketing, Assessment, Executive Team Performance, Innovation, and Digital Services.

The offices were grouped into three regions: USA, Europe, and Most of the World (MOW). Madrid fell under MOW, which was further divided into subregions: Asia Pacific (APAC), India and Middle East (IMEA), and Southern Europe and Latin America (SELAM). Each main region was led by a Deputy Chief Executive, each subregion by a Global Partner, and each office by a Local Partner/Head of Office. In Madrid, André held this role and oversaw all office-related matters, while also participating in major projects.

The number of consultants varied per office, and project lengths ranged from 3 months to 2 years, based on complexity, scope, and phases. Typical projects included an Account Manager (topic expert and client relationship manager), a Director/Senior Consultant as Project Manager, and 1-2 consultants/business analysts for development. BTS emphasized strong client relationships with Account Managers as trusted advisors. Clients were often invited to learning or social events, and Directors and above received annual sales and relationship management training.

The Spanish market entry began in a rustic-looking apartment-turned-office in 2001. After acquiring Netmind¹ in September of 2021 to gain digital expertise, the growing team found itself needing a larger office. Eventually, a corporate office was found and they moved to a prime Madrid location in early 2022. While most clients were Spanish or operated in Spain, BTS Madrid also served Portugal, and both countries were the "Iberia" region. The Madrid office frequently collaborated with other BTS offices worldwide, like those in Argentina and Mexico. To maximize utilization, consultants sometimes participated in exchanges with other hemispheres offices during demand periods.

By the end of 2024, the Madrid office was composed of 3 business analysts, 4 consultants, 3 associate directors, 4 directors, 3 senior directors, and one partner/head of office, André. Its largest clients included two prominent Spanish energy companies, with other relevant

¹ Netmind was a Spanish IT training and certification company.

clients in the oil, banking, FMCG, and pharmaceutical industries. Most of this office's projects focused on strategic alignment, business acumen, and commercial transformation. Directors and above typically negotiated the contracts with the Human Resources or Sales teams from the client organizations. In 2024, 89% of the Madrid office's revenue came from repeat clients.

Artificial Intelligence (AI)

The field of AI research was born in the mid-20th century. The Dartmouth Summer Research Project on Artificial Intelligence in 1956 is considered its official birth. Early AI research focused on symbolic reasoning and problem-solving. The development of expert systems in the 1970s and 1980s, designed to mimic human expertise in specific domains, marked a significant milestone. However, limitations in computational power and data availability led to an "AI winter" in the late 1980s, reducing funding and interest.

The field experienced a resurgence in the late 1990s with the advent of machine learning and the availability of large datasets. This led to breakthroughs in areas like natural language processing, computer vision, and robotics. However, it was not until late 2022 that AI achieved widespread adoption through the release of ChatGPT by OpenAI, an American AI research organization. This generative AI tool marked a turning point in mainstream AI usage. Generative AI (GAI) was a branch of AI that analyzed patterns and structures within its training data to create new content, including text, images, videos, and more. These models generated outputs based on user inputs, often in the form of natural language prompts, making AI more accessible and widely applicable.

Developed over four years, ChatGPT gained attention for generating human-quality text, translating languages, writing creative content, and answering questions informatively. Its conversational abilities and user-friendly interface broadened AI's accessibility. ChatGPT's popularity spurred major American players to develop their own AI solutions, catering to a wide range of needs and sectors. Google AI's Gemini excelled at text generation and answering complex questions. Microsoft integrated AI into its Bing search engine to enhance search and conversational responses. AI image-generating models like Dall-E 2 and Midjourney created realistic and creative images from text, advancing AI in visual arts and design. Increased accessibility and public awareness fueled further investment and innovation, accelerating AI

development and deployment across sectors and sparking discussions about its potential impact on industries and daily life.

AI applications in business spanned multiple domains: from productivity-enhancing smart assistants (Alexa, Siri, Cortana, Google Assistant) to helpdesk chatbots offering human-like interactions. AI powered personalized recommendations (e.g., Spotify's 2024 customized playlist tool), predictive maintenance, and near-instantaneous fraud detection (e.g., in banking). Even the hospitality industry embraced AI, with hotels like Hilton introducing concierge robots. AI also found applications in education, with Sesame Street and IBM partnering to create an AI-powered vocabulary learning app.

At the employee level, AI became an indispensable tool. Workers across industries and roles, even with little experience, leveraged AI to write software code, design logos, develop marketing strategies, and compose emails. AI streamlined Human Resources, serving as a virtual coach and monitor by analyzing actions in near real-time and providing feedback. Students also used AI to enhance learning, productivity, and critical thinking. AI platforms could assist research, simplify topics, generate study guides, and provide tutoring. Everyday AI applications included trip planning, question answering, and social media curation.

Although the most well-known AI systems had been created by US companies, AI development was not limited to this country. In 2023, the Chinese AI company DeepSeek introduced DeepSeek-R1, a large language model capable of generating responses on par with other leading models, such as OpenAI's GPT-4o. What caused a stir was the fact that DeepSeek achieved this at a significantly lower cost. The company reported training its V3 model for just \$6 million, a fraction of the \$100 million OpenAI spent to train GPT-4 in the same year.

By late 2024, AI adoption was not merely a competitive advantage; it drove business growth, cost reduction, and market expansion. Nearly 78% of companies were already leveraging AI to some extent, while 82% of C-suite and senior executives considered scaling AI to create business value one of their top priorities. Moreover, 94% of business leaders agreed that AI would be critical for success in the next five years. This adoption was not just hype, as results were evident: AI-driven decision-making increased operational efficiency by 25%, and AI tools boosted workers' routine task throughput by 66%. As Accenture's Chief Technology and Innovation Officer Daugherty stated in mid-2024, "The playing field is poised to become a lot

more competitive, and businesses that do not deploy AI and data to help them innovate in everything they do will be at a disadvantage”.

BTS & AI

Peter Mulford, EVP and Chief Innovation Officer, first recognized AI's potential to disrupt consulting in 2020, initiating plans to help clients navigate this technology. However, true call to action came at the end of 2023 with the release and adoption of ChatGPT by OpenAI. The sentiment that "This is going to change the way we operate" resonated among BTS executives, as in most knowledge-based industries where expertise and problem-solving were key. The US and Dubai offices spearheaded this transformation, becoming the first to sell AI-focused projects to clients seeking to implement AI within their organizations. Committed to leveraging this technology and looking to prioritize customer privacy, BTS developed its own chatbot, BTS GPT Tool, with a homepage resembling ChatGPT's (see Exhibit 1). However, it lagged behind public AI models, as BTS had to wait for their release. Consultants and analysts found it less user-friendly and with lower output quality than ChatGPT. To complement the internal tool during development, global management purchased 150 ChatGPT 'Team' licenses for all offices. Unlike free accounts, these licenses offered robust security measures ensuring data confidentiality and prevented data use for AI training. They also enabled custom GPTs, tailored versions of ChatGPT (see Exhibit 2). BTS developed GPTs for specific projects or clients, feeding them relevant information to build specialized knowledge. These AI assistants were shared office-wide, improving efficiency and consistency.

In Madrid, Monica Rivero, Senior Director and Head of People, Resources, and Operations for Southern Europe, led the AI transformation and was the sole holder of a ChatGPT Team license in the office, as the 150 licenses were to be distributed among all offices. This often resulted in a bottleneck, requiring her to constantly lend her laptop to colleagues who needed a trusted AI tool.

By mid-2024, the Dubai office had emerged as a clear leader in AI transformation both externally and internally, while other offices, including Madrid, stayed behind. Internally, Dubai had proactively invested in continuous employee training, advocating for universal access to ChatGPT Team licenses. They integrated AI into their daily operations, forming working teams to explore AI applications and setting milestones for AI adoption. In contrast, Madrid's AI adoption

was more fragmented, with AI use limited to specific cases and struggling to become fully embedded in their processes. Externally, Dubai offered three types of AI-related projects, often bundled into a comprehensive package. The first phase focused on establishing a strong foundation by raising awareness and understanding. This included modules on AI fundamentals, available tools, and business implications. The second phase centered on capability building through personalized, hands-on practice, enabling participants to apply AI within their specific roles. Finally, the process reengineering phase guided participants through reimagining end-to-end processes to identify opportunities for AI integration. It covered topics such as critical thinking and workflows mapping.

In 2025, AI was recognized as a strategic priority in BTS, championed by CEO Jessica Skon. AI became a key topic in strategic meetings, leading to the decision to provide all employees with ChatGPT Team licenses, resulting in the discontinuation of BTS GPT chatbot. All offices were instructed to follow Dubai's training program to ensure proper AI utilization. Furthermore, each office appointed a Subject Matter Expert (SME) to participate in concept meetings, ensuring AI integration was always considered. Measuring AI's impact was a crucial part of the transformation, and the Madrid office implemented monthly evaluations to track AI usage and its impact on projects.

AI redefined the benchmarks for "design and development" days, particularly in Assessment and Business Simulations services. BTS' Assessment offerings enabled organizations to identify, assess, and develop talent through immersive, context-specific evaluations. By replicating real-world scenarios, BTS provided insights into capabilities and development areas for informed talent and succession decisions. A key component, post-assessment reports based on predefined criteria, saw significant acceleration through AI. While consultants still interviewed candidates, they leveraged AI by feeding the notes into a custom GPT trained on the client's competency model and reporting style. The tool instantly extracted top strengths and growth opportunities aligned with the client's leadership competencies. Monica estimated that the report completion time decreased from four hours to 30 minutes.

