oikos Case Writing Competition 2014
Corporate Sustainability Track

3rd Prize

Accenture Development Partnerships (A)

By Michelle Rogan and Christiane Bode, INSEAD; France

oikos case collection
http://oikos-international.org/programmes/curricula-change/cases-program/

Gib Bulloch read the internal memo again. It was January 2011, and his firm, Accenture, was about to announce that Pierre Nanterme, the Group CEO of the Global Financial Services operating group would be replacing William Green as Accenture's CEO. Normally, a leadership transition like this would not have concerned Bulloch. However, this one was different. Since 2002, he had been working hard to establish a new business unit within the firm, Accenture Development Partnerships. To build support from the firm's top management, he had carefully managed the development of key internal sponsors for the business, first gaining the approval of Accenture's International Chairman, Vernon Ellis, and then transitioning to Mark Foster, Group CEO of the firm's Global Management Consulting platform, as the key sponsor. Foster, who had been a contender for the CEO job at Accenture, would be taking early retirement and replaced by Sander van 't Noordende, Chief Executive of the Resources operating group.

Accenture Development Partnerships was unlike any other business initiative launched by the firm. The idea had come to Bulloch, then a strategy consultant in the London office, while on Voluntary Service Overseas (VSO) in Macedonia during a sabbatical. VSO recruited highly-skilled professionals to volunteer their services to charitable work in developing countries around the world. Reflected Bulloch,

"I lived on a 95% salary cut and worked 60 hours a week, but I'd never been more motivated in my life. There was only one frustration: I knew that I was limited in what I could do whilst operating as an individual volunteer... Accenture is the privilege of a few multinationals - how much more could I have achieved if I had my whole team with me on the VSO project?"

The pro bono approach of most large consultancy firms fell short of Bulloch's vision. Instead, he wanted to establish a "corporate social enterprise" through which Accenture could bring the firm's skills and knowledge to the international development sector.

"Our idea challenged the norm where you graduate, leave the university gates, and turn either towards the money-grabbing private sector or a bleeding heart NGO, to use the stereotypical descriptors – a binary choice. It went beyond any offering from other large corporates both in terms of options for employees and getting professional support to the development sector."

Between 2004 and 2010, Bulloch and his team had expanded the business to several countries and demonstrated its feasibility. Nevertheless, it still could not cover its fixed operating costs, although it generated other benefits. For example, Accenture Development Partnerships was cited by *Fortune* magazine in its 2009 write up of Accenture as one of the "Best Companies to Work For", and had become a lure for potential recruits.

However, some senior executives in the firm were beginning to question whether it should be preserved as a standalone business unit, integrated into the firm's existing commercial business, or even disbanded. Furthermore, commercial clients had begun to ask for Accenture's services in areas such as base-of-the-pyramid distribution in emerging markets. Were these Accenture Development Partnerships services or commercial services? Unsure of Nanterme's priorities and without a key sponsor, Bulloch recognized that Accenture Development Partnerships needed to reaffirm its value proposition and reassess its role within the firm.

Accenture

Accenture, a global management consulting, technology services and outsourcing company, employed more than 244,000 people, serving clients in 120 countries, and had annual revenues of US$25.5 billion in 2011. It was formed in 1989 when a group of partners from the Consulting division of the various Arthur Andersen firms around the world formed a new organization focused on consulting and technology services related to managing large-scale systems integration and enhancing business processes. In 2001, Andersen Consulting changed its name to Accenture and separated from Arthur Andersen, and the existing partnership structure transitioned to a corporate form via an IPO. Post-IPO, Accenture was restructured into 19 different industry groups that reported into five operating groups (Exhibit 1).

Like other global consultancies, Accenture competed for the top graduates from universities and MBA programmes worldwide. New hires received extensive training in their area of specialty and were then assigned via an internal staffing process to client projects matched to their expertise. Accenture prided itself on hiring only top performers in each graduating class. Via rigorous internal reviews it sought to reward and retain its highest performers. New hires to the management consulting practice typically joined the firm as analysts and were promoted to consultants, managers and then senior managers with a typical time at each level of approximately three years. Promotions were based on a combination of the employee's ratings on annual reviews and qualitative input from the managers and partners supervising the employee. Retention was challenging in the consulting arena due to a combination of external opportunities and the unusually high demands of the job.

Accenture Development Partnerships Founding: 2002-2003

Before launching Accenture Development Partnerships, Bulloch had two specific concerns. The first was that the venture would be seen as an assignment for low-performing consultants who could not find work in the commercial practice; the second was that it would be viewed as a charity. Instead, his vision was to create “a scalable self-sustaining organization, a business inside a business”. This meant creating a model that allowed only high-performing consultants to participate and that was based on market mechanisms.

After conceiving the idea for Accenture Development Partnerships, Bulloch considered ways of grabbing the attention of the firm's leadership. While waiting for his return flight from Macedonia, he drafted a mock article for the *Financial Times* with the headline ‘Accenture Hails CaeSaR’ (project CaeSaR being the working title at the time for what was to become Accenture Development Partnerships) (Exhibit 2). It presented the new venture six months into the future as if it were already a successful part of the firm. In the piece, Vernon Ellis, International Chairman of Accenture, received lavish praise at Davos, the annual meeting of the World Economic Forum, for his work with Accenture Development Partnerships. Bulloch sent a copy of the article to Ellis and waited for his reaction.

In actual fact, Ellis had been looking for a way to expand Accenture's philanthropic work. As International Chairman he was involved in restructuring the firm's activities. He recognized

that its philanthropic work lacked global coordination and was largely limited to making donations to foundations. He had been pondering Accenture's involvement in the development and charity sector when the mock FT piece resonated with him, and he agreed to meet with Bulloch.

