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# Case Study: A.T. Kearney and the New "Defining Entity"

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## Statement of the Problem

A.T Kearny who is one of the work's largest and respected global management consulting firms has been acquired by Electronic Data Systems (EDS) who is a leader in global information services industry. Management team is concerned about the challenges A.T Kearny faced in trying to take advantage of the new relationship shared with EDS. Moreover, many consultants are also concerned about the ability of these two different organizations, with different skill sets and cultures, to work together in blending their services into a broad, seamless continuum. In addition, senior consultants wondered about the implications it would have to be made for these two companies to benefit fully from the acquisition.

## Statement of the Facts

A. T Kearny is one of the world's dominant management consulting practices. Its approach has been to develop realistic solutions and help clients implement strategies that generated results and improved competitive advantage. The firm has 40 offices in 22 countries and has had tremendous growth over the past decade. Electronic Data Systems (EDS) is an established world leader in information technology services who is considered by many in the industry as the inventor of "outsourcing". The acquisition of A.T Kearny by EDS proved to be a significant move to put the company into the upper echelon of the management consulting leagues. With the acquisition many questions had been raised. Among these was the issue of how to leverage the merger in terms of providing strategic consulting and information systems solutions to clients. Should the two firms cross-sell each other's services? What new opportunities should the "Defining Entity" pursue to grow business? Should A.T. Kearney call on existing EDS clients and vice-versa? Should the two firms work together to secure new clients? What obstacles will the new entity face getting the sales job done such and internal sales manager and external client retention and gaining.

## Analysis

Its crucial to state that despite the acquisition, the president of A.T Kearny, maintained its position, as well as the rest of the structure of the consulting firm. In addition, president Harrison has seen the benefits of technological improvements EDS offers. They are key factors to allow competition with other consulting firms in the industry and allow the company to stay ahead of he curve. The solutions offered by EDS such as system development, system integration, system management and process management are a great addition and compliments to A.T Kearny. They allow the company to better meet the needs of the clients in term of customer service, communication and transaction. These additional services allowed A.T Kearny to become a more efficient unit.

To have a better understanding of they MCS was integrated, we need to analyze the consulting firm. The firm consists of 30 offices in 20 countries around the world. Their main objectives include profitability and bringing new skill sets to the company, which allowed for continued growth. Nevertheless, the company could not implement strategies by it self. Culture issues, lack of team participation and lack of planning and process implementation in short amount of time, triggered a negative outcome in profits of approximately $23 million. As stated in the book, "strategy. Many wondered whether vertically integrating services, so that a single consulting firm offered end-to-end consulting solutions, was an inevitable trend, and even if it was, integrating the existing MCS into A. T. Kearney would be no easy task." (Spiro, 2007). Moreover, James Kennedy of Consultant News states, “First you have entirely different cultures. What you are going to get is the propeller heads meeting the button downs. Kearney has been selling top management for decades, while EDS, which has only been in the consulting business since 1993, has been dealing mostly with the systems people. We’re talking about two different levels here.”(Spiro, 2007) This proves that the integration of the two companies did not show positive results at first.

We can now comprehend why EDS wanted to acquire A.T Kearny as a part of their company. They needed the expertise and market presence of a team that was well versed with the business. Moreover, as the text mentions, it was not EDS's first time attempt at purchasing a company. Yet, A.T Kearny was the biggest and most experienced. EDS's previous purchases were only an attempt to develop a "A.T Kearny" like management structure without spending as much; hereby, the title "Defining Entity". With this new integration, the two firms could now offer great consulting solutions backed with technical power and physical support.

## Recommendation

The question is now how will the new integration process affect the clients. The sales people need a new approach, to be clear and well formed of the new products they were to sell. Selling to preferred clients and offer the new entity an image of unity and cohesion that locked many the EMC branch would be some of the main changes that needs to take place. Rightfulness of that decision was unclear. It may have been better to fully integrate both branches so that the feeling of unity is widespread. The big client base from EDS and the infinite solutions offered by A.T. Kearny needed to find a way to expand, blend and sell its combined product. That is where cross selling comes to life. The two entities should integrate their services and create unity. Strategizing and blending the products can allow a "one stop shop" feel for the clients. This would allow the company to sell both service while outstanding the competition.

Further more, the next step would involve to get optimum performance from the companies' resources, which are the employees. The new Entity should involve employees from both sides in decision making and defining company mission and vision. This can resolve internal conflict and unite both cultures together. This will allow for both sides to communicate and create opportunities for the company to provide EDS clients consulting services. By providing consulting services, the company can focus on building long-term client relationships rather than short-term deals. Creating long term relations with big companies can only edify EDS and A.T Kearny's unity and defined entity as solution and consulting oriented company with world class IT services.

Speaking of mergers in general, there are a few general obstacles that the two companies need to overcome to have an overall unity. Compatibility between tow companies' mission statements and direction is crucial. The two companies need to state what they are trying to accomplish and how can both entities work together to accomplish the mission. Secondly, there needs to be beneficial economies of scale. Just because a company is larger, does not mean they are better. Some large companies cannot respond quickly to the market changes or to clients do to size, procedures and hierarchies. Thus, creating a single direction that everyone follows will allow a larger company to be on the aligned with its employees. Culture synergy is also in important factor in the interworking of a company. If one company is a T-shirt jeans type and another is a suite and tie type, then there needs to a be a middle ground between them in order to create a single culture where both sides can integrate well and work accordingly. There needs to be employee buy-in into the culture and forced culture does not work. Physical proximity is also very important. The two companies need to consult their physical headquarters into one place. This is because geographic location affects company culture. Employees in California are alto more laid back those those who work in New York for example. Thus this can create culture clash. Lastly, the companies need to demonstrate positive growth. Acquisitions and mergers usually lead companies into new markets where they can become a leader or a competitor in. If a merger does not benefit potential positive growth then it can lead prevent the company to be successful.

## Conclusion

A merger usually leads to positive change between the two companies. In the case of EDS and A.T Kearny it lead to positive strategic change. It allowed both businesses to enter new markets and expand their presence. Its selling strategies should be oriented to large companies, and long-term relationship. Allowing the company to prevail and be recognized by the world as, a necessary key factor while developing and or managing a business.

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