BTS' Business Simulation offerings provided engaging, high-impact learning, empowering leaders and teams to build business and leadership skills. Mirroring real-world challenges, these simulations let participants make strategic decisions risk-free and experience

their outcomes. Through scenario-based learning, employees developed a stronger understanding of business dynamics, financial acumen, and leadership behaviors. Participants interacted by selecting strategic initiatives and responding to events, which were specifically created for each client's unique context. AI integration automated approximately 75% of scenario creation, accelerating development while maintaining customization and relevance.

By early 2025, AI internal adoption's anticipated outcomes were clear: reduced task time and improved output quality. However, these positive outcomes presented challenges that neither André nor Monica had answers for.

Pricing Model Challenge

The biggest challenge centered on BTS' pricing model. While the Madrid office was using AI in specific cases and for select project tasks, the goal was to transform all processes to incorporate this technology, which promised a drastic reduction in project timelines. This would involve a fundamental revision of BTS' task-based pricing model, which calculated charges based on labor hours (internally called 'man hours') and, when applicable, an IP fee for proprietary solutions. Tasks that would soon be performed by AI represented fewer development days, thus a decrease in the revenue per project. Therefore, the crucial question became: what pricing approach would ensure the minimum desired revenue levels?

André was weighing several options. The first acknowledged that future projects would require fewer man hours and proposed maintaining the existing fee while introducing newly defined IP fees for BTS' AI-driven solutions, such as trained GPTs. Clients would pay for the value of proprietary AI tools, developed, refined and used to support projects and services.

The second option involved shifting from a time-based to a value-based pricing model, where pricing would be determined by the value perceived from and delivered to the client rather than the time invested. Key performance indicators, such as sales growth or market share, would be set in advance to establish the service fee. This approach would allow BTS to maintain roughly the same pricing level but reflected in an outcome-based contract split into two parts, with a "success fee" paid after achieving the agreed-upon targets.

Finally, there was the simplest option: keeping the current rates, which were already working well and remained within clients' budgets.

Regarding transparency on AI usage to clients, Monica saw it as an open question: how much should clients be informed about the extent of AI involvement in projects? She had been upfront about using AI for minor tasks, like brainstorming names, but was unsure how clients would perceive its broader application. Her main concern was whether increased AI utilization might raise concerns about data privacy and trust. André, on the other hand, saw disclosure as an obvious step. With the EU Artificial Intelligence Act starting to introduce transparency requirements for companies, he believed BTS should get ahead of the curve. Aligned with what André was already anticipating, openly communicating when and where AI was used during the project would likely open the door for clients to question pricing more closely.

Organizational Structure Challenge

AI threatened to disrupt the traditional hierarchical pyramid structure of consulting, where partners rose through the ranks. Monica and André agreed that the biggest impact would be on lower-level consultants and business analysts. These roles, responsible for ‘manual’ work like research, document analysis, and slide deck creation, were most vulnerable to automation. Monica envisioned this layer's potential disappearance, leaving only senior executives leveraging AI for execution and managing client relationships. Conversely, André believed firms would still need consultants, but in more senior, AI-integrated roles with greater commercial responsibilities. This would flatten the pyramid, potentially maintaining the same number of consultants and managers. Fewer consultants could also accelerate remaining career trajectories. The unanswered question for both, however, was how future senior leaders would gain hands-on experience traditionally acquired by working their way up the ranks.

André's first option involved creating a single, more senior consultant position by eliminating the business analyst and consultant roles. Current employees would be invited to apply, with only those performing at a senior level being retained. These new senior consultants would undergo a 'Hybrid Training Model', where AI handled repetitive tasks, enabling a focus on strategic work and developing critical thinking/client management skills. This approach required a more targeted, intensive development plan, accelerating learning through earlier immersion in real-world challenges. Additionally, all staff in this structure would be expected to contribute to commercial efforts.

The second option was to retain both business analysts and consultants but expand their roles to include some business development responsibilities. The anticipated decrease in projects' duration offered the potential to offset per-project revenue loss by handling a larger volume of work through increased demand. But how could BTS effectively generate a substantial increase in demand, a long-standing aspiration? As André put it, "Imagine, if today we generate \$5 million from 10 projects, in the future, we might need to sell 20 projects just to reach the same \$5 million." He recognized that achieving this would require greater commercial efforts from everyone. Under this approach, the pressure to increase demand would be even greater, as failing to do so would leave BTS with underutilized business analysts and consultants, who were fully utilized before AI productivity improvements.

Sustaining BTS' Value Proposition in an AI-Driven World

Beyond changes in pricing and operational structure, the very necessity of BTS' services could come into question as AI's capabilities continued to evolve. If clients began to see AI as capable of analyzing their data, delivering comparable insights, and even creating business simulations at a lower cost, they might start reconsidering their consulting needs. How could BTS not only justify its relevance but also reinforce its unique value proposition in an AI-driven world?

André aimed to position AI as a transformative force requiring guided, people-focused support for successful implementation. AI's significant organizational transformation made BTS' change management expertise, specifically in impacting employees and building capabilities, pivotal for navigating this change. BTS could help companies align their workforce to adopt AI effectively. But to do so, Monica recognized that BTS needed to differentiate itself from AI-generated outputs and leverage its strength in driving behavioral change and shifting employee mindsets. Both agreed AI represented yet another major shift companies would need help navigating. As AI increasingly performed consultants' traditional tasks, articulating BTS' unique value became crucial. How could it not only differentiate itself from AI-generated outputs but further cement its role as a trusted advisor, one that companies would also turn to for guidance in adopting AI effectively?

Literature Review

1. Introduction

Artificial intelligence (AI) is rapidly transforming the consulting industry. This review explores key concepts to analyze this disruption and its implications, particularly for consulting firms. First, this review provides an overview of AI's capabilities and workplace impact. Second, it examines disruptive innovation theory to frame AI's reshaping of consulting. Finally, it covers strategic responses: business model innovation (BMI) and dynamic capabilities (DC) for firm adaptation. Key BMI considerations, like pricing model changes, will be addressed, providing a foundation for analyzing challenges and opportunities.

2. Foundational Concepts: AI and Disruption in the Consulting Industry

2.1 AI Fundamentals

2.1.1 A brief overview of AI

AI can be defined as “a system’s ability to interpret external data correctly, to learn from such data, and to use those learnings to achieve specific goals and tasks through flexible adaptation”.² AI systems enable machines to learn and act autonomously (Murray, Rhymer, & Sirmon, 2021), and to perform cognitive functions once considered exclusive to the human mind (Rai, Constantinides, & Sarker, 2019).

AI was formally established as a scientific discipline by The Dartmouth Summer Research Project on Artificial Intelligence (DSRPAI) in 1956, led by Marvin Minsky and John McCarthy. While the general concept of AI has roots in the mid-20th century, its practical relevance has grown significantly with the rise of big data and increased computing power (Haenlein & Kaplan, 2019).

Today, AI is considered a transformative force that can reshape organizations, societies, and individuals (Brock & Von Wangenheim, 2019; Dwivedi et al., 2023). It aims to enhance human capacity and efficiency by using intelligent machines to improve human interaction with the world and society (Bench-Capon & Dunne, 2007).

² ESCP Europe Business School, Paris, France.

Generative AI (GAI) underscores AI's transformative potential by creating new data, unlike earlier discriminative models that only analyze existing information (Berg, Raj & Seamans, 2023). Tools like OpenAI's ChatGPT, leveraging deep learning and the Generative Pre-trained Transformer (GPT) architecture (Dwivedi et al., 2023), exemplify this shift and are significantly changing the AI discussion through their unsupervised pre-training and supervised fine-tuning, a process that mirrors human communication and underlines its impact (Radford et al., 2019).

2.1.2 AI in the workplace

AI's ability to generate human-like work has rapidly advanced, especially after the launch of OpenAI's ChatGPT, a prominent Large Language Model (LLM). The growing overlap between AI and human skills presents new challenges and opportunities for integrating AI into human work, especially knowledge-heavy fields (Dell'Acqua et al., 2023). In business, AI enables process automation, data analysis for insight, and improved stakeholder engagement. AI excels in data analysis due to its data-intensive and adaptive nature; as models learn and improve accuracy with more data, unlike traditional analytics (Davenport & Ronanki, 2018).

The impact of LLMs on organizations and individuals concerns scholars, employees, businesses, and governments, especially since these models can directly improve worker performance without major investment. Researchers predict LLMs will significantly improve creativity, quality, and productivity, and sometimes fully automate tasks (Dell'Acqua et al., 2023; Kanbach et al., 2024). According to Felten, Raj & Seamans (2023), business schools and management training are listed among the top twenty industries most-exposed to AI. For the consulting industry, a knowledge-heavy sector where workers perform interdependent tasks, AI technologies may suit certain aspects of its work. Moreover, LLMs showed proficiency in analytical, writing, and problem-solving skills (Dell'Acqua et al., 2023; Boussioux et al., 2024), competences often required of consultants.

Two recent studies offer insights into generative AI's influence on knowledge work, especially in consulting and customer support. Dell'Acqua et al.'s (2023) field experiments with 758 consultants assessed AI's impact on productivity and quality. Consultants using GAI completed 12.2% more tasks, 25.1% faster and with a perceived 40% increase in output quality. However, the study introduced the 'jagged technological frontier' concept, highlighting AI's

varying effectiveness across tasks. AI excels in some areas but can be less beneficial or detrimental in others, thus emphasizing the importance of effective AI integration.

Similarly, Brynjolfsson, Li, and Raymond (2025) examined a generative AI assistant's deployment among over 5,000 customer support agents. The study showed AI assistance led to a 15% average productivity increase, with less experienced workers improving by 34%. The AI tool disseminated best practices and facilitated learning among newer employees, narrowing the performance gap between novice and seasoned workers.