Bulloch's primary goal in the meeting with Ellis was to get the go-ahead to conduct a feasibility study for Accenture Development Partnerships. In his spare time, with the help of colleagues he had already completed a high-level overview including a market analysis, and had developed initial ideas for low-cost business models. Ellis's curiosity was sparked and he agreed to support the initiative. However, the real go-ahead required the commitment of each of the local operating heads in the firm's UK office, specifically a promise to provide one consultant and financial support for the venture. Three of the five operating heads came on board easily. The buy-in of the remaining two was more difficult. Bulloch described meeting one of the senior executives:

"He was a fearsome chap. He would not even look up from his desk. I went in [to his office]. I had managed to squeeze in a five-minute appointment. He asked 'What do you want?' I told him about Accenture Development Partnerships and that everyone else had already agreed and that he didn't want to be the odd one out…His answer was 'What do you mean - a non-profit business? We are a for-profit business. What are you going to do to this company?'"

In the end it was Bulloch's personal commitment, in particular his willingness to take a salary reduction to start the new venture, that won the senior executive's support, as he explained,

"When you go in to this room and say 'That's my vision and I am prepared to slap down quite a lot of money [in salary cuts] and so are these other people,' that's what catches their imagination. Normally people come and say 'Pay me more, otherwise I will leave', and I am saying 'Pay me a reduced salary and I will stay.'"

<u>Setting up the Advisory Board</u>

Bulloch's next goal was to set up an advisory board. His automatic reflex was to go to "the friendly faces". Instead, one senior executive advised:

"He said 'Well, you got me, I am going to support you. Why don't you go the senior executive who might provide more challenging perspectives on your idea?' (This is the fearsome guy who had not even looked up from his desk when I walked in). 'Why don't you ask him to be on your advisory board?' I said 'No way, he is not even interested.' But I took the advice and asked him.

Sure enough, he was quite surprised… but he agreed to join the board. For the first few years of Accenture Development Partnerships he never missed a meeting …he became our biggest supporter in the firm. When he went out and said 'This is a great thing' to his peers and the partners, that really counted a lot."

<u>Determining the Value Proposition and Business Model</u>

The next step was to develop and refine the business case and business model. At Ellis' suggestion, the team focused on the venture's value as a retention and recruitment tool for the firm rather than a corporate citizenship initiative. It would henceforth be positioned as a means to increase the morale of employees, to attract potential recruits, and to enhance Accenture's consultants' understanding of the world. At an individual level, it provided an opportunity to work on small projects from inception to completion and, most importantly, to gain experience dealing directly with senior client executives. One of the early supporters and core team members, Chris Jurgens, explained,

"We hoped [the business case] would go beyond saying 'Well, it's a nice thing to go off and make the world a better place.' Certainly that should be part of the spirit of it, [but instead] we emphasized the business case that's around skills development and leadership development."

Although the board understood that Accenture Development Partnerships could not cover its fixed costs immediately, it was adamant that it be cost-neutral in its operations. To this point, Mark Spelman, head of Global Strategy Lead and key member of the board, pushed Bulloch and his team towards creating governance structures and financial oversight.

Ultimately the board and the team agreed upon a business case and a business model comprised of three elements. First, the firm would absorb the overhead and cut its margins to zero. Second, consultants would take a 50% salary cut for the duration of their Accenture Development Partnerships' assignments. Third, clients would pay fees at "not-for-profit" rates (Exhibit 3). A board member explained,

"Inevitably we went through some iterations as to what the right sort of model would be, and I think we eventually landed on something that was unique and distinctive, which I think made a real difference, not only externally in terms of the type of project that we run on the ground but also internally."

Bulloch decided that Accenture Development Partnerships should be positioned as a 'business within a business' and therefore should not be integrated with Accenture's existing CSR programme or sustainability practice, a view that Ellis supported. He also favoured operational autonomy for the venture, similar to that of an entrepreneurial start-up. The

advisory board, however, pushed for closer integration with an existing group instead. A compromise was achieved by establishing Accenture Development Partnerships as a ring-fenced business unit, housed within the UK business, under the wing of Spelman, who reported to the board on a set of established performance indicators.

Building the practice

With Spelman's blessing, Bulloch recruited members for a small core team. Initially, the team worked informally after-hours while still in their regular positions in the commercial practice. Like any start-up, they were often engaged in activities that exceeded their official job descriptions. Angela Werrett, Accenture Development Partnerships' Human Resources Director, explained:

"Though my background was in HR, I was responsible for finance, and for human resources, and for some of the marketing, and also the extension of the programme to other countries."

The new venture's success depended in large part on the willingness of Accenture consultants to participate and accept the proposed 50% salary reduction for the duration of their participation. When Bulloch sent out a company-wide survey to gauge the interest of consultants, the response was overwhelming, with over 800 responses in the first four hours, as he recalled:

"We asked 'What was your last rating?' and 'Are you interested in this kind of proposition?' The bell curve of performance with the bell curve of interest did align. We found there was a correlation between the people the firm wanted to retain, recruit and attract and their interest in Accenture Development Partnerships."

This furthered the decision that the venture should be positioned as a retention tool, a perception reinforced by the economic downturn post-2001. The possibility of creating additional billable hours and having consultants voluntarily reduce their salary in the short term was viewed positively at a time when consultants were sitting on the bench.

