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## STRATEGIC THINKING

**STEPPING UP:**  
PwC creates Strategy&  
co-brand from its Booz  
& Company acquisition

PwC's  
Tony Poulter  
and Strategy&'s  
Cesare Mainardi have  
teamed to create a nearly  
**\$11 BILLION**  
consulting juggernaut,  
**AND THE GAME  
JUST CHANGED.**

### PLUS

Gala Awards Dinner Coverage of  
**The Rising Stars of the Profession: 35 Under 35**  
**Deloitte** Sees a Seismic Shift in Terms of Globalization  
**Kennedy Corner:** Riding the Wave of Healthcare Risk

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**PwC's** move to acquire Booz & Company and create the **Strategy&** co-brand is bold, shrewd and just may be the **game-changing** move the consulting profession's been waiting on for a long time. **Convergence continues... and now accelerates.**

**It's been a little over two months since PwC finalized its acquisition of Booz & Company, a move that will be a tipping point, or at the very least a turning point, in the consulting profession.**

Ever since the news broke late last year about the union of two of the more storied and powerful brands, pundits and analysts alike have opined about the pros and cons of such a merger.

Why? Well, it's not every day that a company with pre-Civil War roots buys one that began the same year as World War I. And while consulting is certainly not war, PwC and Booz have drawn a line in the sand and come up with what executives on both sides see as a battle-tested blueprint for success—an incredibly robust advisory business with some 33,000 professionals and nearly \$11 billion in revenue. (PwC Advisory reported annual revenue of \$9.15 billion in 2013, while Booz & Company's 2013 revenue was about \$1.5 billion.)

That blueprint, says Tony Poulter, Partner and Global Head of Consulting with PwC, is to create an advisory business and brand that can help clients with everything from strategy through execution like no other firm in the industry. The co-brand, as you know by now, is called Strategy&, a name that will be used alongside the PwC brand and has produced its fair share of opinion on both sides. (See "What's in a Name?")

Name aside, PwC made a bold move with the Booz acquisition and it will change "the very nature of the



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global consulting business,” says Poulter.

Businesses are navigating unprecedented and disruptive threats and organizations want the right strategy and the ability to execute, he says.

“We’ve been on a journey for the last several years growing a proper advisory business, and part of that process has been about filling out capability but a lot of it has been about a view of the market,” Poulter says. “We believe the market is looking for a combination of strategy and execution. And we thought, probably two years ago or

so, that we needed to make a bigger play in the strategy sphere.”

Poulter says PwC has been busy building its execution capabilities in a number of areas, specifically in technology, and also did a lot to build the strategic side in a focused way, but “we thought the market was at a stage where something that was potentially transformational was ripe,” Poulter says.

As far as some of PwC’s other recent acquisitions, “Diamond and

PRTM were very

strong firms and probably more focused than the other strategy firms out there, but we were looking for something truly transformational for us and our clients,” he says. “Once you establish that, there are only

two or three firms that would fit that bill. We talked to several, as Booz & Company did as well, and when we came together we knew it would be a powerful fit.”

So did Cesare Mainardi, former CEO of Booz & Company and now CEO of Strategy&. While PwC was looking for a game-changing strategy piece, Mainardi was focused on finding a firm that had the scale to carry the strategy through to execution, something that had been eluding Booz since the split with Booz Allen Hamilton back in 2008.

“There was some unmet need in the market from strategy to execution and we were doing our best to fill it, and we saw that when we got things right we could meet that need and drive growth at Booz & Company,” Mainardi says. “But what we realized is that we didn’t want to continue to play catch up from our starting position. That type of transformational change takes scale, and we concluded that we would be far more powerful in combination with PwC.”

It’s not a new idea. Mainardi says Booz & Company always had “an aspiration to transform the industry.” Indeed, when Consulting magazine sat down with him back in 2012, Mainardi was out “to re-invent management consulting as we know it,” and was talking about Booz & Company as “The Practical Strategist,” out to fill an unmet need of strategy into outcome.

That approach was key to PwC, Poulter says. “We were looking for a firm that had a history, that was storied but also one that was aligned to the practical end of that spectrum,” he says. “We spent a lot of time looking at strategy firms that have no concept of implementation. And that’s great, but it’s not the sort of firm we were looking at. We wanted a strategy firm that was focused on capabilities. That’s why

**TONY POULTER**



this was such a powerful fit.

