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Accenture

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Introduction

Accenture stands today as one of the world's foremost professional services firms, a global leader in information technology and management consulting. Its journey from a modest division within Arthur Andersen to a prominent, multi-billion dollar S&P 500 company is a compelling story of vision, innovation, and adaptability. This book, *Accenture: The Story of An American Company*, traces the fascinating history, current achievements, and future prospects of a company that has both reflected and shaped the dramatic technological and organizational shifts of our era.

Founded in the 1950s as a business and technology consulting arm within Arthur Andersen, Accenture's roots are firmly planted in American soil. The fledgling division's early work—most notably the pioneering partnership with General Electric to install one of the first commercial computers in the United States—set the stage for what would become a relentless pursuit of technological advancement and client value. Across decades, Accenture continuously reinvented itself, responding to the demands of a rapidly transforming business environment and seizing opportunities at the frontiers of innovation.

Yet, Accenture's evolution was not without its growing pains. The protracted tensions and eventual split from its parent company, culminating in the 2000 arbitration and the birth of the Accenture brand in 2001, signified more than just a change of name; it marked the foundation of a new corporate identity focused on agility, leadership, and high performance. This independence would prove crucial, sparing Accenture from the turmoil that later engulfed Arthur Andersen during the Enron scandal, and enabling the new company to chart its own course on the global stage.

From its public listing on the New York Stock Exchange to its transformation into an Irish plc and its continued expansion into new markets, Accenture has embraced change not just in structure and geography, but also in the very nature of its services. Its business now spans digital, cloud, cybersecurity, operations, strategy, marketing, and Industry X, serving clients in over 120 countries. With approximately 774,000 employees worldwide, the company is at the forefront of helping organizations innovate, grow, and meet the demands of the future.

This book is not only a history of a corporate entity, but a lens through which to view broader changes in American and global business culture. Through Accenture's journey, we see the rise of consulting, the transformation wrought by IT, the tensions inherent in corporate growth and restructuring, and the ongoing challenge of building organizations that are not just profitable, but also ethical and sustainable. Despite its successes, Accenture has faced its share of controversies, from work culture critiques

to concerns about tax practices and data security—controversies that mirror those confronting many modern corporations.

As we look ahead, Accenture's future will depend on its ability to remain at the cutting edge of digital transformation, to lead meaningfully on sustainability and ethics, and to drive continuous value for clients—a future rich with challenges and possibilities. Through interviews, analysis, and narrative, this book aims to provide an in-depth portrait of Accenture: a company that began as an American experiment and has become, in many ways, a bellwether of the global business landscape.

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CHAPTER ONE: The Roots of Accenture: Arthur Andersen Origins

Every sprawling oak begins as a humble acorn, and for Accenture, that acorn was firmly planted within the venerable, if eventually troubled, grounds of Arthur Andersen. It wasn't a startup born in a garage, but rather an internal evolution within an already established and formidable accounting firm. Arthur Andersen, founded in Chicago in 1913 by Arthur E. Andersen and Clarence DeLany, quickly grew to become one of the "Big Five" accounting firms in the United States, known for its rigorous standards and a motto of "Think straight, talk straight." This commitment to integrity, at least in its early days, was central to its identity.

Arthur Andersen's initial focus was primarily on auditing, ensuring the financial statements of public corporations were accurate and reliable for investors. The firm established a reputation for independence and quality audits, setting standards within the accounting profession. For instance, in the late 1970s, when companies were acquiring IBM's new 360-mainframe computer system, Arthur Andersen, under the leadership of Leonard Spacek, determined a more realistic lifespan for these expensive machines was five years, rather than the commonly assumed ten, demonstrating their forward-thinking approach even within their core audit practice.

However, the world of business was changing, and with it, the demands placed upon accounting firms. By the early 1950s, Arthur Andersen began to informally establish a business and technology consulting division. This wasn't a sudden pivot, but a gradual recognition of an emerging need among their clients. Companies were grappling with new complexities, and the nascent field of information technology was beginning to offer tantalizing, if bewildering, possibilities. Arthur Andersen, ever attuned to the needs of large corporations, recognized this shift.

The firm's foray into consulting was driven by the increasing sophistication of business operations and the advent of early computing. They weren't just about balancing ledgers anymore; they were about helping businesses streamline their practices and embrace the future. This move into consulting, initially modest, laid the groundwork for what would eventually become an entirely separate global entity. It was an organic growth, nurtured by the existing infrastructure and client relationships of the accounting giant.

The consulting arm's focus was initially broad, encompassing general business consulting alongside the budding field of technology. They aimed to assist clients in improving performance and creating sustainable value, a mission that would echo

through decades of Accenture's existence. It was a natural extension of their audit work, where they often gained deep insights into a client's operational inefficiencies or technological shortcomings.

As the 1950s progressed, Arthur Andersen's consulting division began to gain recognition for its expertise in systems integration and IT transformation. They were at the forefront of helping corporations adapt to emerging digital technologies, a pioneering role that would prove critical in distinguishing this division from its parent firm. The strategic decision to move into these new areas demonstrated a prescience that would ultimately serve the consulting arm well.

While the accounting practice remained the "bread and butter" for Arthur Andersen for many years, the consulting side began to grow at a much faster pace, becoming increasingly important throughout the 1970s and 1980s. By 1984, revenues from consulting had even surpassed those from the auditing unit for the first time, signaling a significant shift in the firm's internal dynamics. This rapid growth of the consulting practice would, however, also sow the seeds of future conflict.

The very success of the consulting division created internal tensions. The consulting business became recognized as one of the fastest-growing and most profitable consulting networks globally. This profitability, coupled with the differing nature of the work and compensation structures, led to friction between the audit and consulting arms of Arthur Andersen. The firm's focus on growth, particularly in consulting, began to generate a fundamental change in its corporate culture.

Despite the growing internal friction, the consulting division continued to expand its capabilities. It branched out from simply helping with computer installations into broader areas like production control, cost accounting, and operations research throughout the 1960s. This expansion into diverse management services cemented its position as a valuable asset to its clients.

The leadership within Arthur Andersen during this period was crucial in nurturing the nascent consulting practice. Individuals like Joe Glickauf, who headed Arthur Andersen's Administrative Services division for a decade, are now considered pioneers in computer consulting. Their foresight and dedication to integrating technology into business operations set a powerful precedent.

The consulting division wasn't operating in a vacuum. It was benefiting from Arthur Andersen's well-established national and international profile, opening offices in key cities around the world to provide greater accessibility to its clients. This global reach, inherited from its parent, would be a foundational element for the consulting firm's eventual worldwide dominance.

However, the rapid growth and increasing profitability of the consulting division also

highlighted a fundamental philosophical divide within Arthur Andersen. The traditional auditing firm, with its emphasis on independence and objective financial review, found itself increasingly at odds with a consulting practice that was often deeply embedded in a client's operational and strategic decisions, and, crucially, generating substantial fees.

This internal competition and divergence in priorities began to fester. The consulting arm often brought in higher profits per employee, yet there were discrepancies in pay scales and disagreements over the control of consulting operations. These issues, seemingly minor at first, would eventually escalate into a full-blown corporate divorce.

The stage was being set for a dramatic separation. The consulting practice, though still a part of Arthur Andersen, was developing its own distinct identity, driven by technological innovation and a proactive approach to solving complex business problems. The seeds of what would become Accenture were clearly visible, thriving within the larger organization, yet increasingly straining against its confines. This nascent identity, forged in the crucible of technological change, was on a trajectory toward independence.

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