



Our story

Kearney@95

KEARNEY



Photo by Sarah Adam
Kearney, Dubai

Introduction

In Chinese numerology, nine is similar to the word that means everlasting, while five is associated with the elements—earth, water, fire, wood, and metal—regarded as the basis of the world in ancient times. I’ve been reflecting on this on the approach to our firm’s 95th anniversary.

Of course, there is no such thing as an “everlasting world”—our own story proves it. Since the founding of our predecessor in 1926, the company we now call Kearney has been through several evolutions. Thousands of employees have passed through its doors, each weaving their own strand of the narrative. There have been highs; there have been lows. And if one thing is for certain, it’s that the wheel is going to keep on turning.

Nothing stands still. The very cells in our bodies replace themselves every seven years or so. And in our fast-moving, modern society, even the events of a few months or years ago can soon feel like ancient history. I am regularly reminded of this when I try to tell my kids about something that happened to me at their age.

Paying homage and respect to those who came before us is another core aspect of Chinese culture. As we celebrate this latest milestone, I think it’s important to remind ourselves of where we have come from, and what has brought us to where we are today. The Kearney story is a story of many things. It’s the story of a firm and a partnership. It’s the story of building a culture on shared beliefs and principles. It’s possibly one of the ultimate corporate comeback stories.

But at its heart, our story is about people. From Tom Kearney himself to our newest recruit, our firm would be nothing without those who have dedicated themselves to serving our clients, our colleagues, and our communities. It would be nothing without you.

And so this book is dedicated to all Kearney Originals, past, present, and future. Here’s to the next 95 years.

A handwritten signature in black ink, appearing to read 'Alex Liu', with a stylized flourish at the end.

Alex Liu
Managing Partner and Chairman

Beginnings: a groundbreaking approach

In 1926, James O. McKinsey started a firm of “accountants and management engineers” in Chicago. He had the then-radical idea that accountants should not just tally expenses but instead use budgets as a management tool. His first client was Armour and Company, a meatpacking company that had recently been sold to a new owner.

A professor at the University of Chicago, “Mac” was analytically brilliant, but less of a people person. Recognizing this gap, he brought in Andrew Thomas (Tom) Kearney as a partner. Tom was a friendly, relatable person who could talk to anyone—exactly the right person to lead the development of the business. He also brought an expertise in marketing and operations that complemented Mac’s skills in accounting and law. And so began a partnership that would launch two of the consulting industry’s leading firms.

A merger with a rival firm, Scovell, Wellington & Company, saw the firm’s footprint extend to New York and Boston. But both sides had very different cultures and leadership styles and only two years after James McKinsey’s death in 1937, the company split into two, with one group staying in New York, and the other in Chicago. Tom led the latter, which took the name McKinsey, A.T. Kearney, and Company.

By then, he’d developed a distinct consulting philosophy based on the notion that consultants not only needed to offer advice to their clients, they then had to roll up their sleeves and help them make the changes—both in the board room and on the shop floor. It was groundbreaking at the time, and exceptionally effective. The firm embraced his advice-plus-action model and his leadership.

When the New York McKinseys announced plans to open an office in Chicago in 1947, there was some reticence on the basis that having two firms with similar names would cause confusion. The McKinseys bought the sole right to use the McKinsey name, and from then on Tom’s firm operated as A.T. Kearney and Company. By 1959, it had expanded to employ around 70 people.

A.T. KEARNEY & COMPANY, INC. OFFICE LOCATIONS





Photo by Sarah Adam
Kearney, Dubai

Founding milestones

1926

Predecessor company founded

1929

Tom Kearney joins

1935

Tom becomes managing partner

1937

James McKinsey dies

1939

The firm splits: McKinsey, A.T. Kearney, and Company is born

1947

The firm's name changes to A.T. Kearney and Company

Going global

Although Tom Kearney was originally of the opinion that Chicago could offer all the work the firm needed, and that there was little to gain from developing a wider office network, Kearney inevitably began spreading its wings as more clients came on board. And in the late 1950s, it began testing international waters, developing loose affiliations with consultants in Western Europe.

Tom retired in 1961 and unfortunately passed away the following year. His handpicked successor, Jim Phelan, was devoted to the values Tom championed. But he also wanted the firm to grow, and under his leadership, that's exactly what happened. By 1961, one Chicago partner was dedicated to international business, and in 1964 the firm's first international office was opened in Düsseldorf, starting with one client, a small, family-owned garden equipment business. That same year, with just under 25 partners, the firm was formally incorporated.

The expansion continued through the remainder of the 1960s and into the 1970s, as the firm elected its first non-American partners, established investment promotion authorities in multiple countries, and worked to open China to Western development. In 1971, it began one of its most significant and enduring external partnerships, with the European Management Forum, now known as the World Economic Forum.

By the following decade, the mantra of global expansion and leadership had taken off. The company opened offices across Europe and Asia. Revenue hit \$100 million for the first time, the employee count shot past 1,000, and the firm started to branch into new areas such as information technology, business strategy, and organization transformation, becoming the leader in strategic sourcing. By 1990, more than 40 percent of the firm's revenues came from strategy work, and the establishment of the Global Business Policy Council in 1992 boosted its credibility with C-suite executives and political leaders.

During these golden years, double-digit growth was the norm. However, company leaders recognized that they needed to maintain the values that had gotten them this far. So they embedded them in the culture, developing company-wide programs that prioritized great client work, caring for people, and mentorship.





Photo by Adrian Kirste
Kearney, Munich

The firm spreads its wings

1964

Firm establishes first overseas office in Germany and is officially incorporated

1971

Partnership with what is now World Economic Forum begins

1972

Opens office in Tokyo and changes name to A.T. Kearney, Inc.