These studies suggest that generative AI can significantly enhance productivity and quality in knowledge-intensive roles by using different methods, including simplifying the information search process (Dwivedi et al., 2023). Researchers predict the most significant impact will be its capacity to generate first drafts, which proves useful since knowledge workers spend 41% of their time on unsatisfying tasks that others could efficiently manage. Dwivedi et al. (2023) explain that traditionally, 'others' meant another person, but now include technological solutions like ChatGPT. However, AI benefits vary across tasks and worker experience levels. For consultancies, this means that strategically implementing AI to complement human expertise can lead to gains, while indiscriminate application may yield mixed results (Dell'Acqua et al., 2023).

While LLMs' technical ability to enhance human labor efficiency is evident, social, economic, regulatory, and other factors will influence their actual impact on labor productivity (Eloundou, Manning, Mishkin & Rock, 2023). Crucial factors in AI's effectiveness are how much trust people have in it and the extent to which individuals adjust their behaviors accordingly (Eloundou et al., 2023). Given AI's recent and rapid adoption in the workplace, fully understanding its impact proves challenging as its capabilities evolve and reshape work (Felten et al., 2023). Consequently, research on AI's influence on organizations, the economy, and society is expected to increase (Berg et al., 2023).

2.2 Disruptive Innovation Theory

The concept of "disruptive technology" was first articulated by Bower and Christensen (1995) and subsequently expanded upon by Christensen (1997), who defined it as a process where smaller firms with fewer resources manage to successfully challenge established competitors. This occurs by introducing a technological innovation that initially underperforms

and has different attributes than those mainstream customers value. As the innovation's quality and performance rapidly improve, it moves upmarket, disrupting established players. Christensen emphasized that established companies often fail to respond because they prioritize sustaining innovations, improvements for existing customers, which are more profitable short term.

The knowledge Christensen imparted on the topic has served as a manual for companies aiming to recognize and leverage disruptive innovation (Gobble, 2016). While applauded, his work also faced criticism from authors who attempted to debunk disruptive innovation (Gobble, 2015). This led Christensen to refine his terminology, clarifying that disruption stems not from all innovations or technology alone, but from how and to whom value is delivered, often via new business models. Christensen also identified two disruption types. “Low-end” disruption has entrants targeting overlooked segments by serving low-end customers, gaining footholds with suitable functionality (often at lower prices), and moving upmarket. Incumbents, prioritizing higher profits, often underreact, eventually leading to mainstream adoption of the entrants' offerings. “New market” disruption happens when new markets for nonconsumers are created. Innovations, with initial lower quality, get adopted by mainstream customers later when quality improves, and cost benefits become apparent. (Christensen, Raynor, & McDonald, 2015).

AbouElgheit (2025) defines disruptive innovation as a new technology or product entering the market, initially targeting niche or low-end segments, but eventually improving, gaining acceptance, and replacing market leaders. This definition suggests that market disruption is inherent in every new technology or product, a notion that contrasts with Christensen and Dwivedi et al. (2023)'s about technology's natural development only sometimes leading to disruption, specifically when it reshapes activities and behaviors. AbouElgheit's (2025) study on generative AI's disruptive potential indicates early AI adoption enables small firms to outperform by targeting underserved markets with affordable services; consequently, GAI may catalyze new business models, alter value chains, and shift competitive boundaries, signs that most authors would agree characterize disruptive innovation.

Schmidt and Druehl (2008) built upon Christensen's theory, agreeing that innovations can disrupt established markets by starting low-end and targeting underserved segments. However, they offer a more nuanced view suggesting not all disrupting innovations fit Christensen's framework. Christensen's theory is more rigid, focusing on smaller companies challenging

established businesses by moving upmarket. Besides high-end encroachment, where products target the high end and spread to lower segments, Schmidt and Druehl detail three low-end encroachment scenarios. The “immediate” form (Christensen's low-end disruption) involves selling to existing low-end customers before moving upmarket, without creating a new market. The other two, fringe-market and detached-market encroachment, align with Christensen's new-market disruption. Fringe-market innovation initially creates a new market with slightly different customer needs, then moves into the low end and up. Detached-market innovation targets first a new market with significantly different customer needs (Schmidt & Druehl, 2008).

Mccausland (2023) cites OpenAI's ChatGPT as a current disruptive innovation with the potential to revolutionize industries, possibly beyond Christensen's predictions. While AI is not new, OpenAI's tools showcase its transformative power by making creative writing, art, and computer programming accessible to a broader audience at a lower cost (Mccausland, 2023). This potential for AI to disrupt established players aligns with Endo's (2025) argument that AI's accessibility levels the consulting playing field. According to the author, smaller firms using AI can challenge established giants, as AI automates analysis, enabling leaner teams to deliver faster, cheaper results, while traditional firms with large staffing models may struggle to adapt.

3. Strategic Responses: Adapting the Business Model

3.1 Business Model Innovation

3.1.1 Business Model (BM) & Business Model Innovation (BMI)

A business model (BM) is broadly defined as the logic and structure through which a company creates, delivers, and captures value (Teece, 2010), answering the "what", "who", "how" and "how much" of a business (Osterwalder & Pigneur, 2002). The literature strongly agrees on its core components: value proposition, creation, and capture (Foss, & Saebi, 2017; Bouncken, Kraus & Roig-Tierno, 2021; Spieth, Breitenmoser & Röth, 2023). These are reflected in a firm's market segments, value chain structure, value capture mechanisms, and the interconnections between these elements (Foss, & Saebi, 2017). Researchers like Osterwalder, Pigneur, and Tucci (2005), and Amit & Zott (2001) conceptualize the BM as a system of interrelated activities and business logic, while Teece (2018) highlights that a well-crafted BM balances compelling customer value with a viable revenue-cost structure. Essentially, a BM

functions as a conceptual tool and operational guide for delivering value to stakeholders (Doz & Kosonen, 2010).

BMs and strategy, though distinct, are linked. BMs focus on value creation, cooperation, and stakeholders; strategy focuses on value capture, competition, and shareholders (Casprini, 2015). Some view BMs as reflecting realized strategy (Casadesus-Masanell & Ricart, 2010), while others see them as a generic foundation for strategic choices (Teece, 2010). George & Bock (2011) differentiated BMs as static organizational configurations from strategy's dynamic process for competitive positioning. Thus, while the BM outlines how a firm functions, strategy defines where and why it competes. Their relationship is dynamic and bidirectional (Casadesus-Masanell & Ricart, 2010), as strategy, especially when coupled with dynamic capabilities, can refine or reinvent a BM (Teece, 2018). Strategic analysis typically leads to the selection of a BM, market segments, and go-to-market approach, but once chosen, the BM can constrain or enable strategic options by shaping profitability and feasibility (Teece, 2018). Ricart (2023) adds nuance by affirming that the BM is both a key component of strategy and a concept that exists in its own right, not merely a subdimension (Baden-Fuller, 2024). Achieving sustainable advantage requires tight alignment of strategic intent and a defensible BM. Therefore, firms understanding this interplay and treating both as separate but complementary are better equipped to adapt, compete, and evolve (Hossain, 2017; Teece, 2018; Baden-Fuller, 2024).

BMs are dynamic, evolving with internal and external triggers like technology, customer shifts, and competition (Bouncken et al., 2021; Spieth et al., 2023). Business model innovation (BMI) occurs when a company reconfigures its model, by altering its structure, activities, or components, for new opportunities or emerging realities (Spieth et al., 2023; Kanbach et al., 2024; Menter, Göcke & Zeeb, 2024). Chesbrough (2010) sees BMI as continuous BM development. While often reactive, BMI can also be internally driven, whether strategic or entrepreneurial in nature (Spieth et al., 2023). Massa, Tucci and Afuah (2017) call the BM a "manipulable device" for tackling challenges or unlocking new markets. Similarly, Bock et al. (2012) define BMI as fundamentally rethinking the value proposition for new opportunities.

Operationally, BMI involves actions to implement a new BM, like new structures, redefined activities, or new routines/capabilities (Doz & Kosonen, 2010), and

building/reconfiguring competencies (Madsen, 2010). BMI is multifaceted, as includes exploring new value creation/capture (Casadesus-Masanell & Zhu, 2013), redefining market approaches (Teece, 2010), and discovering new BMs within the organization (Markides, 2006).

3.1.2 AI as a driver for BMI

Business model innovation (BMI) is driven by both internal factors (resource availability, process structure, and organizational capabilities) and external forces, including market trends, regulatory changes, evolving customer needs, societal transformations, and technological progress (Nielsen, 2023). Externally, technological advancements are a key driver of BMI, enabling the creation of new business models (Hossain, 2017). BMI is as necessary as leveraging advanced technology (Åström et al., 2022). The significant impact of disruptive technologies like AI on competitive dynamics is evident in their potential to generate value, enhance advantage, and drive innovation across services, products, and BMs (Brock & Von Wangenheim, 2019; Jorzik et al., 2023). Consequently, integrating AI can transform traditional models, fostering innovation and new value propositions (Chui, Manyika, & Miremadi, 2016).

AI's rapid development is an external force and an internal change catalyst, prompting firms to reassess BMs for competitiveness (Kanbach et al., 2024). It reshapes skill requirements, shifting human roles from content creation to evaluation. It also enables new revenue and cost structures by lowering production costs and enabling novel monetization (Kanbach et al., 2024). Studies show AI's role extends beyond decision support to problem-solving and opportunity identification via large dataset processing (Matt, Hess, & Benlian, 2015). The evolution of AI democratizes content creation and reshapes how businesses innovate, access knowledge, and structure operations (Kanbach et al., 2024).