For Accenture's consultants, Accenture Development Partnerships promised to be a "trial by fire." They would have the opportunity to take on large amounts of responsibility while working in small teams with senior clients. Gareth Weir recalled his experience on a project in Tanzania with a quasi-government organization:

"Typically in a commercial project, you'd have a project and a senior manager deciding on the steps to follow and how to structure the project. Here, you turn up and everything has to be defined by you, the consultant, and your client team."

Arriving in Tanzania, Weir scheduled a project kick-off meeting for 9 a.m. the next morning. He did not realize that in much of the country time was read differently, with the day beginning at sunrise (6 a.m.) rather than just after midnight. The client arrived perfectly on time for the 9 a.m. meeting at 3 p.m. in the afternoon. Even then, things did not go according to plan:

"I remember distinctly at the start saying 'Okay, we're going to do this project on supply-chain optimization and here's the methodology.' It was full of phrases that we take for granted, but our clients had never heard of these. They had no idea what we were talking about. At the kick-off workshop, we finished the introduction of what we were planning to do and looked round the room. There were blank faces all around. We put the slides away and instead engaged in a real conversation, using flip charts to illustrate what we were going to do and how it was going to work."

Winning Clients

In the development sector, Accenture had no track record, no credentials, no client references, and most of the consultants had never been to the developing world, even on holiday. Furthermore, when a potential development client was familiar with Accenture, it was as a charitable donor, not a service provider. Bulloch explained,

"In the early days developing relationships with the sector was really interesting. They'd say 'You should be speaking to the fundraising people if you are from Accenture; they'll be happy to receive Accenture's cheque.' I had to say, 'I don't have any money, and actually I want to talk about you maybe paying us.'"

To establish the business, Accenture Development Partnerships needed to find a way into client organizations. Two key allies were Mark Goldring, CEO of VSO at the time, and Peter Armstrong, CEO of Oneworld, who had both agreed to join Accenture Development Partnerships's advisory board. They both made some useful introductions to their peers in the sector.

The first pilot project began in July 2002 with the International Finance Corporation's Enterprise Development Faculty in the Balkans, which Bulloch had come to know from his time with VSO in Macedonia. Shortly thereafter, an introduction to Will Day, CEO of CARE UK, lead to one of Accenture Development Partnerships' first projects, working for CARE's local office in Vietnam. Other client projects quickly followed. (See Exhibit 4 for examples)

Integrating with the career path

A key part of the value proposition was that consultants could experience work in the development sector without interrupting their career progression. The staffing process for Accenture Development Partnerships' projects was integrated into the firm-wide staffing of commercial projects. Interested individuals could see which positions and skills were in demand at a given time, submit an internal application for the position, and go through the interview process led by the core team. Critically, working on an Accenture Development Partnerships project would not be seen as 'career suicide.' Explained Spelman,

"Of course the problem that you have there is that if I'm a senior executive and you're working for me at BP, I know exactly what you've done. But if you've suddenly gone off to Malawi, I've not really got any idea what you've been doing, and someone turns around says 'Oh, they've done a very good job in Malawi'- do I believe it or don't I believe it? That was the other interesting part of the sponsorship [challenge]. Think about a place like ours, where progression is based on evaluation. If those evaluations are not deemed to be credible, then that undermines people's faith in the system, and it also undermines why people go to Accenture Development Partnerships."

The core team put into place structures that allowed evaluations from Accenture Development Partnerships' projects to flow into the overall evaluation of participants. An early participant, Arjun Raghavan, commented,

"The Accenture Development Partnerships team did such a good job of making sure the reviews were recognized as part of adding value to the firm, I didn't suffer at all."

Bulloch continually sought out new ways to promote the new business to consultants. He spoke twice a year at the firm's internal training centre at St Charles, where new consultants were given an induction. He also encouraged returning participants to share their experiences with colleagues. One of them, Dee Jadeja, described how,

"I reached out to people within my community of practice to say 'Look I've developed this business case template. Any ideas how I might improve it?' So once again, they could visibly see what I was doing, and the quality and the effectiveness of all that work.

I came back a much more confident person in terms of my skills and my ability to deal with senior people. That helped me get on my next project back in the commercial practice because in consulting, a huge part of [your success] is how you conduct yourself ...how you manage people."

This strategy proved particularly successful for gaining continued buy-in from the senior team, according to Spelman:

"So you go and ask someone to go onto a project in Guatemala. And you find that people come back six months later and actually they have been thrown into the deep end, they've been given a lot of responsibility and have been able to make things happen. And it really does enhance skills.

One of the things we did in our global leadership meetings was to get people who had been out on projects to come back and tell their story. What we found was that this became a very powerful way of telling people in the business about how the Accenture Development Partnerships work had developed their consulting skills, sharpened up their problem-solving capabilities, and made them focus on real results on the ground, not theoretical ideas."

Growth: 2004-2008

Over the next four years, the venture grew from a small initiative staffed by individual volunteers to a core team of 13 members overseeing more than 146 participants working with clients in 27 countries. During that time, tensions emerged between the core team and advisory board members regarding the pace and extent to which Accenture Development Partnerships should be scaled. Bulloch wanted to grow the business both within the UK and across other international markets. Advisory board member Ellis disagreed:

"In the beginning I held Gib back from charging all over the place. We might have gotten too much help or might have gotten killed."

The expansion of the business to a new market typically followed a request from a country office to introduce it to its region. After the office indicated an interest, legal and operational challenges specific to the region were evaluated to determine if implementing Accenture Development Partnerships there was feasible. Often the implementation had to be tailored to the country context, as Werrett explained,

"Although we're a global organization, the salary ranges, the benefits that you might receive are all very different country to country…We have to take into account things like housing allowances in Japan, fixed wages in France, the fact that in some countries it's not legal to take a salary reduction. So how do we make it affordable and workable in those scenarios?"