1985

Begins consulting work in China

1985–1988

Reaches 26 locations, 20 of which were opened or enlarged during these four years

1992

Launches the Global Business Policy Council

Culture clash, company crisis, and a comeback

Of course, hyper growth comes with its own challenges, including the need to adapt quickly to new capability requirements, and maintaining a favorable cash position. By 1995, it was unclear how the firm would tackle either of these hurdles.

And then things took an unexpected turn.

Electronic Data Systems Corporation (EDS), an IT services giant, bought Kearney in a 50/50 cash/stock deal. It had the IT expertise the firm was lacking, and deep enough pockets to invest in infrastructure. It was also keen to expand its presence in the consulting market. The merger worked well for the first few years, doubling the size of the consultancy and expanding its technology capabilities, notably in procurement analytics.

However, within 10 years a growing culture clash threatened the partnership. With the end of the dotcom boom, revenues started shrinking and cost pressures intensified, damaging relationships further. A small group of firm leaders proposed a management buyout—a gutsy move, but one that they knew was necessary for Kearney's future success. They negotiated terms with EDS, and ultimately convinced the firm's 177 global partners in 26 countries that reclaiming their company was the next best step.

At the time—November 2005—the firm had 2,500 employees in 47 offices. The company was by no means a start-up. But the buyout felt very much like starting from scratch.

In fact, the breakup paved the way for a breakout, and after regaining its independence, Kearney emerged with new confidence. Revenues increased by 50 percent, the global footprint expanded to Latin America, and the awards started flowing in. In 2016, the firm celebrated its 90th anniversary as one of the original consulting firms, while targeting new capabilities that would move the business forward. In 2019, Kearney secured its leading place in a now rapidly evolving and technology-driven consulting arena by acquiring Cervello, an elite business analytics and data management firm.

With the firm rejuvenated and looking ahead to the future, the turn of a new decade was an appropriate moment to reflect on how it should position itself, both out in the market and internally. Much had changed and evolved over the years, and there was a growing desire to represent not only its heritage, but its present and future potential.

And so in 2020, the company that had traded on the name of its first managing partner for so long shortened its name to Kearney, and refreshed its brand to reflect what clients have always known about it: that its consultants work side by side with them in a real and relatable way that other firms can't match, making the transformation journey straightforward and enjoyable, and ultimately achieving their standout success. At the same time, it made the bold move to replace stock photography with crowdsourced imagery from Kearney colleagues, to recognize the global family of employees, alumni, and friends who make the firm what it is.





Photo by Sean Ji
Kearney, Southfield

Acquisition, buyback, and reconnecting the dots

1995

EDS acquires A.T. Kearney, Inc.

2002

A.T. Kearney Procurement Solutions is formed

2006

Kearney completes management buyout

2008

Receives Excellence in Diversity award from *Consulting* magazine

2010

Achieves goal of becoming carbon neutral

2011

Receives *Consulting* magazine's Best Firm to Work For award for fourth consecutive year

2014

One of 100 Best Companies on *Working Mother's* list

2016

Celebrates 90th anniversary

2016

Grows strategic relationship with the World Economic Forum, advising on global platforms and regional agendas

2018

Reinvigorates presence in Middle East and Africa region

2019

Acquires Cervello, a business analytics consultancy

2020

A.T. Kearney becomes, simply, "Kearney"

2021

Acquires Prokura, a consulting firm of procurement specialists

2021

Caps four years of Kearney's best performance ever

Today, our global team of 4,200 people stretches across offices in more than 40 countries. With the acquisition of Prokura, a Nordic consulting firm of procurement and supply chain experts, we continue to build our expertise and accelerate our growth and expansion. Over the years, we have expanded into new territories, both physical and professional. Our business has grown, contracted, and grown again. Management theories have come and gone. Leadership styles have evolved. Even transformation isn't what it used to be. If this was a movie, the pages of the almanac would be flipping over, faster and faster.

So where are we now? Every era brings its own opportunities and challenges, and this one is no exception. Technology has gone exponential. New generations have emerged with their own preferences and expectations. Environmental, social, and governance concerns have moved up the agenda. Purpose is an entry-level requirement. Digital is no longer an option—firmly nudged on by COVID-19 and the No Normal. Organizational resilience has become the ultimate goal.

In many ways, the world we operate in is unrecognizable from the one in which Mac and Tom started out. But while the flavor and character of our clients' concerns might have changed, what hasn't is the fact that running an organization efficiently, effectively, and profitably isn't easy. Neither has our desire to be the difference wherever we're working, nor our deep-rooted belief in doing the right thing by our clients, the communities we serve, and one another. Our clients' success, the groundbreaking

transformations we've helped them accomplish, and the relationships we've developed along the way remain the achievements we're most proud of—just like Tom envisioned so many years ago.

That's why our heritage in operations still is, and will continue to be, at the core of our firm. It's why we've built product and analytics labs, launched institutes to help solve some of the world's biggest problems, and included sustainability as a founding principle in all of our client work. It's also why we'll continue to offer pro bono support where it's most needed, and further our efforts to make Kearney a genuinely inclusive firm for all—to work at, and to do business with.

Our clients and our capabilities are two of the golden threads that run through this entire story, bringing all of the other strands together. The third is our culture. No matter where you go or who you talk to here, if you ask what inspires them most about the firm, the most popular answer by far is the people. Our people built this firm. And our people will take it forward into the future, whatever that may hold.

Next stop: 100. See you there.



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Photo by Hyungsik Kim
Kearney, Dubai