Kraus et al. (2022) proposed a framework consolidating research into three dimensions for analyzing AI's influence on business models: (1) value creation innovation, (2) value proposition innovation, and (3) value capture innovation, each with sub-categories as innovation drivers. "Value creation innovation" requires firms to develop expertise in technology and its implications (Desai et al., 2014; Clauss, 2017). For AI, this means integrating emerging technologies within existing operations. "Value proposition innovation" is spurred by market and channel evolution, demanding communication and delivery adjustments (Needleman et al.,

2021). New offerings often require strategy, technology, and process changes. Finally, "value capture innovation" is driven by revenue growth needs, as AI creates value opportunities that call for new monetization and cost management methods (Kraus et al., 2022).

As AI matures, business models increasingly diverge due to AI's unique challenges and possibilities (Kanbach et al., 2024). Success will hinge on integrating AI into coherent models aligned with long-term goals and digital transformation (Nielsen, 2023). Firms must approach AI implementation with a clear understanding of how their model structure supports or constrains its impact (Reim, Åström, & Eriksson, 2020). AI's evolution holds innovation potential, but unlocking value depends on aligning it with strategic and operational frameworks (Haefner & Gassmann, 2023).

3.2 Dynamic Capabilities (DC)

DC are crucial for firms to navigate disruptive changes, such as those from AI. Defined as the firm's ability to integrate, build, and reconfigure internal and external competences for rapidly changing environments (Teece et al., 1997), these capabilities are essential for innovation and business model transformation (Teece, 2018).

Teece et al. (1997) emphasize DC are "higher order", driving organizational variation and enabling firms to sense, seize, and reconfigure business models. Winter (2003) distinguishes ordinary capabilities, which are routine activities for efficient operations, from DC: higher-level abilities to adjust and create new ordinary capabilities. Teece (2007) further elaborates on this idea by stating that DC extend beyond adjusting existing ordinary capabilities to include sensing, seizing, and transforming.

A key aspect of DC is their role in the concept of BMI. Designing, refining, implementing, and transforming business models directly results from having DC. In fact, the selection or design of business models is a key microfoundation of DC (Teece, 2018). Moreover, a firm's ability to capture new opportunities often depends on managerial competence in developing and improving business models (Teece, 2007). This managerial competence has evolved into the field of dynamic managerial capabilities, where developing, combining, and reorganizing a firm's resources is necessary to design and implement new business models (Helfat & Martin, 2015; Hock-Doepgen, Heaton, Clauss, & Block, 2025). The relationship is

reciprocal: BMs are enabled by DC, and DC partly depend on organizational flexibility allowed by BM choices (Teece, 2018).

Facing the disruption of rapid AI development, which offers opportunities and threats requiring agile adaptation, DC become crucial for firms. Berg et al. (2023) point to the need for future research on how organizations update dynamic complementary assets to effectively utilize rapidly evolving AI tools. This emphasizes the significance of sensing, seizing, and transforming capabilities in the context of disruptive AI. Ultimately, strong DC enable firms to better build and renew resources, assets, and ordinary capabilities, reconfiguring them to innovate and respond to AI's transformative impact (Teece, 2018).

3.3 Considerations for BMI

3.3.1 Pricing model change

Simply incorporating AI into operations is not enough; companies need innovative AI business models for viability (Åström et al 2022). Teece (2010) argues that choosing the right business architecture and pricing requires evidence validating assumptions about costs, customers, competitors, partners, distributors, and suppliers. Drawing from BM and BMI's definitions, changing a firm's BM entails changing its value creation and value capture mechanisms. In doing so, reevaluating the company's pricing model is needed, as pricing and revenue are essential BM elements (Zott, 2011). These two should be designed to enhance the key aspects of the BM, and their revision is crucial to ensure the new model's sustainability (Petri, 2014).

Gassmann, Frankenberger, and Csik (2013) argue that pricing models are crucial for capturing value, as they link cost structures and revenue strategies. Value capture is the distribution of value among participants in the value creation network. Agreeing on value sharing between provider and customer across AI-generated cost efficiency, revenue growth, and business gains is recommended, as long-term relationships require prioritizing win-win scenarios where both parties benefit (Åström et al. 2022).

Considering pricing models as core to value capture, Brock and Von Wangenheim (2019) explore cost-based and value-based pricing models. Cost-based pricing, the most common, bases

prices on production costs plus a profit margin, often tied to solution's uniqueness (Liozu et al. 2012). Value-based pricing model focuses on perceived customer value, challenging value assessment and communication (Hinterhuber, 2008). Ingenbleek (2007) argues this model leads to better market performance and higher profit margins, aligning prices with perceived quality and willingness to pay. However, success hinges on quantifying and conveying value effectively. Incorporating AI provides a good opportunity for companies to shift to value-based pricing models (Åström et al 2022).

Brock and Von Wangenheim (2019) discuss outcome-based and licensing model contracts as provider-customer intermediaries for capturing created value. Outcome-based contracts, where compensation is tied to performance, are increasingly adopted to enhance value creation through AI, offering process outcomes instead of individual services (Visnjic, Jovanovic, Neely, & Engwall, 2017). Contrarily, licensing model contracts, considered standard for technologies like AI, enable value capture from multiple sources with minimal effort on the part of the providing company (Moeen & Agarwal, 2017).

3.3.2 Tips & Challenges

Research in BMI has explored how to comprehend challenges, seize opportunities, and meet prerequisites for success. Reim et al. (2020) outlined a four-step roadmap for AI evaluation and implementation. The first step involves comprehending AI and the organizational capabilities needed for digital transformation, including potential challenges like transparency issues and employee trust. The second step is analyzing the current BM, the potential for BMI, and the role within the business ecosystem. The third step focuses on developing necessary capabilities for AI implementation, as digital transformation requires structural redesigns aligning IT, business, and functional strategies (Bharadwaj et al., 2013). The fourth step involves achieving organizational acceptance and developing internal competencies, considering social and organizational factors crucial in complex AI changes (Wortham, Theodorou, & Bryson, 2016) and resistance to its implementation. Lee, Suh, Roy, & Baucus (2019) recommend creating AI teams with field experts to enhance the firm's understanding of technical AI aspects and their applications.

Jorzik et al. (2024) emphasized top management's (TM) role in facilitating AI-enabled BMI, categorizing TM functions into strategic, behavioral, and environmental roles. Strategic roles involve defining AI directives and prioritizing use cases, while behavioral roles include

committing to AI ambitions, fostering experimentation, and ensuring transparent communication. Environmental roles encompass providing resources and AI knowledge, preparing the organization for AI implementation, and managing change. Effective execution of these roles requires TM competencies in leadership, AI understanding, and decision-making (Jorzik et al., 2024). Furthermore, TM significantly shapes organizational culture, requiring them to exemplify innovation and a commitment to continuous learning (Lee et al., 2019).

4. Conclusion

In sum, this literature review explored AI's multifaceted impact on the consulting industry, highlighting its disruptive potential and necessary strategic responses for firms to adapt and thrive. The review highlights AI's capacity to transform business models, particularly through innovations in value creation, proposition, and capture, and the critical role of DC in enabling firms to reconfigure resources in response to AI's challenges and opportunities. Furthermore, the discussion of pricing model changes and implementation strategies provided insights for firms navigating this technological shift. Ultimately, the literature suggests that while AI presents challenges, it also enables consulting firms to enhance their value proposition, improve efficiency, and redefine their role in the evolving business landscape.

Teaching Note

Learning Objectives

The goal of this Case Study is to help students understand how emerging technologies, such as AI, can reshape business models, challenge traditional roles, and create both strategic opportunities and operational tensions.

- Analyze how emerging technologies disrupt industries and business models, reshaping markets, challenging incumbents, and demanding new ways of creating and capturing value, many times through business model innovation.
- Evaluate how organizations respond to change through business model innovation and strategic adaptation and face the need to re-think their business models, strategies, operations, and structures in response to external pressures.
- Apply business model concepts and pricing strategies to navigate market shifts and examine how organizations can deliver and sustain value amid disruption.
- Assess the role of dynamic capabilities to enable strategic flexibility.

Assignment Questions

1. What are the key characteristics of the consulting industry that make it vulnerable to technological disruption?
2. What were the main internal and external challenges BTS faced during this transition and what were the main alternatives available?
3. What are your recommendations for André to sustain BTS' relevance and competitive advantage moving forward?

Class Plan

1. What is your assessment of BTS' core services and value proposition before GAI?
2. What was the impact of generative AI on the consulting industry?
3. What were the main challenges for BTS created by AI?
4. How do you evaluate the responses considered by BTS?
5. What key factors does BTS need to consider when choosing a strategy?
6. What capabilities does the organization need to develop or strengthen to adapt effectively?
7. What are other strategic alternatives open to BTS, and their pros and cons?
8. How do you envision the consulting industry evolving in the near future?
9. What are your recommendations for BTS' leadership?

Analysis

1. What is your assessment of BTS' core services and value propositions before GAI?

Before GAI, BTS' value proposition centered in its human-focused approach to strategy execution through experiential learning. Unlike traditional consultancies who focused on strategy design offering standardized recommendations, BTS pursued a differentiation strategy by focusing on strategy implementation and employee behavior change. This meant going beyond PowerPoint deliverables to deeply engage client organizations through tailored experiences designed to align teams, shift mindsets, and build strategic capabilities, making its approach not only more effective but sustainable over time.

BTS' services focused on people transformation, notable for customization and interactivity, ranging from research-based to immersive multi-day workshops featuring simulations, role-plays, and competitive activities. BTS differentiated itself by translating strategic intent into organization-wide action through direct employee involvement.