Despite variation in the amount of salary reduction taken, Bulloch was adamant that each employee made a personal sacrifice to take part in an Accenture Development Partnerships project. For example, even when the partners in several countries including Brazil, India,

Nigeria and South Africa suggested that the partners themselves cover the cost of the salary reduction rather than their employees, Bulloch and his team refused.

The expansion process was generally slow and driven by the uptake among the country managers. Exceptionally, in response to the Asian tsunami in 2004, executives from the Asia-Pacific region rapidly introduced Accenture Development Partnerships to assist in the aftermath of the devastation. Despite their good intentions, things did not go smoothly. The Thailand practice, which at the time was relatively small since only 30 consultants met the eligibility criteria, did not have the critical mass to provide consultants. In some other countries affected by the tsunami, it was not viable for consultants to take the 50% salary reduction because they supported their extended families.

Finally, as Werrett explained, there was a feeling that Accenture itself should be funding the Tsunami response rather than employees subsidizing it. The positioning of the firm's activities post-Tsunami as a disaster response rather than a leadership development programme sent mixed messages.

Growth Dilemma

As the venture grew, it began asking for more consultants in order to hit the growth targets set by the core team. Although managers within country offices were supportive in principle, converting verbal support into action was difficult. Jurgens explained,

"Almost all Accenture leaders support their people doing Accenture Development Partnerships. They understand why we do this business. They understand why it's good for people development. They get the business case. But when it comes down to 'Are you going to let your highest performing strategy or supply team manager leave your work at your energy client or your product client for six months to go on an Accenture Development Partnerships project?'- that is a difficult decision."

The advisory board encouraged Bulloch to draw up a plan projecting the needed supply of consultants for the unit's projects each year and present it to each of the practice areas. Managers could indicate how many people of a given business group they would free up to participate in projects. While this created greater transparency and allowed for more effective planning, it did not alleviate the problem entirely. Spelman explained,

"I think the top guys get it quite quickly. They see the idea, like it, buy into it and sign off on it. So you get a tick in the box. The real problem is actually two or three levels down in the organization. So it's not the guys at the top who have the trouble.

Let's consider my UK head of Strategy, who has 150 people...All of a sudden, there's an Accenture Development Partnerships' project to be done, and there is a guy in Strategy who at the moment is working for BP, who is ideally qualified to do the job. Then the choice is between: Can we release him, let's say in a month's time when this phase of work ends at BP to go off for six months in Africa [or] the easier decision to continue to extend him at BP? That's when the rubber hits the road, and that's when it gets to be difficult. So that's the

sponsorship challenge. ...and that's very tough when you've got an excess demand situation."

Although the numbers of participants and participating offices had grown, the venture still was not able to cover all of its fixed costs, as Spelman recalled:

"We ended up needing the main business to essentially underwrite the financial side of the equation, and that was quite complicated because, in effect, what you were doing was basically subsidizing our loss in Accenture Development Partnerships for a period of time, because obviously you had fixed costs as part of the core team and you had other expenses to incur. A lot of those expenses were incurred by the UK business on behalf of the whole company."

In 2007, with Ellis retiring, Bulloch needed to find a new senior sponsor. Ray Jewitt, an advisory board member, suggested that he align the business with Mark Foster, at the time the youngest Group CEO of Management Consulting in Accenture's history. Bulloch approached Foster and asked whether he would like to visit some of the projects to get a first-hand view of how the business functioned. To his surprise, he agreed. Bulloch explained,

"I thought I would get a day of his time. I thought on his way to South Africa he might stop by Nairobi, or on his way to India he might stop by and visit some projects. To my surprise, I got a week of his time."

After seeing first hand the value and the impact people were having through Accenture Development Partnerships, Foster became an instant supporter. Bulloch recalled Foster's offer:

"You have so far pushed it up bottom-up. I will now help you from the top down to really take this to the next level. "

Evolution: 2009-2010

As of 2010, Accenture Development Partnerships had been launched across 26 country offices. It had completed more than 370 projects, involving over 750 consultants in 64 countries, for 74 client organizations (See Exhibit 5). For example, in Kenya it had helped the government develop e-learning programmes for 27,000 nurses. Another collaboration with a major UN agency had reviewed ways in which their global supply chain could more effectively bring medicines and other provisions to children.

It had also begun to catch the attention of the media. When Accenture made *Fortune* magazine's list of "Best Companies to Work For," Accenture Development Partnerships was highlighted as a key reason. The venture had demonstrated that it could generate demand

and supply for its services, successfully reintegrate consultants into the commercial practice, and cover its marginal operating costs.

Yet as an independent unit it faced a new dilemma: to cover its fixed costs it needed to increase revenues. To increase revenues, it needed to sell higher margin projects. These tended to be large hybrid commercial projects with the firm's core clients. Matt Radford, the team's Finance lead, described the challenge:

"We struggle sometimes to get a team of five together all at the right time. On some of the bigger projects, it's going to be a struggle without really looking at our business model. The idea of getting 25 people to serve one of these multinational corporation type projects is even harder to think about."

In addition, the distinction between Accenture Development Partnerships' clients and the commercial practice's clients was becoming less clear (Exhibit 6). Spelman explained,

"So we are working for, let's say, the Shell Foundation on a development project, at an Accenture Development Partnerships' rate, while at the same time we are also working for Shell on a commercial issue. And what happens sometimes is that the boundaries between what Shell's doing and what Shell Foundation's doing, or what a government is doing, becomes a little bit blurred. And you've got to be very careful about that."

