

How to lead

A smaller player takes on the big leagues

Alex Liu

A.T. Kearney's managing partner on how the mid-sized consultancy stays competitive. By Andrew Edgecliffe-Johnson

Alex Liu turned 60 this year and was spending most of his time away from his Las Vegas home even before he took over as managing partner of A.T. Kearney in May. Still, he turns out for full-contact rugby games. A scrum half ("given my size, agility and sneakiness") in a Harvard Business School alumni team, Mr Liu says rugby is a great equaliser: if you know what you are doing, size does not matter.

His task off the field is to persuade potential clients of a similar argument. The management consultancy dates back to 1929, when Tom Kearney began working with James McKinsey. It has grown to more than 300 partners and its revenues have doubled to \$1.2bn in the past decade, but the Chicago-based firm is dwarfed by McKinsey, Boston Consulting Group and Bain – and by the consulting arms of the Big Four global accounting groups.

Some global technology groups that have upended A.T. Kearney's clients' businesses are posing a threat, too: "The company that has hired the most people from Kearney now is Amazon, maybe outside one or two other consulting firms who have been happily predatory around our staff, especially recently," Mr Liu says.

The internal challenge for a managing partner is an unusual one: how do you manage a group of partners who spend their careers telling other people how to manage? "You may have one steering wheel but you might have 300 pairs of hands on it at any one point in time," Mr Liu says. Ensuring the company moves in the right direction requires "a fair amount of patience, energy and humility".

On governance matters from



Alex Liu urges his partners to 'take pure joy' in the job of serving clients Ann Johansson

setting business targets to selecting a managing partner, each of A.T. Kearney's 300 partners has an equal vote. Speaking on the eve of a trip from Brazil to Canada and then on to Europe, the industry's first managing partner of Chinese descent notes the need for his fellow owner-operators to be sensitive to the diverse demands of different regions, "but it's still one person, one vote".

As a private partnership, "it's our business", he emphasises,

'We don't need to be "Battlestar Galactica" mowing down everything in our pathway'

adding that he values this fact having seen A.T. Kearney's partnership culture "dissipated" when it was taken over in 1995 by Electronic Data Systems. With no agreement about how a consultancy should fit into an IT company, "we lost a lot of momentum and people," he recalls.

Mr Liu, who joined the consultancy in 1996, was one of 160-odd partners who led the buyout from EDS in 2005. Now, with no outside shareholders, "we're always running our own race".

A.T. Kearney is still small enough to host partner meetings in one hotel and Mr Liu prides himself on knowing each of his partners and their spouses by name. But he is keen to ensure

that its relatively intimate scale translates into better sharing of best practice.

"The way to unlock value for clients is to unlock each other's secrets to each other," he says, explaining why he has insisted that every partner become accredited on online courses covering subjects from artificial intelligence to agile technology. "I'm both old school and new school," Mr Liu says, pointing to a future in which technology is increasingly embedded in A.T. Kearney's face-to-face business.

His background lends weight to this effort as he led the firm's communications, media and technology practice, advising Australia's Telstra and five of the 10 largest US telecoms companies before his promotion.

He left A.T. Kearney in the dotcom boom to join an internet start-up, oCen Communications, which promoted him to chief executive as it expanded to 350 people. Just as oCen was preparing for an initial public offering in which it hoped for a \$1bn valuation, the bubble burst and Mr Liu was left to wind the company down, returning to A.T. Kearney in 2001. "My first leadership lesson was dealing with not only leadership but also failure. But failure is also a licence to be successful the next time."

Technology and consulting are again converging, and Mr Liu sees this creating challenges for clients and, he argues, opportunities for his firm. He

doubts the likes of Amazon and Google will enter his market, but thinks some will want alliances with consultancies as they push into services for industries such as healthcare or banking.

The growing scale of big tech companies has revived questions about whether standalone consultancies need to consolidate to compete. It is only eight years since A.T. Kearney held merger negotiations with rival Booz & Co but Mr Liu says it is in no such talks now. A full-blown merger would have to be "breathtaking from a client's point of view" to be worth the upheaval to the partnership culture, he says.

He defends A.T. Kearney's current size, saying it forces the firm to be selective about its clients and avoid the conflicts of interest that arise from advising competing companies in the same sector.

"We don't need to be *Battlestar Galactica* where we have a giant consulting ship absorbing asteroids and mowing down everything in its pathway," he insists. Instead, he sees some of his "galactic" competitors spinning off units such as restructuring businesses and thinks some of the Big Four accounting firms may be broken up for economic or regulatory reasons.

Mr Liu brings a consultant's confidence to the question of how his industry should be reshaped, arguing that consulting's rapid growth has not always been driven by clients' needs.

One of Tom Kearney's mantras was that its success would depend on the "essential rightness" of its advice, he observes, arguing that clients' interests should rank above "megalithic" groups' need to sell packaged solutions.

When he took the job, Mr Liu urged his partners to "take pure joy" in the job of serving clients. Joy is an unusual word to hear from a corporate leader but he says fellow partners have not recoiled from such language: "I have a bit of serenity around where I'm trying to take Kearney and people pick up on that. You release a lot of pressure in the lead role when you summon that tranquility."