This unique positioning enabled BTS to carve out a niche in the market and charge premium prices. In complex organizational environments where successful transformation depends not just on the right strategy but on employee adoption and behavioral change, BTS proved especially effective. The firm's high rate of repeat business (89% in Madrid) and strong relationships with senior stakeholders were a testament to its differentiated value proposition and consistent delivery.

However, the model had some potential weaknesses: heavy reliance on manual customization, labor-intensive project delivery, and consultant-led development made operations complex and expensive. While this justified higher prices pre-AI, the automation and commoditization of high-value outputs (frameworks, reports, scenario creation) increased BTS' vulnerability regarding scalability and perceived differentiation.

While BTS offered loyal clients premium, people-focused services, its heavy dependence on staff increased its exposure to price pressure in an AI world where service cost and uniqueness might be questioned.

2. What was the impact of generative AI on the consulting industry?

GAI had a significant impact on the consulting industry, challenging traditional value sources while creating growth and transformation opportunities.

First, knowledge-based consulting traditionally depended on proprietary insights and first-hand expertise. GAI disrupted this advantage by democratizing access to knowledge, making insights and frameworks available to anyone, diminishing the uniqueness of consulting knowledge.

Second, AI also forced firms to rethink operations. Consulting traditionally required time-consuming research, benchmarking, and interviews, followed by analysis. GAI simplified this by automating information gathering, summarization, and idea generation. Research shows AI's strong capabilities in high-end knowledge work like writing, persuasion, and strategic analysis, sometimes outperforming experts (Dell'Acqua et al., 2023). AI reduced manual effort, shortened timelines, and often improved quality by minimizing error and bias. This lets consultants focus on higher-value tasks like problem framing and client engagement.

Third, AI pushed consultancies to reassess business models, particularly pricing and staffing. AI's reduction of project development time required firms to reevaluate pricing to maintain revenue. Simultaneously, AI automation of tasks previously assigned to analysts or junior consultants pressured firms to reshape their structure and redefine human roles.

Fourth, as firms increasingly incorporated AI, consulting firms gained growth opportunities to guide AI adoption and potentially establish a valuable new area of expertise.

Finally, the rise of GAI intensified competition as tech players and startups began offering lower-cost AI tools that replaced consulting tasks like data analysis, and other times supplemented services with faster visualization, research or modeling. Endo (2025) supports this, arguing AI's accessibility levels the playing field, enabling smaller firms to leverage AI against established giants. AI's knowledge base allows these firms to gain insights faster and deliver services more quickly and cheaply. These AI-centric companies adapt readily to AI advancements, blurring industry boundaries and raising client expectations for speed, personalization, and cost-effectiveness.

In summary, GAI made some parts of consulting easier and more accessible, accelerated delivery, and forced firms to rethink their organizational structures, pricing, and positioning to stay competitive.

3. What were the main challenges for BTS created by AI?

The rise of AI created three main challenges for BTS, threatening the foundations of its operating model and long-term competitiveness.

First, AI challenged BTS' pricing model. Services were priced by development time, tied to customization and manual input. AI's productivity gains, especially in research, analysis, and scenario generation, shortened timelines, making traditional pricing questionable. This forced BTS to consider new pricing structures that reflect value beyond hours spent without compromising margins.

Second, AI disrupted BTS' organizational structure. BTS, like many consultancies, followed a pyramid model where junior roles handled labor-intensive tasks impacted by AI. As automation reduced the need for entry-level talent, the firm had to rethink career paths, staffing ratios, and development models to avoid a talent bottleneck and weakening the leadership pipeline.

Third, AI challenged BTS' value proposition, as its differentiation relied on human expertise and behavioral insight. With AI democratizing strategic tools and frameworks, clients could build similar capabilities in-house or use cheaper competitors. This raised the question of how BTS would stand out and justify its role if clients believed they could replicate its impact more cheaply and efficiently.

In short, AI forced BTS to reexamine its pricing, structure, and strategic positioning. The firm needed to evolve fast, not just to survive, but to lead in a new AI-driven world.

4. How do you evaluate the responses considered by BTS?

The following analysis evaluates the proposed pricing and organizational structure options and assumes that the Madrid office's procedures adhere to BTS global standards.

For pricing, BTS considered three options:

A. Maintaining current 'man hour' fee and introducing new IP fees for AI-related solutions

While Option A presents the appeal of minimal disruption by maintaining fees, its long-term viability and strategic alignment with BTS' evolving value proposition are questionable.

First, introducing IP fees for AI solutions, while seemingly logical given BTS' existing practice, creates a complex pricing structure that may undervalue AI's efficiency gains and enhanced insights. Clients might perceive the 'man hour' fee as outdated or inflated, and object to being charged twice: for time, and again for AI-driven outputs.

Second, this approach needs a substantial increase in projects to offset reduced revenue per project due to AI efficiencies. Relying on increased commercial efforts to maintain revenue poses a sustainability challenge, as it places increased pressure on employees, potentially leading to burnout and decreased quality. Furthermore, it assumes the company can consistently expand its client base and project volume sufficiently to offset the price decrease, an uncertain expectation, especially if competitors lower prices.

Third, this option also fails to address the fundamental shift in value delivery. AI fundamentally changes how consulting services are delivered, is it not just an add-on. Clinging to the 'man hour' fee reinforces an outdated pricing model as clients prioritize value and outcomes over effort. It misses an opportunity to communicate the speed, efficiency, and enhanced insights AI enables as a clear value proposition.

Although Option A offers an easy transition, it does not fully embrace AI's transformative impact on BTS' business model and risks long-term pricing misalignment. To stay competitive, BTS requires a more holistic pricing strategy that embeds AI-created value AI into its pricing.

B. Shifting from time-based to value-based pricing model through an outcome-based contract

Option B represents a more strategic and forward-thinking approach that aligns with consulting long-term trends, but its success requires careful consideration and execution.

First, the emphasis on aligning pricing with the value delivered to the client is admirable. As Teece (2010) advises, this necessitates a thorough understanding of costs, customer needs, competitive dynamics, and the broader value chain. This option forces BTS to articulate its value proposition clearly and demonstrate how its services, enhanced by AI, directly contribute to client outcomes.

Second, outcome-based contracts, as supported by Ingenbleek (2007) and Åström et al. (2022), offer the potential for increased profitability and stronger client relationships. By sharing the risk and reward with clients, BTS can foster trust and demonstrate its commitment to client

success. However, this approach also introduces complexity in defining measurable outcomes and establishing fair pricing structures.

Third, the success of this option depends on effective communication and change management. Managing client expectations, building buy-in, and ensuring that everybody is aligned on the definition of success is crucial.

Fourth, shifting to a value-based model requires significant internal changes. BTS needs to develop new methodologies for measuring value, tracking outcomes, and pricing its services. This may involve new systems and employee training.

In conclusion, Option B is a strategically sound direction, but its successful implementation depends on meticulous planning, execution, and a commitment to transparency and client collaboration.

C. Keeping current rates

While seemingly simple in the short term, this option poses long-term risks that could damage BTS' competitive position and client relationships.

First, the reduced project durations resulting from AI implementation create a misalignment between the time invested by consultants and the price charged. Clients, increasingly aware of AI's efficiency gains, will inevitably perceive this discrepancy. This can lead to dissatisfaction, distrust, and damaged relationships. As Åström et al. (2022) emphasize, sustainable relationships require a win-win value exchange, which this option fails to provide.

Second, maintaining current rates ignores markets' competitive dynamics. Competitors passing AI efficiency gains to clients through reduced fees will gain a significant advantage. BTS risks appearing overpriced and out of touch with the market, possibly leading to client attrition and difficulty attracting new business. This inaction can also damage BTS' reputation as it suggests a failure to adapt and innovate.

Third, this option causes BTS to miss an opportunity for strategic repositioning. By adjusting pricing to reflect the added value of AI (faster turnaround, deeper insights), BTS can signal its leadership in embracing innovation and offer a compelling value proposition.

While keeping current rates offers short-term stability, it is a strategically flawed option that undermines long-term competitiveness, client relationships, and the opportunity for innovation.

For its organizational structure, BTS considered two possibilities:

A. Eliminating business analyst and consultant roles and creating a single, more senior position

On one hand, this consolidation could streamline the organizational structure. AI handling routine tasks of business analysts and some initial information gathering of consultants could allow a more senior role to focus on strategic thinking, client relationship management, and AI-driven insight interpretation. This may reduce overhead costs. However, eliminating these roles carries substantial risks.

First, eliminating business analysts could significantly lose valuable talent and institutional knowledge, as this role trains future consultants and develops vital analytical skills for project delivery, hindering BTS' long-term expertise development.

Second, combining these roles impacts employee development and hiring. BTS needs targeted training for skill gaps, like analytical skills traditionally developed by business analysts. Intensive training in relationship management and selling is crucial, as these become core responsibilities. This role change requires leadership to reassess hiring, potentially seeking more experienced candidates. Furthermore, while the traditional structure offers more upward mobility due to a larger pool of junior consultants, this new structure, with fewer senior roles, necessitates a robust talent development strategy. BTS would need thorough assessment methods to identify high-potential individuals and invest significantly in training programs for future leadership. These factors highlight the need for significant adaptation of BTS' training, hiring, and development processes.

Third, this drastic restructuring could face internal resistance and negatively impact employee morale. The elimination of established roles can create uncertainty, anxiety, and a sense of devaluation among staff, potentially leading to decreased productivity and increased turnover.