The question going forward would be how Accenture Development Partnerships could work with commercial clients while also retaining its initial value proposition and the buy-in of managers and participants (Exhibit 7). Core team member Simon Martin commented,

"Accenture is very clear – and it was from the start – Accenture Development Partnerships is not here to try and make profit for Accenture. We're here to be a channel for Accenture's people, and its footprint, and its clients, and its assets in terms of development."

Others on the team saw the need to evolve the value. Jurgens explained,

"The idea of cross-sector convergence and how work in global development is increasingly relevant to our commercial clients ...I think it significantly strengthens our business case when we can say 'Hey, we're not only looking at Care and Save the Children, but with Unilever on integrating small local firm firms and on the new base of the pyramid distribution models.' And these sorts of things are paving a way with our key clients and even open some doors ...These sorts of situations can open doors to CEOs and other business leaders."

The leadership transition from Green to Nanterme marked a transition for Accenture Development Partnerships. To be sure, it had received positive external recognition and many recruits cited the possibility of working on an Accenture Development Partnerships' project as a factor in their decision to join Accenture. Yet although the venture had been in existence since 2003, it was still struggling to reach its goal of being cost-neutral. And with Foster's retirement in 2010, it was losing its key sponsor. Under the firm's new leadership, the future of Accenture Development Partnerships was unclear.

Three options existed. First, the venture could simply be phased out. After several years, the vision of a self-sustaining organization had yet to be realized. Accenture could explore other approaches to engaging in development work. A second possibility would be to integrate it into an existing unit, which could subsidize the overhead costs that the venture could not cover as a standalone unit. Perhaps it was time to revisit the earlier decision to keep Accenture Development Partnerships separate from the firm's existing CSR group or its Sustainability practice. Third, it could remain a standalone unit, but this depended on gaining the full support of Nanterme and Foster's successor, van 't Noordende. If it remained standalone, should it continue with its current practice of a rotational staff taking salary cuts, or was it time to develop the venture into a full-fledged business unit with a dedicated staff?

Bulloch and his team reflected on the options. After eight years of pushing the business inside Accenture, they began to prepare for the next chapter.

Exhibit 1

Accenture Operating and Industry Groups

Communications, Media & Technology	Financial Services	Health & Public Service	Products	Resources
Industry Groups	*Industry Groups*	*Industry Groups*	*Industry Groups*	*Industry Groups*
• Communications • Electronics &High Tech • Media & Entertainment	• Banking • Capital Markets • Insurance	• Health • Public Service	• Air, Freight & Travel Services • Automotive • Consumer Goods & Services • Industrial Equipment • Infrastructure & Transportation Services • Life Sciences • Retail	• Chemicals • Energy • Natural Resources • Utilities

Source: www.accenture.com (accessed August 2012)

Exhibit 2

'Accenture Hails CaeSaR'

"Accenture hails CaeSaR"

"The Management Consultancy giant makes far reaching decree on the Role of Business in Society"

17th January, 2002 **Hannah Brown, Environmental Correspondent**
Davos, Switzerland

Management Consultancy, the epitome of "big business". Re-born Accenture, the biggest of the "big six". Not the first sector, nor the first company that would spring to mind when thinking about socially responsible business practices. How can one of the biggest profiteers of global commerce, transcend into a "not for profit" environment?

Speaking at the World Economic Forum in Davos yesterday, Vernon Ellis, Accenture's International Chairman, provided some answers to this apparent dichotomy. In front of a large gathering of business leaders, government officials and academics, Ellis announced the launch of a ground breaking new venture named "CaeSaR" (Derived from the CSR acronym, which stands for "Corporate Social Responsibility"). As a wholly owned subsidiary of Accenture, CaeSaR is set to maximize the global scale and business capabilities of the consulting giant but focus on areas of greatest social need. Acting as the focus of Accenture's so called Digital Divide agenda, Ellis claims the venture will "forge a blueprint for a mutually beneficial relationship between business, its stakeholders and for the society in which it operates"

A 3-way Dynamic:
Of the many dozens of ventures and alliances Accenture has forged since the advent of the New Economy, this is one with a difference. The concept is simple. To work for profit, but adopt a "not for profit" mindset, underpinned by a slimmed down cost structure making Accenture services accessible to a far broader spectrum of beneficiaries in the Development arena.

Sounds good in theory. But what does the business model look like in practice?

Joining Ellis at the Davos press conference to answer such questions were CaeSaR's management team, headed by Steven Wells, a recently retired senior Partner from the UK. A further three existing Partners take on Executive Director roles in each major geography. Accenture looked externally for a Chairman, opting for Ali Nazerali, a veteran of the Development scene with over a decade at the UN supporting Boutros Ghali and more recently, heading the Agar Khan Foundation.

In terms of staffing, CaeSaR employs a core nucleus of permanent staff who have jumped over the fence from the parent, Accenture. However, the bulk of CaeSaR's staff will come on 12-24 month secondments from the consulting business. A limited number of these secondments will be made available each year to staff of all levels and across all geographies. (The exact number will vary each quarter, effectively allowing Accenture a lever to balance fluctuations in the highly cyclical demand cycle of mainstream consulting).

Selection criteria for secondees? An interest in development, borne out by a willingness to take a 40% reduction in gross salary (but with no loss of pension and other benefits). Clearly not for the faint hearted!

However, the subsidy burden does not fall entirely on employees. There is a quid pro quo from the Partnership in terms of accepting significantly reduced margins on engagements. Also, the venture will have access to Accenture's Knowledge Capital, infrastructure and training at cost. Not to mention an initial injection of $5m in seed capital from the inflated post-IPO coffers of the Accenture Foundation, with a further $10m committed over the next five years.

