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## Sharpe Management Consulting LLC – bringing an Industry Agnostic approach to Management Consulting, System Integration and Managing Cyber Risk



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**CEOCFO:** *Mr. Sharpe, one of the first things I see on the Sharpe Management Consulting site is "Bringing Order to Chaos." How are you doing that?*

**Mr. Sharpe:** That was a comment from one of my clients years ago. It is all about what some call "governance," while others say "leadership." The idea is to define the vision, align the resources, and inspire. A simple model, actually, but rarely easy to implement. It takes work. Upon reflection, the art seems to be in the ability to bring street knowledge, best practices, and ideas from other places to the client and give them the white space to fold it into their thought process. After all, the clients are the decision-makers and need to execute with or without us. Clients tend to bring us in either because they do not have in-house resources or they want an outsider to give them a different perspective.

**CEOCFO:** *How do you help a company articulate or even recognize what they are looking to do?*

**Mr. Sharpe:** The essential role of a consultant or an outside advisor, whether you are on a board of directors or just being brought in as a trusted advisor, is about helping the decision-makers and the rest of the players see things differently. Much of that is fueled by sharing what other organizations have done, folding in some street knowledge, and helping them see things differently.

There is a lot of reluctance to change. It is human nature. I have seen several studies that say roughly one out of twenty people embraces change, about 5% of the population. The rest resist it. For the resisters, the essential piece is to help them imagine where they fit into the vision.

I find it helpful to give people three options. Three seem to work best. I prefer to have them choose, but I am more than willing to share my opinion when needed.

**CEOCFO: *Sharpe Management Consulting is industry agnostic. You work in all areas. What might you need to know about a specific industry or is it 95% the same across the board?***

**Mr. Sharpe:** That is an excellent question. The number-one thing to understand for any industry, any organization actually, is the business model. Right on the heels of that is understanding innovation comes from leveraging ideas and best practices from other industries. Since my career has been focused on helping organizations thrive and to manage their risk, the more we experience, the better we become.

Most of what you deal with day-to-day is basic blocking and tackling; understanding the balance sheet, how the income statement works, organizational structure, corporate culture, reliance on technology, strategic advantages, sensitivities, etc. However, you have to ask, what makes this organization different than the others? What is their secret sauce? Fortunately, there is a lot of information out there that will help you understand what is different about a particular industry or a particular business. Frankly, the client is the best source. Industry analysts will often tell you otherwise. Do not get me wrong; analysts are a great source of information for consultants like me. Still, I find the business on any given day understands the status of their business better than anybody else.

**CEOCFO: *Is there another aspect related to being industry-agnostic?***

**Mr. Sharpe:** The other aspect that often gets lost in being industry agnostic is if you look at the process of innovation and how change happens. It is about leveraging the best parts of other industries, other businesses, best practices and bringing that to the client's organization. For example, Henry Ford, who, contrary to popular belief, did not invent the car. He took processes from meatpacking and used them to create an assembly line to manufacture automobiles.

**'You can say our business is "Value Creation while Managing Cyber Risk". Alex Sharpe**

The father of innovation is a guy by the name of Joseph Schumpeter. He is most famous for the concept of "creative destruction" Creative Destruction states for you to go to the next level, you have to give up what you already have. Some companies do that well, like Apple. Apple cannibalized their iPod so they could create the smartphone. Whereas a company like Kodak, which dominated the film business, could never repeat that success in the digital business because they were unwilling to give up the film business. An interesting piece of trivia, you want to guess who owned the patents for digital photography? Kodak.

**CEOCFO: *Would you give us an example of what a company was looking for when they turned to you and what you were able to develop for them? What might you look at that less knowledgeable people do not realize important?***

**Mr. Sharpe:** My firm has two core competencies at the end of the day. Although we have more skills than that, most benefits come from two places. The first is digital strategy - what we now call digital transformation. The other is cybersecurity, or what some call cyber risk-management or cyber governance. You can say our business is "Value Creation while Managing Cyber Risk".

After going through their numbers, one of my clients, a publicly-traded global corporation, noticed most of their clients were buying a number of their disparate services. Because the services were disparate, they could not get a single view of the customer, support was a nightmare, and their clients often complained about multiple invoices. One day they asked themselves, "Why not create a bundled service offering?" Much easier said than done. Nothing was aligned with very little in common. I began by going through the balance sheets and income statements. It quickly became apparent there was little alignment between the corporate objectives, the management incentives, the operational metrics, and what was being reported. It also became clear that their operations across the offerings were disparate, but even within them, they were not consistent across geographies. For example, in the United States, they had four offerings, with three in Canada, and two in Mexico. Their clients who operated across North America wanted consistency. We also found out that the processes were different, and the underlying systems were incompatible, so a client could not get consolidated reporting.