Fourth, a single role presents a concern for implementation monitoring. Combining strategic planning with essential monitoring tasks (tracking KPIs, monitoring project milestones,

addressing implementation issues) risks overloading the individual, diluting specialized expertise, and ultimately, reducing the quality of both strategic guidance and implementation oversight.

While Option A offers the appeal of a leaner structure, it carries risks related to talent retention, service quality, and internal stability, requiring major changes in HR practices. BTS should assess whether the potential efficiency gains outweigh the potential expertise loss and workforce disruption.

B. Retaining both roles while adding business development responsibilities

Option B offers a more evolutionary approach to AI organizational adaptation and acknowledges the continued value of the roles' distinct skill sets.

First, this structure strategically leverages AI across roles. Business analysts focus on AI-driven in-depth data analysis and insight generation, while consultants concentrate on client communication, strategic guidance, and applying AI findings to business challenges. This specialization allows potentially higher quality service. AI use frees their time from manual processes, enabling more focus on business development and client management. Integrating business development into these roles could foster a more unified client engagement, leveraging expertise to identify opportunities, tailor solutions, and build stronger relationships for more effective sales and increased client satisfaction.

Second, retaining a pool of junior consultants allows BTS to selectively promote individuals with strong potential and a good fit for senior roles. This enables a more measured approach to talent development, ensuring suitable candidates are identified and nurtured.

Third, this approach requires targeted employee development. To bridge skill gaps from AI handling manual tasks, BTS must provide intensive training in analytical skills traditionally gained through those tasks. Crucially, intensive training in relationship management and selling methods becomes essential earlier in careers, a shift from the traditional later development of these skills.

Finally, this model allows senior consultants to focus on higher-level and implementation tasks, as AI and enhanced junior roles handle basic analyses and information gathering. This enables senior consultants to dedicate their expertise to strategic thinking, complex problem-

solving, and client-facing monitoring, ensuring smooth implementation and availability to address client concerns.

Option B offers a balanced approach. While it allows for a more gradual integration of AI, it also presents challenges. Thus, clearly defining the new business development responsibilities, providing adequate training and support, and managing conflicts or overlaps in responsibilities will be crucial.

5. What key factors does BTS need to consider when choosing a strategy?

To navigate AI disruption, BTS needs to consider the following factors:

- a. **Long-term value proposition and positioning:** BTS must align each strategic option with its long-term value proposition. For pricing, this means deciding whether to position as a firm offering a complex but comprehensive solution (Option A), a premium provider leveraging AI (Option B), or risk stagnation (Option C). For organizational structure, it's choosing between a streamlined, senior-focused model (Option A) or a distributed, AI-leveraged model (Option B) to best support service delivery and innovation.
- b. **Impact on client relationships:** Each option impacts client relationships differently. Option A's dual fees risks friction and overcharging perceptions, while outcome-based option B can strengthen relationships through shared risk/reward, requiring transparent communication and expectation management (Jorzik et al., 2024). Option C risks trust erosion due to a perceived lack of value sharing. Organizationally, Option A's changes could disrupt established client relationships via key employees' elimination and client attrition, whereas Option B's broader client-facing integration could strengthen them.
- c. **Internal capabilities and resources:** The feasibility of each option depends on BTS' internal capabilities and resources. Option B's pricing requires developing value measurement and outcome-based contracting methodologies, plus sales training. Option A's organizational structure demands training, a revised hiring strategy, and addressing organizational resistance. BTS needs a realistic assessment of its capabilities, aligning with Reim et al. (2020)'s emphasis on comprehending AI and digital transformation capabilities.

- d. **Organizational culture and employee impact:** The chosen strategy must consider its impact on BTS' culture and employees. Option A for organizational structure could face resistance and harm employee morale, requiring careful change management (Lee et al., 2019; Reim et al., 2020). Option B aims for a more gradual adaptation but requires clear communication and training for new responsibilities. For pricing, any change will affect employees' value perception and client interaction. Top management plays a crucial role here by fostering experimentation and transparent communication (Jorzik et al., 2024).
- e. **Market dynamics:** To choose a strategy for maintaining or gaining competitive advantage, BTS must analyze competitors' AI responses: are they lowering prices due to efficiency, offering new AI-powered services for value creation, or restructuring for AI integration? Understanding these dynamics is crucial.
- f. **Financial implications:** Each pricing strategy has different financial implications. Option A, aiming to maintain revenue through new fees and increased volume, is risky and potentially unsustainable. Option B offers higher profitability and long-term growth but involves uncertainty in defining and achieving outcomes. Option C risks long-run revenue decline. Similarly, organizational restructuring (Option A) offers cost savings, but risks talent loss, retraining costs, and productivity decreases due to resistance.
- g. **Implementation and change management:** The ease or difficulty of implementing each option is a critical factor. Option C for pricing is the simplest but carries the highest long-term strategic risks. Option B for both pricing and organizational structure requires significant planning, communication, and change management efforts. Complexity is a key challenge BTS must acknowledge and prepare for.
- h. **Potential challenges:** BTS needs to proactively identify potential challenges associated with each option and develop mitigation strategies. Challenges might include:
 - i. **Aligning strategy with organizational culture:** New strategies can clash with existing organizational culture. For instance, BTS' "strategy made personal" approach might conflict with a rapid shift to AI-driven analysis, which some consultants may perceive as depersonalizing client interaction.
 - ii. **Accurately valuing AI's contribution:** It might be difficult to separate AI's value from consultants' expertise, leading to pricing complexity and potential client disputes.

- iii. **Balancing revenue and competition:** AI can drive down costs, but if BTS doesn't adjust its pricing strategy, it risks being undercut by competitors. Conversely, aggressively lowering prices might devalue their services.
- iv. **Effectively communicating the pricing strategy:** Clients may be resistant to new pricing or struggle to understand the value proposition.
- v. **Internal Resistance:** Employee resistance to changes can stem from job security concerns, altered roles, or lack of understanding, hindering implementation and reducing productivity.
- vi. **Training and skill gaps:** Strategies may require new employee skills (sales, client relationship management, AI expertise). Insufficient training could hinder implementation.

Reim et al. (2020) highlight the importance of understanding challenges like transparency issues and lack of employee trust in AI. Similarly, Jorzik et al. (2024) also emphasize top management's role in fostering experimentation and ensuring transparent communication to mitigate these challenges.

6. What capabilities does the organization need to develop or strengthen to adapt effectively?

To adapt to AI's emergence, BTS needs strong dynamic capabilities. Teece (2018) notes business models are enabled by dynamic capabilities, which partly depend on the organizational flexibility allowed by business model choices. This organizational flexibility to adapt to new business models alludes to dynamic capabilities, defined as a firm's ability to integrate, build, and reconfigure internal and external competences for rapidly changing environments, enabling them to sense and seize opportunities and reconfigure business models (Teece et al., 1997).

Let's analyze each of the three parts:

- **Sensing capabilities:** The ability to identify and understand changes in the external environment, market trends, and competitive dynamics. In the context of AI, for BTS, this would include developing market intelligence systems to track AI developments in

consulting, establishing networks with technology experts and institutions, and investing in continuous learning update employees on AI trends.

- **Seizing capabilities:** The ability to capture value from new opportunities by developing and implementing new business models, services, and strategies. For BTS with AI, this includes dedicated innovation teams for AI experimentation, agile processes for testing AI-driven pricing, clear resource allocation for AI initiatives, and cross-departmental collaboration for innovation. Building on the Dubai office example, BTS must strengthen the rapid and consistent dissemination of new knowledge, best practices, and AI innovations organization-wide through robust knowledge management systems, insight-sharing platforms, and communities of practice.
- **Reconfiguring capabilities:** The ability to transform an organization's structure, processes, and resources to adapt and remain competitive is key. For BTS with AI, this includes developing flexible structures for new AI workflows, investing in employee training for new skills and roles, and implementing change management to address resistance and foster adaptability.

Firms with these capabilities are better positioned to leverage change and renew resources, assets, and ordinary capabilities (Teece, 2018). Ordinary capabilities are routine activities for efficient operation, unlike dynamic capabilities, which enable firms to adjust and create new ordinary capabilities (Winter, 2003). A firm's ability to capture opportunities often depends on leadership competence, hence the importance of 'dynamic managerial capabilities' (Helfat & Martin, 2015), particularly with AI, where leaders must understand both the technology and its strategic implications.

Moreover, developing these capabilities would directly address earlier challenges. For example, within seizing capabilities, to address inaccurate AI valuation, BTS would need to strengthen its ability to create robust methodologies for accurately measuring AI's value contribution. Additionally, to overcome ineffective pricing strategy communication, BTS would need to develop clear narratives that articulate the new strategy's benefits and proactively address client resistance. Regarding reconfiguring capabilities, to mitigate skill gaps and employee resistance, BTS would need to effectively manage change, adapt roles/responsibilities to AI integration, and provide targeted training, specifically addressing employee's concerns.