Ellis believes that the power of the secondment arrangement lies in allowing CaeSaR access to the latest skills and up-to-date thinking straight from the consulting coalface. "Skills honed on advising the largest of the Fortune 500 one day, may equally be applied in a Development context the next".

Metamorphosis or Myth?

But surely Leopard's don't change their spots? This radical departure from Accenture's traditional marketplace of lucrative consultancy contracts must surely boil down to PR with a development veneer.

Ellis, who represents UK Business on the G8 sponsored "Digital Divide" initiative, claims otherwise. "The reality is that Accenture has for many years been an active participant in the debate on the role of business in society", he explained "The issue was more about how best to harness a number of somewhat disparate efforts and provide maximum leverage of our resources where there is greatest need".

Gentle probing uncovers that Accenture's record in this area lends support to Ellis's claims. Their involvement spans a broad spectrum; from participating in Government lead forums and task forces to conducting a number of independent research or "thought leadership" initiatives, which are subsequently published and shared with clients. Ad-hoc community projects have been sponsored by individual Partners within the firm. They also have practical experience too, currently having 12 secondees working on business placements in developing countries across the globe, seconded through a new partnership with VSO, the international Development organization.

"Developing the Development Sector"

But CaeSaR is more than simply a convenient umbrella for these ongoing initiatives. The company's CEO, Stephen Wells insists there is a strong business case underpinning the venture. "The combination of lower overhead costs and tighter margins will allow greater flexibility with our fee structure, making our services accessible to a new breed of client; from multi-lateral Donors through to direct support for SMEs in developing economies. This will open up a whole new consulting market to the business".

According to Wells, the spend on international development in the business/SME sector runs into hundreds of millions of pounds. Traditionally, this has provided a veritable gravy train for small boutique Development consultancies or expatriate contractors- most of whom lack access to the most up-to-date tools, techniques and valuable experience of working in the private sector The traditional fee structures of the global consultancy giants have effectively banished them to the sidelines, content to focus on globalizing giants in the lucrative private sector.

"Our proposition to multi-lateral donors such as the World Bank, PHARE and other International Development Agencies is a compelling one; the offer of the same expertise and quality as on our mainstream consulting assignments, but at a cost more in line with the Development sector than the private sector" Wells explained. "I believe this combination of factors allows us to offer unrivalled value to these institutions, business benefits to Accenture and tangible results on the ground where there is greatest need".

"The Softer Sell"

The business case for Accenture has a softer side too. In the increasingly fierce so called "war for talent", providing this kind of personal development opportunity to employees effectively differentiates Accenture from its competitors. It hopes to benefit from increased employee retention

and the ability to bring CeaSaR secondees back into the wider business, able to apply their new found skills and social awareness within their mainstream clients. A crucial factor as CSR climbs the Boardroom agenda.

Arnaud Andre, Global Head of HR in Accenture, claims that it boils down to offering employees a choice. “Accenture is not a charity, it is a Global Business” he insists, “Our core focus remains providing professional services to global corporations. But at the same time we want to portray socially responsible brand values in everything that we do. From offering Give As You Earn charity schemes through to full blown secondments into CeaSaR, Accenture employees will have a broad choice in the way they wish to espouse the CSR brand value”. This is no short term fad according to Andre. “Corporate Social Responsibility will be to our employees, what Health and Safety has become to a Shell or BP: Truly ubiquitous and engrained in their cultures”

A new dialogue with clients:
In a well choreographed performance, Ellis saved the piece de resistance to the end. For him, CaeSaR’s true innovation lies in the opportunities it presents to work with traditional clients in a totally different way. He explained that the venture will offer to take secondees from client organizations to work alongside Accenture staff on particular projects for 6-12 months. Interested clients would be invited to become affiliates of CaeSaR and thereby have access to a database of forthcoming assignments for in-demand skills such as finance and accountancy, IT or general management. The deal would involve the clients continuing to pay their staff as normal, but CaeSaR would provide pre-departure training and project support.

“We strongly believe there is a huge latent demand within our clients workforces to share this kind of work experience in the field of Development. Equally, we recognize that establishing and administering secondments of this nature is extremely difficult to do” Ellis explained, “We provide the secondments; our clients benefit in terms of retention and morale”.

“Were clients genuinely interested in lending out their people from busy line jobs?” came the question; one which Ellis had obviously anticipated. The timing could not have been better.

Queue, Lord John Browne, Chief Executive of bp the energy super major. Browne brought a touch of reality to the proceedings by talking about his company’s “Big Planet” venture in Azerbaijan. For the past 6 months, Accenture consultants have worked jointly with a team of bp managers to implement an SME support center in the capital Baku. One project which is set to join the growing CaeSaR portfolio. According to Browne, the project has been hugely successful on the ground in Baku and has generated a lot of interest internally. The company plans to extend the model to a further five countries in Africa and South America and will engage CaeSaR for the implementation.

Besides bp, Accenture is evidently having active discussions with a number of other clients including HP and Sainsbury’s about possible CaeSaR affiliation.

Significantly, the announcement has carried some weight in the traditionally cynical Analyst community. The newly floated parent’s shares rose 2.2% on the back of the CaeSaR decree.

Ellis concluded: “There is no short term fix or panacea for bridging the Digital Divide. However, we believe that CaeSaR is a small but tangible step forward on this journey”.

To coin a phrase, “Rome wasn’t built in a day”. But then, CaeSaR was not in business at the time.

