



Michael Träm  
Chief Executive  
Officer  
Arthur D. Little

### Personal

Michael Träm was appointed Chief Executive Officer of Arthur D. Little in September 2006.

He is a German citizen and the former Executive Vice President of Celerant Management Consulting. He has in-depth experience of international strategy in business consulting gained at A.T. Kearney, which he joined in 1989. In 1997 he was appointed Vice President and member of A.T. Kearney's European strategy team. From 2002 to 2003 he was Managing Director of the Company's profit centre in Central Europe, and in 2004 he became leader of the Greater European profit centre and member of the global operating committee of the firm.

Michael studied Law and completed a PhD at the university of Saarland. He is the author of several books about strategy, post merger integration and executive leadership.

## Arthur D Little

## “Next Practice: Building on Strategy, Innovation & Technology”

Michael Träm, Global CEO of Arthur D. Little

Leadership takes time. Don't take my word for it. That is, in fact, the title of a book written five years ago by the new global boss of Arthur D. Little, Michael Träm. And the book's subtitle – “the myth of the first 100 days” – confirms that Träm is no believer in quick fixes, miracle cures or badly thought-out strategies. Which is good news for both ADL and its clients.

Prism recently had the chance to catch up with Träm now that he has got his feet firmly under the table. Indeed, while he remains (just about) a new face at the company, he is well on the way to completing not just his first but his second 100 days in the job.

Sounding calm but energized, Träm explains that he has been greatly encouraged by what he has seen of the firm, and his new colleagues, so far. “What is surprising at ADL is the truly deep industry expertise,” he says. “I know that all our competitors say that ‘we are strong in this or that industry’, but when you see the experts that we have – in telecommunications, energy, automotive, chemical industry and banking – it is really impressive. Many of these people have been board members or CEOs in their industry sectors, and that experience can help our clients to adjust and improve operations, company strategy, and achieve sustainable, tangible results. This industry knowledge goes deeper than what I have seen at other competitors. And I think that there is almost no country in the world where Arthur D. Little has not been engaged on a project of some kind.”

It is not just on the technical side that Träm has been impressed. The personal qualities of his new colleagues have shone through as well. “The level of engagement, enthusiasm, energy, and that sense of ‘we-want-to-make-it-happen’, going the extra mile to fight for the best quality work in projects and client engagements – that has all been really impressive,” he says. “Late into the evening, at the weekends, I've seen people working hard and pushing ahead. This is a really strong and positive aspect of the firm.”

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But Träm would not be a successful consultant if he was not also looking for areas where the business could improve. And there are some things he wants to change. In his tour of the company Träm has found a strong appetite among colleagues for getting different parts of the business to work closer together. Clients require it, and consultants prefer it that way too. This means that the way Arthur D. Little manages its own affairs may have to change.

“If you measure just the performance of a single partner then you get what you measure – that isolated performance,” Träm says. “But if you start measuring the collaboration between teams across countries, across practices, then you change the paradigm and get more into ‘teaming’, collaboration and co-operation.”

This is one of those legacy issues, Träm believes, where everyone has known there was a problem, but nothing substantial has been done about it. But of course, change is sometimes more welcome in theory than in practice. “The moment you start implementing the changes, people start to ask: ‘why are you starting with me, why don’t you start over there?’, Träm says.

So what are the big goals for the firm as Träm sees them? And how will they affect the way Arthur D. Little goes about its business from now on? For Träm, three core and unchanging values of the firm are its focus on clients, its commitment to high quality work, and the desire to help generate sustainable results.

“Our clients, our new hires and our own people recognize three key ambitions in us,” he says. “First, we want to be a consultant of choice to our clients. That means truly being a trusted advisor.

“Then there is thought leadership. I think we are well placed to produce the sort of intellectual capital that will make clients say: ‘Wow, Arthur D. Little are innovators, they understand technology and they can help us with our strategy.’ And third is the question of our own people. We don’t have many assets other than our people, so we need to become ‘The’ place to work. When people join us

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we must train, qualify and develop them further. And even if there might be a time when they decide to go in a different direction, we should help them find attractive, new assignments and positions in the industry.”