7. What are other strategic alternatives open to BTS, and their pros and cons?

The three challenges faced present strategic alternatives that BTS might not have yet considered, such as:

a. Pricing:

1. **Tiered pricing packages:** This option evolves outcome-based pricing, proposing a value-based structure where price correlates with AI utilization and project complexity. This maximizes revenue capture by aligning price with AI's value, ensuring fair compensation for enhanced efficiency and insights. It also offers clients flexibility to select suitable service packages. However, tiered pricing requires sophisticated value assessment tools to accurately gauge AI's contribution and appropriate tiers, and it complicates sales negotiations due to a more nuanced pricing structure requiring deeper understanding of client needs and project specifics.
2. **Subscription-based pricing:** This option offers clients monthly or annual subscription packages for ongoing access to BTS' AI-powered services, tools, and platforms (leadership academies, digital simulations, AI-driven diagnostics, etc.). Subscription adoption provides recurring revenue, strategically positioning BTS as a continuous value provider and fostering long-term partnerships instead of project-based vendor relationships. However, transitioning requires significant upfront investment to develop and maintain a reliable, scalable, and innovative AI platform. The subscription's perceived value hinges on BTS' ability to maintain a state-of-the-art platform that consistently delivers high-quality services and evolves with AI market updates, demanding a strong commitment to continuous innovation.
3. **Usage-based pricing:** This option prices services based on client usage, tying costs to consumption levels, such as employee simulation use or diagnostic tool deployment frequency. The main advantage is aligning pricing with client value, ensuring payment only for active use and providing cost flexibility. However, usage-based pricing risks variable and unpredictable revenue for BTS. Without minimum commitments, revenue may fluctuate significantly, challenging financial planning and resource allocation.

b. Organizational Structure:

1. **Dedicated AI team:** This option maintains core consultant and analyst roles but creates a specialized AI team for AI-enabled research, tool development, and rapid prototyping, supporting client-facing teams with faster, smarter inputs. This leverages existing expertise while building AI capability, facilitating knowledge transfer and innovation, and reducing talent loss. However, it requires effective team coordination and communication to avoid knowledge silos.
2. **Two-track career model (Client-Facing vs. Specialists):** Splitting the traditional pyramid into client-facing consultants (relationship-building, problem-solving) and AI specialists (tool building, analysis, insight generation) retains technical talent who may not seek partnership and clarifies role scopes. However, it risks team friction and demands high coordination and cross-functional collaboration.
3. **Outsource junior-level tasks:** Outsourcing research-heavy or technical tasks to freelance networks or offshore partners, supported by AI and clear guidelines, reduces fixed costs, and allows BTS to handle more projects with internal focus on high-value consulting. However, this presents risks of quality loss, knowledge transfer and consistency challenges, and potential negative impacts on client trust and brand perception if issues with outsourced work arise.

c. Value Proposition:

As AI questioned the sustainability of BTS' value proposition, the firm must pursue a strategy that ensures it not only survives but thrives in this new environment. This requires adapting its positioning by highlighting its competitive advantage and unique, irreplaceable value.

1. **Human-AI synergy strategy:** Rather than viewing AI as a replacement, BTS could focus on leveraging it to enhance consultants' capabilities through a hybrid model: AI accelerates delivery (analysis, insights, routine tasks), while humans build trust and drive transformation (high-level strategy, complex problem-solving, client relationships). This emphasizes irreplaceable human capabilities: empathy, creativity, judgment, and navigating organizational dynamics. Key benefits include preserving

human expertise, offering higher-value services, and justifying premium pricing. However, this strategy demands strong commitment to innovation and platform development (requiring continuous investment and training) and effective change management and communication.

2. **Premium niche specialization strategy:** Focusing on 'high-touch' consulting, BTS could reduce services variety to concentrate on AI-resistant expertise like Change & Transformation, Leadership Development, and Coaching, potentially ceasing standard simulations or digital services. This emphasizes deep human interaction, emotional intelligence, and ambiguity navigation, differentiating BTS, resisting commoditization, leveraging behavioral insight, and building strong relationships. However, this may limit market size and growth by favoring depth over breadth, potentially restricting scale and expansion. It also requires highly skilled consultants, risks appearing less relevant technologically, and faces scaling/standardization challenges.
3. **Productization strategy:** BTS could develop proprietary AI tools and platforms. Beyond internal AI process enhancements, this includes building client-facing platforms for licensing or direct sale, such as AI-powered leadership simulations or industry-specific AI solutions (e.g., AI for HR, AI for supply chain management). This approach offers BTS a unique competitive advantage and potential recurring revenue through platforms, along with increased efficiency, scalability, and enhanced data-driven client insights. However, it requires BTS' commitment and substantial investment to maintain cutting-edge technology, acquire significant technological expertise, and address financial and ethical risks (AI bias, data privacy).
4. **AI partnership strategy:** BTS partners with AI-specialized external companies to integrate AI into its services without internal development, enabling faster adoption. This enhances services and capabilities while maintaining BTS' focus on client-facing activities and strategic advisory roles. Such partnerships offer clients comprehensive solutions combining BTS' expertise with the AI partner's technology. However, this creates potential dependency on partners and concerns about IP and client ownership. Furthermore, heavy reliance on external partners risks losing control over service quality and differentiation.

All these alternatives address AI's impact on BTS' value proposition. Options 1 and 2 maintain and enhance BTS' core differentiation, while options 3 and 4 broaden capabilities for scale or innovation. The priority is redefining a core offering where AI is standard, not a differentiator. The optimal path, based on BTS' strengths, ambitions, risk tolerance, and market analysis, likely involves a hybrid strategy: integrating AI as an enabler while amplifying unique human value for maximum impact.

8. How do you envision the consulting industry evolving in the near future?

The consulting industry is poised for significant transformation in the near future, driven primarily by AI's increasing capabilities. I envision several key evolutions:

- **Increased specialization:** Consulting firms will likely further specialize, as AI automates generalized tasks, demand will increase for consultants with deep, niche expertise and AI application skills within those specific contexts.
- **AI-Augmented consulting processes and outcomes:** AI will deeply integrate into consulting processes, especially initial phases, automating tasks like brainstorming, research, data analysis, and standardized deliverables. Consultants will then focus on higher-value activities requiring creativity, knowledge, and human interaction, like complex problem framing, strategic conceptualization, client relationship management, solution delivery, and negotiation. Furthermore, AI will embed within consulting outcomes (e.g., content, recommendations), potentially incorporating implications and predictive insights.
- **Shift in skill priorities:** BTS traditionally valued delivery quality, presentation skills, and sales acumen. While quality remains paramount, the focus will shift from manual creation to ensuring quality through AI output review and validation. Presentation and sales skills will become even more critical as consultants articulate AI-driven insights and cultivate strong client relationships in a technology-rich environment.
- **Shorter project cycles and increased accessibility:** AI's faster project timelines will shorten development and let consultants handle more projects. This efficiency may also lower prices, widening access to consulting for companies previously unable to afford it. Additionally, smaller, agile AI-leveraging firms could offer specialized services at more competitive rates, further expanding market access.

- **Internal AI development and data security:** Consulting firms will increasingly invest in developing their own AI systems to protect sensitive client data and maintain a competitive edge through unique tools, frameworks, and knowledge. Consequently, cybersecurity and AI ethics will become paramount, requiring consultants to be proficient in responsible AI implementation and ethical client advising.

Given these profound industry changes, the following skills and capabilities will be critical for consultants to thrive:

- **Adaptability:** to learn quickly and embrace new technologies, changing client needs, and evolving methodologies.
- **Technical expertise:** including a strong understanding of AI capabilities and limitations to effectively use AI tools, interpret AI-driven insights, and communicate technical concepts.
- **Change management:** essential for both internal processes and guiding clients through their own AI transformations.
- **Social and emotional intelligence:** including human interaction skills, such as empathy, collaboration, and relationship-building, as they become increasingly crucial for impactful client engagement and strategic advice with communication as the foundation for building trust and rapport.

AI advancements will likely fragment the consulting industry due to lower entry barriers and increased competition. This will probably create differentiated strategic groups: large firms offering broad services, mid-sized firms specializing in domains/industries, and new entrants providing agile, cost-effective, less-personalized services. Consequently, firms will primarily pursue differentiation (emphasizing branding, innovation, quality, service) or cost leadership (focused on efficiency through scaled AI). Firms failing to commit to either strategy risk being 'stuck in the middle,' unable to justify premium pricing or compete on cost, thus facing potential failure.

9. What are your recommendations for BTS' leadership?

BTS demonstrates foresight in addressing AI's transformative potential. To capitalize on this and ensure success, I recommend a strategy encompassing an updated pricing model, gradual AI integration into roles, a strategic "Human-AI synergy" value proposition, active pursuit of AI partnerships, dynamic capabilities development, a leadership-driven innovation culture, a forward-looking talent management approach, and global implementation, all underpinned by clear measurement and evaluation.

Regarding pricing, BTS should adopt value-based pricing through outcome-based contracts (as in question 4, b). This would maintain revenue, share AI productivity gains with clients, and increase client trust by signaling confidence through shared underperformance risk. While tiered pricing (question 7, a, 1) offers flexibility based on AI utilization and complexity, it focuses on input (AI level/complexity) rather than client output/impact. It could be a useful intermediate step or complement for certain projects but does not align incentives like outcome-based contracts. Effective implementation requires investing in value assessment, close upfront client collaboration to define objectives and quantify impact, managing expectations, and ensuring internal buy-in. Finally, BTS should continuously monitor and adapt pricing based on client value and market evolution.

To optimize structure, BTS should gradually integrate AI into existing roles rather than create separate AI teams, as referred in question 4, b. BTS should retain and expand business analyst and consultant roles to include business development responsibilities (aligning with BTS' career progression's sales component). Accelerating sales skills and network-building development in analysts and consultants is crucial. Importantly, BTS needs to redefine and implement continuous upskilling programs to equip employees with needed sales and AI skills.

For its value proposition, BTS should strategically position itself using a Human-AI synergy strategy, as referred in question 7,c,1. This maintains continuity with BTS' key differentiator, its established human-centered approach, and avoids the potential inauthenticity of a technology-centric positioning, given BTS' core strengths. It leverages BTS' experience in behavioral change, valuable for guiding clients through AI adoption. This requires a careful

redefinition and clear articulation of this refined value proposition to customers, emphasizing human expertise and AI's combined power.