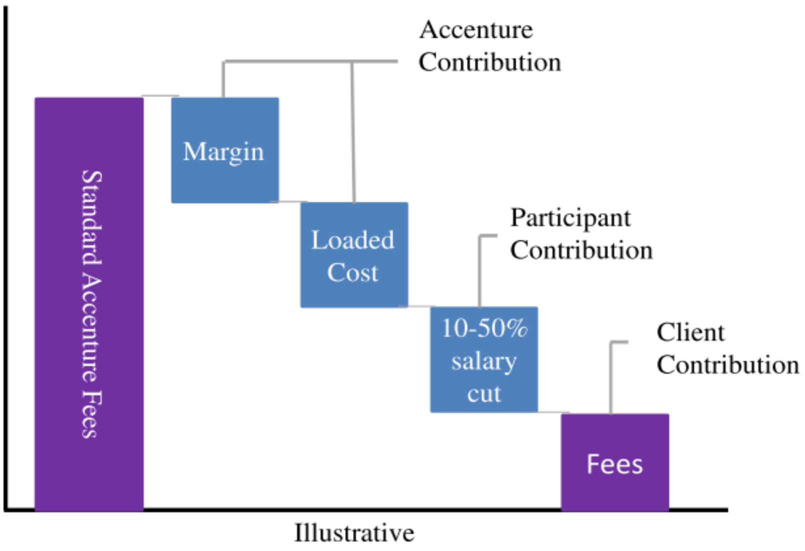
[Ends]

N.B. This article is entirely fictitious and is intended purely for internal discussion with Accenture

Source: Accenture

Exhibit 3

A Unique "Cost Neutral" Business Model



Source: www.managementexchange.com (accessed August 2012)

Exhibit 4

Accenture Development Partnerships' Client Examples

OXFAM LIVELIHOODS PROGRAM:

Oxfam launched its Global Agriculture Scale-up Initiative in 2005. It was designed to show how the smallholding farm community could be turned into a viable and productive path that would eventually generate sustainable livelihoods for millions of people living in poverty, and a means to future economic growth and prosperity. The initiative was launched in three countries—Ethiopia, Honduras and India—and seven Accenture consultants were assigned to the project through Accenture Development Partnerships. The Accenture Development Partnerships team applied a rigorous, process-driven approach to ensure that the countries were aligned with the global objectives. The team also worked to build the capabilities of the local staff in process management and financial aspects to ensure that the initiative was sustainable in the long-term. As a result of the project, a program implementation roadmap, including business cases and project, financial, communication and capacity building plans, was established and approved to proceed. The Accenture Development Partnerships team also secured buy-in at country level from key stakeholders such as local and international non-governmental organization partners and local governments. The standardized processes can now be leveraged for all future country and global initiatives.

SAVE THE CHILDREN: SUPPLY CHAIN PROCESS IMPROVEMENTS:

Each day more than 24,000 children die, most due to preventable causes. In response Save the Children set a goal to double the number of children they reach, without doubling the costs. Save the Children commissioned Accenture Development to see how improved supply chain management could enhance programs in sustainable livelihoods, education and health and emergency response. The Accenture Development Partnerships team developed a model to structure their observation, and then evaluated operations at 19 locations in Ethiopia, Mozambique, Indonesia and Bangladesh. The team interviewed 111 field staff members and facilitated group workshops, where staff highlighted risk areas, and suggested opportunities for improvement. They shared localized technology solutions that had helped manage operations, and their input strengthened the argument for addressing the complex supply chain needs of the agency as a whole. The team made recommendations in 3 key areas of People, Process, and Technology. Together, Save the Children and the Accenture Development Partnership team concluded that making investments in supply chain management would contribute to the goal of doubling the number of children reached, with an estimated $12 million dollars in potential savings.

PLAN: SPONSORSHIP MANAGEMENT SYSTEM:

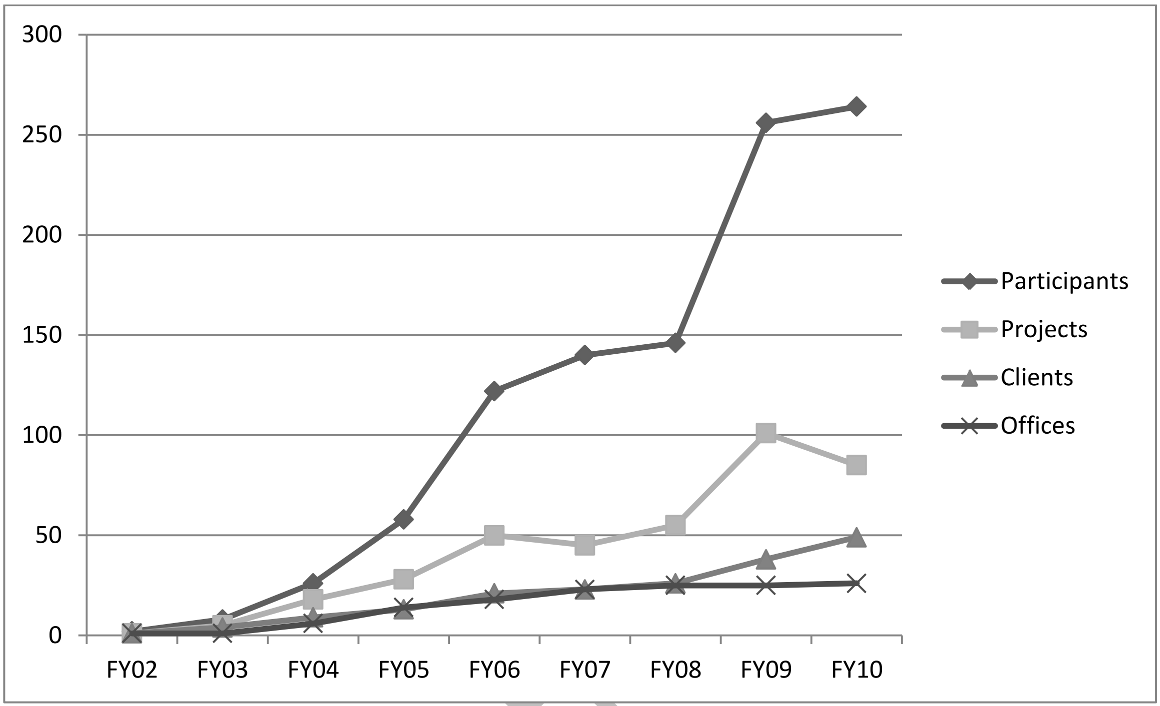
Plan was a humanitarian, child-focused, non-governmental organization working with families and their communities to meet the needs of children around the world. In 2004, Plan requested Accenture Development Partnerships' help in defining and implementing one of Plan's largest and most complex global project efforts to consolidate its legacy sponsorship systems onto a common platform that would manage sponsorship processes across the various Plan offices worldwide. Accenture Development Partnership's overall involvement in ChildData eventually included five phases that