The first step was alignment, starting with corporate objects at the top and flowing down through the operational objectives and compensation plans. Because their clients were purchasing multiple service offerings, we made one particular business unit the glue that held the other business units together. By rebuilding from the ground up, we could

control cost, delivering a very competitive offering at a price the competition could not match. We developed a go-to-market strategy around the new offering – realizing a nice bump in revenue and market share.

We reduced operational costs by \$2 million a year. That is a nice number, but the longer-term benefit came from freeing up 13 Full-time Equivalents (FTE) we could repurpose to more strategic activities.

This offering generated a lot of videos that required manual review when incidents occurred. Historically this was very labor-intensive and took forever. As part of the effort, we made the offering cloud-based. I was able to find a third-party product that read and recorded the needed information from the videos. We built a database. When an incident occurs, they need to search the database instead of spending weeks or months with two or three people watching videos and recording the data by hand.

**CEOCFO: *How about an example of putting order to chaos?***

**Mr. Sharpe:** A publicly-traded company failed an internal audit. The board of directors (BOD) engaged an internal team to remediate. After four to six months without progress, some of the folks I had previously dealt with asked if I could take a look. The issue was that the folks they asked to remediate were not business-minded. They focused on getting all the I's dotted, and T's crossed in their disciplines, but they missed the business objectives.

I could look at the situation knowing what is important to auditors, what regulators want to see, and what boards care about. Having that, I could work backward, effectively performing a GAP Analysis. I was able to get them back on track in eight weeks. Getting a permanent solution with all the controls, processes, and procedures took a few more months.

**CEOCFO: *Did you anticipate enjoying what you are doing so much when you started Sharpe?***

**Mr. Sharpe:** You are asking all the good questions! There are two parts to that. Right out of college, I got my dream job. I started working with what we now call cybersecurity for the US government; very prestigious, working with all of the cool toys. How many people can go home every night knowing they made the world a better place. I loved the work but hated the bureaucracy. I am an entrepreneurial get-it-done kind of guy. You put me in an environment where they hand you a process and tell you to turn the crank – you get a mismatch. So, I ventured into the management consulting ranks. Going from your dream job with lots of safety and structure to diving into the deep end of the pool and being challenged to stretch every day was terrifying. Every time you get your head above water, they would throw us another bowling ball. They watch you sink, and when you come back up, they throw you another one until they have to take one away for a while until you get your nose back above water. Once I figured it out, I loved it. Every day, you come to work motivated to be better and to do more than you did the day before.

I ended up building two practices at large firms because I loved it. That experience gave me the skills to go on to be a cofounder at two startups. We took one public and ended up running global operations for another. Until one day, my mom called to let me know she was diagnosed with terminal cancer. I popped out of the industry because I had limited time with her. She was living 200 miles away. Through that process, I had people twisting my arm to go work for them. One day I had a conversation with a senior executive at AOL who I knew. He asked me to go to work for him as a consultant. I thought it was something to do part-time for six weeks; 21 years later, I am still loving it.

There are a few things I love about being a management consultant. Depending on when you ask me, I will give a different order. Having your own firm, you have control of your calendar. You get to choose your clients. You get to decide where you focus your time - whatever it is that excites you or has you most curious. There is a lot of excitement in that, but at the same time, you need to keep the realities in place. Let's face it. We are all a little quirky; as humans, when we sit down to have dinner, we like food on the table. You can choose what to focus on, but you also need the balance. A part of me grooves on making those decisions and executing them. Success does breed success.

If I stumble, I lean in, get up, change direction and give it another go. I groove on that. You throw on top that I can sit back and say I helped make that client better. I made the industry stronger, contributed to this international standard, helped this regulator - you get the idea.

This young kid was looking for career advice. I helped him with some things and made some connections for him. One of the beauties of having your own firm, independent or your own company, is the latitude to do these things, and there is

instant feedback that you do not always get in a larger organization. By being smaller, you can be more agile for your clients, so when your client comes to you with a need, you do not look and see who is on the bench to throw them at the client. You have to look at the best way to fill the need. You cannot just do bench-clearing. A consultant can never forget, it is the client who is the hero of the story, not us. We are the Yoda to their Luke Skywalker.