## JOINING FORCES

Mainardi says there already is evidence of just how powerful the fit is. “The power of the combination is already apparent, he says. During this short period of time, after the announcement but before we were open for business officially, Strategy& had already built a pipeline, which was very surprising, Mainardi says.

“In just those few weeks, synergy wins that combined total volume is about what we would’ve done at Booz & Company in about a quarter,” he says. “That’s an early indicator of the power—and potential of the combination.”

Logistically speaking, the way PwC has structured the Strategy& deal is different from the way it’s approached other combinations, Poulter says. “Typically the firms we acquire have been integrated immediately into PwC operating units,” he says. “But Strategy& is larger, more distinctive and more international, so is being run as a separate PwC member firm for a period, after which it will be integrated into a future operating model we are co-creating now.”

This ensures that the unique and powerful elements of the Booz DNA are preserved and leveraged—features like the global operating model and career model, keys to overall success, he says.

“We’ve learned some from our previous acquisitions, but I think this one is different in scale and kind. This combination we are actually creating a new culture that is focused on strategy through execution,” Poulter says. “We are combining with a global firm and we want to keep the strains of that DNA in what we are creating together. We are genuinely co-creating this model.”

As one would expect, Mainardi

says Booz & Company has spent lots of time studying what will work. “There are certain cultural attributes that we share that make this a good fit and then there are differences that we can capitalize on,” Mainardi says. “When I look at us and I look at PwC, there’s a certain sleeves rolled up, down to Earth quality to both of us. That goes a long way to helping us come together and co-create.”

Although it will continue to operate fairly independently, Strategy& will go to market together with PwC where applicable, Mainardi says. The legacy of Booz & Company infrastructure is there, but we are working together to have joint sector client meetings to look at how we can optimize for clients,” he says. “We’re not saying to clients that you have to buy end to end, but we want them to think about the full range of our capabilities. We want to bring that together.”

Poulter is quick to emphasize that Strategy& is a co-brand, not a sub-brand or a separate brand. “We’re building something new. So, we won’t say that the Strategy& brand will be used only by the 3,000 people who are coming over from Booz,” Poulter says. “When you look at the business in a few years, there will be a strategic area within PwC that will use this brand, but it will be infused by the legacy Booz values that will carry that.”

Poulter says ultimately, “the



**CESARE MAINARDI**



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market will decide” how long the Strategy& brand will continue. “In one extreme, the market could receive it very well and it goes on,” he says. “On the other hand, we could transform the PwC brand so that it will clearly speak for strategy through execution. We see this as really interesting because we are testing the power of the co-branding in professional services, and we’ll see where that takes us.”

Under any brand, there can be very many skill sets, many different leverage models, Mainardi says. “You can imagine a world of future juggernauts under one single brand where the world knows they can

acquire help at many different levels and price points, different leverage models and different skill sets,” he says. “What’s unique here is the combination of the different skill set. In the portfolio, we have the ability to go from strategy through execution.”

And Mainardi says there are a lot of firms out there that are trying to do this but I think the question is why haven’t they? Why is there still that unmet need?

“Well, because it’s incredibly difficult to do. Doing it organically is not impossible, but it’s very, very difficult. It’s a tough slog, for sure,” he says. “From Day One, we have it. Our starting point is amazing. It’s powerful. From a client’s

## WHAT’S IN A NAME?

Ever since PwC announced the name Strategy&, the opinions have rolled in fast and furious, prompting the “Wall Street Journal” to point out that the name was not, in fact, a typo. And, for its part, “Marketing Week” wrote: “nothing exonerates PwC for coming up with such a ludicrous name...”

*Some like the name, but most, it seems, do not.*

It left others reminiscing about the time PwC branded its consulting practice “Monday.” That didn’t last long.

To be fair, PwC had no choice but to rebrand since they had to relinquish the name because of the terms settled on when Booz & Company split from Booz Allen Hamilton back in 2008. So, “Booz” in any iteration was off the table. Still, they must’ve had other choices.

“Sure, we thought about creating a synthetic name, and we looked at a couple of options,” says Tony Poulter, Partner and Global Head of Consulting with PwC. “We wanted a word that was naturally descriptive, but one that was not closed. I think clients get it.”