developed over time, ranging from requirements gathering and process assessment through detailed design. Phase 5, where a team of Accenture Development Partnerships people played an active role, was specifically dedicated to finalizing functional and technical designs, architecture and processes, supporting selection of and transition to an offshore development vendor and initiating test planning activities. Additionally, the team supported implementation planning tasks such as an organizational impact assessment, communications and training, and developed an initial implementation plan, a draft data conversion strategy and a high level rollout approach. Above all, the ChildData project anticipated improvement in response times to sponsorship opportunities, as well as improvement in sponsorship relations due to increase in timely and accurate data.

Source: www. accenture.com/adp (accessed August 2012)

Exhibit 5

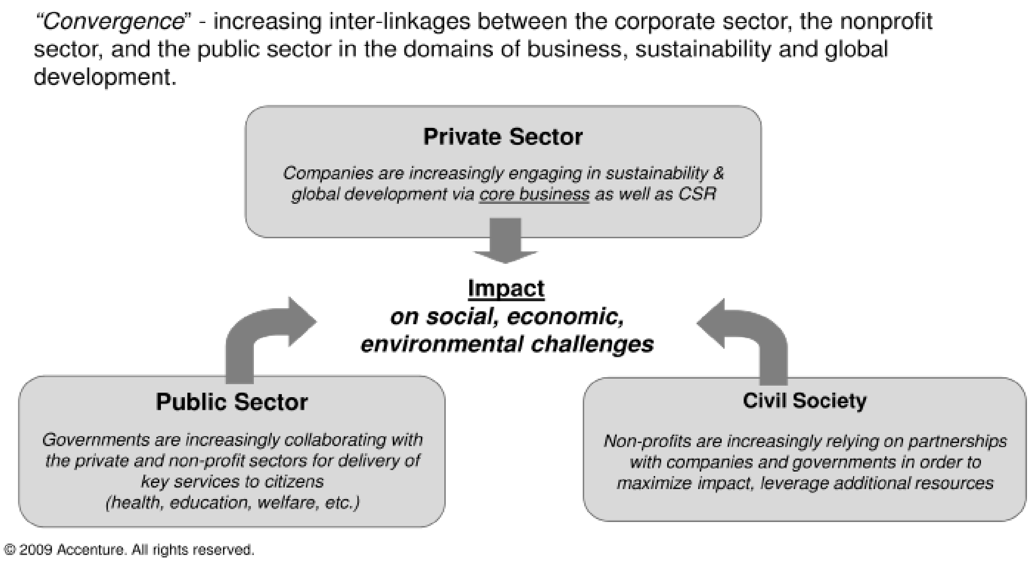
Accenture Development Partnerships' Growth: 2002-2010



Source: www.managementexchange.com (accessed August 2012)

Exhibit 6

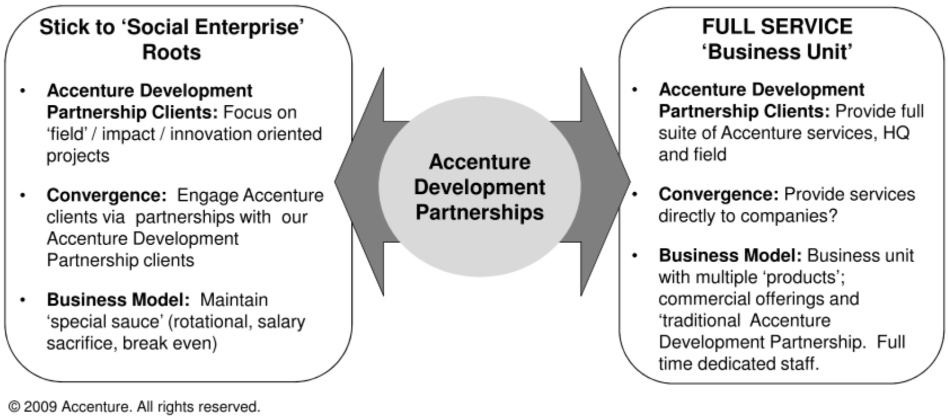
Accenture Development Partnerships' Evolution: Convergence



Source: Accenture Net Impact Conference Presentation, November 2009

Exhibit 7

Accenture Development Partnerships' Evolution: Strategic Choice



Source: Accenture Net Impact Conference Presentation, November 2009