Träm speaks lucidly and purposefully about the future of Arthur D. Little. He has a very precise idea about how the firm needs to position itself. And it has to do with the interplay of strategy, innovation and technology.

“You just can’t build a strategy without understanding innovation,” he declares. “And if you claim that you can make innovation happen without understanding technology, then that is not going to work either. It is the unique combination of strategy, innovation and technology that will bring success to our clients.

“How can you offer the right advice in terms of technology if you don’t know what is coming tomorrow?” he adds. “Everybody talks about the ‘best practice’: we talk about the ‘next practice’.

What is coming next in technology? This is what we mean by innovation. Everybody says that the organization needs to be customer-led. Yes, the customer is the king. But we need to be technology-led as well as customer-led. That is how it all fits together.”

An immediate priority for the firm is to scale up in the US, where the business has been, in Träm’s own words, “not exactly what it could be.” But the Asian markets, especially China, are key areas for growth too. While the firm already enjoys strong positions in many European markets, there is no room for complacency there either.

But there is another trick up Arthur D. Little’s sleeve. Just as the rest of the business world starts to acquaint itself with the concept of sustainability, it turns out that the firm can boast a significant advantage when it comes to practical experience of introducing clients to sustainability over a period of many years.

On one level, sustainability has a basic meaning, Träm says. “I want us to deliver results that are tangible, mak-

ing an enduring and positive impact," he says. "So that is 'sustainability' when I talk about business results."

But as far as Sustainability with a capital S is concerned, Arthur D. Little wrote the book. "We have a large and very experienced team in this area, we are well ahead of the curve in terms of innovation in Sustainability – you will need to watch this space in the coming weeks to see our expertise in this area coming to market – but it will demonstrate our unique strengths which our competitors cannot match," Träm says. "This team has been working in this area for over 30 years. This is not a new fashion for us."

And what about that other fashionable discussion, globalization? Here again, Träm has a clear view.

"I think that it should be seen not as a threat but as an opportunity," he says. "When you see the incredible customer market for global businesses, it is really extraordinary. Look at the energy supply in India – that's immense! We are talking about a \$120 – \$140 billion market over the next few years. China is also a huge opportunity."

Träm has identified four key strategic steps for the firm for the next few months and years. First, he wants to grow Arthur D. Little's leadership position in the elite management consulting market. This will be done by strengthening industry practices, geographic units and functional practices.

The second step is to build on the firm's leadership position in technology and innovation management. "That is where the company comes from," Träm says. "Arthur D. Little was a professor at MIT who grew up with innovation and technology. It is in our gene code. When I meet new people, they see my name tag and immediately recognize Arthur D. Little as a company that combines technology with strategy and innovation. It's really nice when clients tell me our USP! I want to expand our leadership position there."

The third step is to expand the firm's capabilities on sustainability. And the fourth is to make sure Arthur D. Little

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attracts and retains the best talent. "These are my four strategic themes, and beyond these four themes we have a variety of global, local and regional initiatives to help implement that," Träm says.

So, a very full and ambitious agenda? "Yes, it needs patience, a good team and the passion that I see in the partners, good administration people and all the people who work to build the brand of Arthur D. Little," he adds. "I see a lot of deep motivation in people here, and with that you know that you can take on every competitor and help generate outstanding results for every client."

But not all these great ambitions will be realized immediately of course. Träm is hugely ambitious, but also realistic, as befits the analyst of "the myth of the first 100 days": "Whenever and wherever new leaders come in from the outside, that leadership needs time," he says. "There is a limit to what you can do after just 100 days!"



Stefan Stern  
Management  
Columnist  
Financial Times

Stefan Stern writes a weekly column on management for the Financial Times' "Business Life" section, appearing on Tuesdays. He has been writing about business, finance and management for the past 15 years. Previously he has worked for the BBC and Management Today magazine. He has won awards for his work from the Work Foundation and the Management Consultancies Association. Born in south London in 1967, Stefan studied French and German at Oriel College, Oxford. He is married with a daughter.