To leverage external expertise, BTS should explore strategic partnerships with AI technology providers and research institutions (as in question 7,c,4). This should involve a dedicated effort to identify potential partners aligned with BTS' strategy, such as established AI platforms, niche AI startups, and universities focused on relevant AI research. Once identified, BTS should establish collaboration frameworks outlining goals, responsibilities, and outcomes to ensure mutually beneficial AI adoption and innovation.

To ensure long-term adaptability amid ongoing AI evolution, BTS must prioritize strengthening dynamic capabilities. This involves a proactive plan with key components, such as robust market intelligence for continuous AI tracking and implication analysis, dedicated innovation teams/labs for AI solution and BMI experimentation, and active monitoring of employee morale with early, effective resistance management. Proactive strategies could include employee involvement, clear communication, addressing job security, and celebrating early successes.

BTS' leadership must drive this transformation by actively cultivating a culture of innovation and experimentation through encouraging behaviors, providing support, and celebrating both successes and learnings. Leaders must articulate a clear, inspiring vision for BTS in the AI age, ensuring employee understanding of the strategic direction and their roles, supported by openness to change, AI curiosity, and a deep understanding of its implications for the consulting industry and BTS' value proposition.

To secure its future workforce, BTS should adopt a forward-looking talent strategy. This includes evaluating new hires based on AI-augmented consulting skills and conducting a comprehensive skills assessment of the current workforce to identify gaps and inform targeted training.

To ensure a unified market presence, these strategic recommendations and action plans must be implemented consistently across all global BTS offices. This approach should project a clear, consistent vision, regardless of location.

Finally, to ensure success, BTS leadership must establish clear, measurable KPIs. These metrics should track progress in value-based pricing (revenue growth, client satisfaction, project profitability); organizational efficiency and collaboration (project delivery times, employee satisfaction); Human-AI synergy value proposition (client acquisition, brand perception); and talent management (employee retention, skill gap closure rates). Regular metric monitoring will provide data to assess progress, identify improvements, and ensure BTS' adaptation and success in the evolving consulting industry.

Conclusion

This Thesis has explored generative AI's profound implications for consulting, focusing on how firms like BTS must strategically respond to maintain relevance and competitiveness. AI is not just a tool for efficiency, it is a force that demand reassessing pricing, structures, and value delivery in consulting. Analyzing this disruption through the lens of business model innovation, dynamic capabilities, and strategic foresight provided a framework to understand upcoming challenges and opportunities.

Connecting theory with practice was my favorite part. The BTS case study, especially conversations with André and Monica, illustrated disruption and transformation. Hearing leaders' real dilemmas navigating uncertainty helped me appreciate strategic decision-making's complexity, where there are no straightforward answers, only trade-offs to be weighed. It reinforced how critical leadership, adaptability, and timing are in technological change.

Personally, I gained a deeper appreciation for business model innovation and dynamic capabilities' role in enabling organizations to not just survive but leverage disruption. Observing internal tensions between old and new ways of working, value and pricing, and automation and judgment was also incredibly interesting.

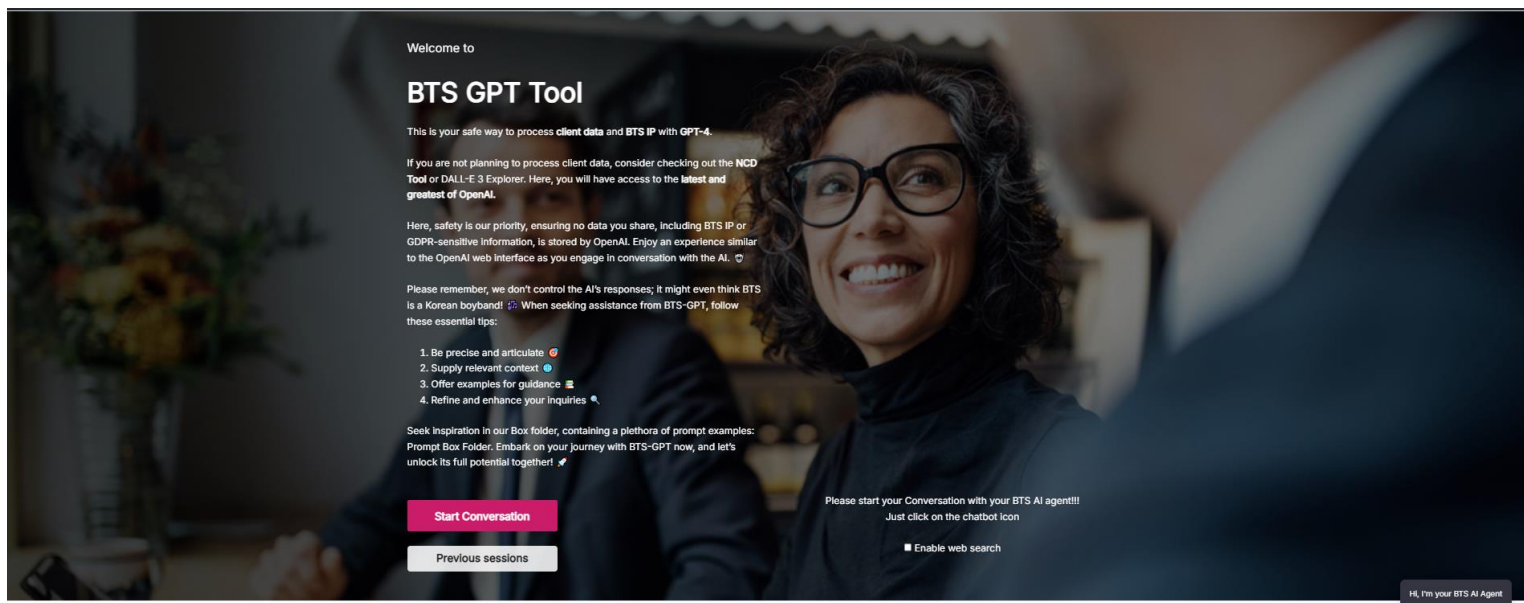
Given more time, I would have explored two areas: AI's ethical dimension in consulting, particularly client data privacy and algorithmic bias risks, and how consulting firms can build or join partnership ecosystems to accelerate AI transformation.

Looking ahead, it will be crucial to follow how firms assess AI-created value, AI's impact on client trust and relationships, and how regulation and governance roles evolve to guide responsible AI adoption.

Appendices

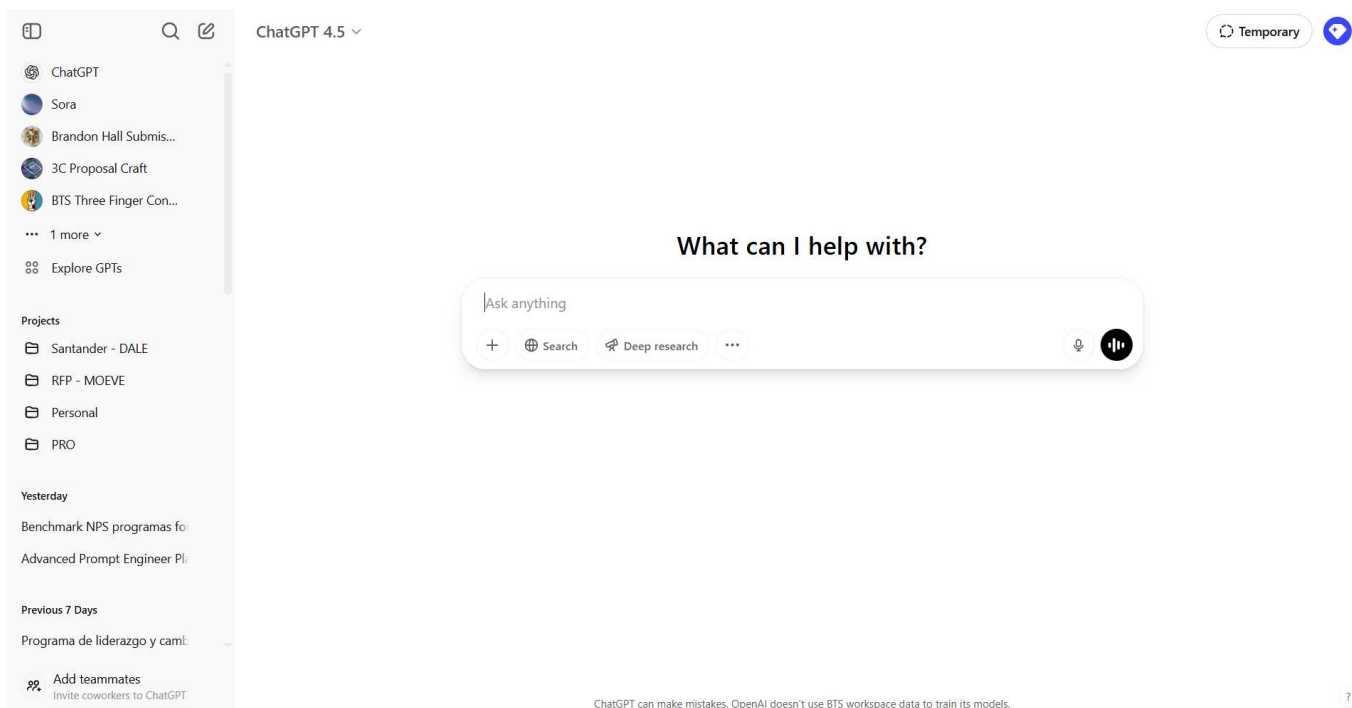
Exhibits

Exhibit 1: BTS' AI tool.



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Exhibit 2: Team license ChatGPT, with GPTs on the top left.



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