

Introducing Booz & Company

by Shumeet Banerji

Our firm is 94 years old this year, yet we are just being born. In May 2008, we split the “global and commercial client” side of Booz Allen Hamilton from the “U.S. government” side to form two distinct and separately operated enterprises.

Our new entity, Booz & Company, enters the world with 200 partners and 3,300 staff members in 57 offices, growing at 20 percent per year with a large and increasing client base on every continent. We are also heirs to a rich heritage dating back to 1914. That year, our eponymous founder, Edwin G. Booz, began conducting business research and solving problems for clients near his native Chicago. The firm he started, known as Booz Allen Hamilton for much of its history, is said to be the earliest management consultancy still in existence, the first to use the term *management consultant*, and the only firm to be a top-tier provider of consulting services to both business and government clients.

With that success came challenges. Since the mid-1990s, our global and commercial-oriented business and our U.S.-government-oriented business have required increasingly different skills and capital, along with different structures for ownership and management. The senior leadership of the firm finally concluded that, although the two businesses are highly complementary in some ways, it made sense for them to split.

This is the kind of advice we often give clients. I remember advising a large grocery company in the early 1990s on how it could become more successful by separating its wholesale operations from its retail side. But applying that kind of advice to oneself is a particularly



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challenging proposition — perhaps like being a surgeon and putting oneself on the operating table. It is gratifying to note that Booz Allen Hamilton’s leaders succeeded in doing this, within a large partnership, creating firms with a viable business model and financial structure on both sides, and with a very high degree of goodwill. At the pivotal meeting, the prospective leaders of each of the two new firms looked at each other and said,

One of the world's oldest and most influential management consulting firms is taking on a new identity.

“Does this decision make sense for you? If not, we won’t do it.” We proceeded only when everyone accepted the logic of the new strategy. That was important to us for a number of reasons, including the real need to continue working together as allies when our combined skills provide value to clients.

The U.S. government-related business, based in McLean, Va., will retain the name Booz Allen Hamilton. The global commercial firm, reestablishing itself as Booz & Company, has the opportunity to reinvent its business, while continuing to embody the qualities that have served us and our clients well. Our own shift echoes the evolving business environment around us. Enterprise is global. Management information is freely available through the Internet; the insight to drive action is not. Not only management consultancies, but all professional-services firms — auditing, law, banking — have found that it is no longer good enough to offer advice. Clients want tangible outcomes with superior execution. Our firm’s people reflect the plurality of the skills that clients need to create and deliver essential advantage.

Successful execution, in turn, requires foresight; every industry and government faces a rapidly changing world in which it is difficult to distinguish the important long-term trends from the noise. The articles written by our firm’s experts in this magazine over the years — on the evolution of emerging markets, the reemergence of strategic manufacturing, the aging of the Western workforce and its effects on pension systems and recruitment, the rapid rise of distinctive innovation practices in India and China, the \$40 trillion price tag

for replacing urban infrastructure, and the value of “green” sourcing, among many others — are examples of the kinds of insights that leaders seek out.

Leaders of companies and governments know the magnitude of the challenges they face. They are not looking for rubber stamps. They need advisors who have the courage of their convictions, who will tell clients what they need to hear. And these leaders are looking for ways to establish a global enterprise, even if that means learning to synthesize contradictory perspectives from multiple places. In the United States, as I write this, there is a serious economic slowdown. But on a recent flight from Mumbai to London, I noticed half a dozen CEOs heading to Europe to buy companies. I don’t think they were worrying about whether credit markets would provide them the leverage for these transactions. Ideas no longer flow just from developed countries to emerging markets; sunrise industries are blooming in areas that seemed like backwaters a few years ago.

Our own mission is to serve the senior agenda at the world’s major institutions, whether they are businesses, governments, or not-for-profit organizations. We maintain no head office; instead, we are creating a company where people can create advantage for clients and set their own destiny wherever the work calls them, with a diverse group of colleagues who are capable and respectful of one another, and who, above all, are people of the world, above parochialism. Our values run deep at Booz & Company; our long history makes our new identity all the more exciting. We look forward to the opportunities and challenges of the next 94 years. +