As far as some of the media reaction to it, Poulter says that “we’ve taken the odd cheap shots here and there, but we would’ve gotten those with a synthetic name, too. We would’ve been criticized for it being too boring or stodgy.”

***Poulter’s probably right about that one.***

Cesare Mainardi, former CEO of Booz & Company and now the CEO of Strategy&, says he sees it as brand that “clearly communicates what business we’re in and what role we’re playing in that business,” he says.

“We had to say goodbye to our founding partner for legal reasons and we went through the journey of brand development and we’ve taken something that’s well understood, “strategy” and then have given it a little bit of a twist.”

Mainardi says he understands that some people love it and some people have been more critical, but it “invites conversation. Strategy and... what? Strategy and Tax, Strategy and Assurance,” he says. “Once you go down the path of explaining it to your clients and what it means and the possibilities, it’s incredibly exciting.”

Plus, it resembles the business publication “Strategy & Business” that Booz & Company published, and will continue to publish as Strategy&.

Poulter says ultimately, the market will decide if the Strategy& name sticks long term, but “we’re very happy with it.”

“And we’re happy with the attention we’ve got over it—it’s what we intended,” he says. “We wanted it to be provocative, memorable and even a little bit quirky.”

***Mission accomplished.***



perspective, we have it, and we can deliver it to you today.”

### A NEW CONSULTING LANDSCAPE

No matter what happens over the next several years, PwC’s move will likely become a line of demarcation in consulting. Clearly, it’s changed the landscape of the profession, particularly if you’re part of the Big 4 or one of the big strategy firms. “There will be followers, and we’ll need to keep moving forward,” Poulter says.

That’s a hard point to argue. “I think there are probably three or four firms who are looking to do this same thing but coming at it from different angles,” he says. “I think there will be further convergence, and I think in the future there will be two or three firms who will be leading the way and will be successful with this model, but I think we will be a strong, prominent player in that new world.”

Poulter says when it comes to “the Big 4,” a term he doesn’t really like to use, he says he sees it more as a Big 2—PwC and Deloitte.

“The other two are more focused and have less scale and typically are doing the type of work we were predominantly doing five or seven years ago,” he says. “We’re still doing that work, but we’ve expanded into other things. I don’t mean that to be disparaging at all, I just think that’s how the market sees it.

So, going forward, he sees PwC’s competitive set as strategy firms that are also doing implementation, Deloitte, as well as Accenture.

Poulter says Strategy& puts PwC right in the conversation with some of the biggest and best-known strategy firms, such as Bain & Company, The Boston Consulting Group and McKinsey & Company.

It’s a trinity that Booz & Company set its sights on when it launched

back in 2008, but was never quite able to crack. “That world of the other three strategy firms has changed dramatically in the last few years,” Mainardi says. “They all see this unmet need of strategy through execution, and have taken steps to address it, but nobody has what we have. We are now a juggernaut.”

One major point of differentiation with other strategy firms is scale. From a global distribution network, Poulter points out that PwC has the network and relationship channels. “We can afford to have a partner or several partners at the client site everyday. From an economic standpoint, that’s an advantage that Strategy& now has over other consultancies,” he says. “It’s an incredible channel for strategists to be able to take advantage of and a firm like Booz & Company probably would’ve only been able to do that at maybe its top 50 clients, or whatever the case may be.”

Mainardi says that scale is a differentiator for sure and allows Strategy& access and influence like never before, “enabling us to offer both our clients and our people a bigger, broader and better opportunity to connect strategy to impact.”

Poulter says he thinks Strategy& puts PwC at the forefront of a transformation that’s happening in the industry right now. “The market’s in flux, so we’re not doing this single-handedly by any means but we want to be famous for creating the preeminent strategy through execution firm,” he says. “There are not too many people, by definition, that will be able to look back and say they’ve done that. We think we are doing something that’s transformational, and we think we’ll be recognized as the ones that shifted the market and created something completely new.” ●



**WE THINK WE ARE DOING SOMETHING THAT’S TRULY TRANSFORMATIONAL. THE MARKET’S IN FLUX, SO WE’RE NOT DOING THIS SINGLE-HANDEDLY BY ANY MEANS BUT WE WANT TO BE FAMOUS FOR CREATING THE PREEMINENT STRATEGY THROUGH EXECUTION FIRM.**



—TONY POULTER, GLOBAL HEAD OF CONSULTING, PwC