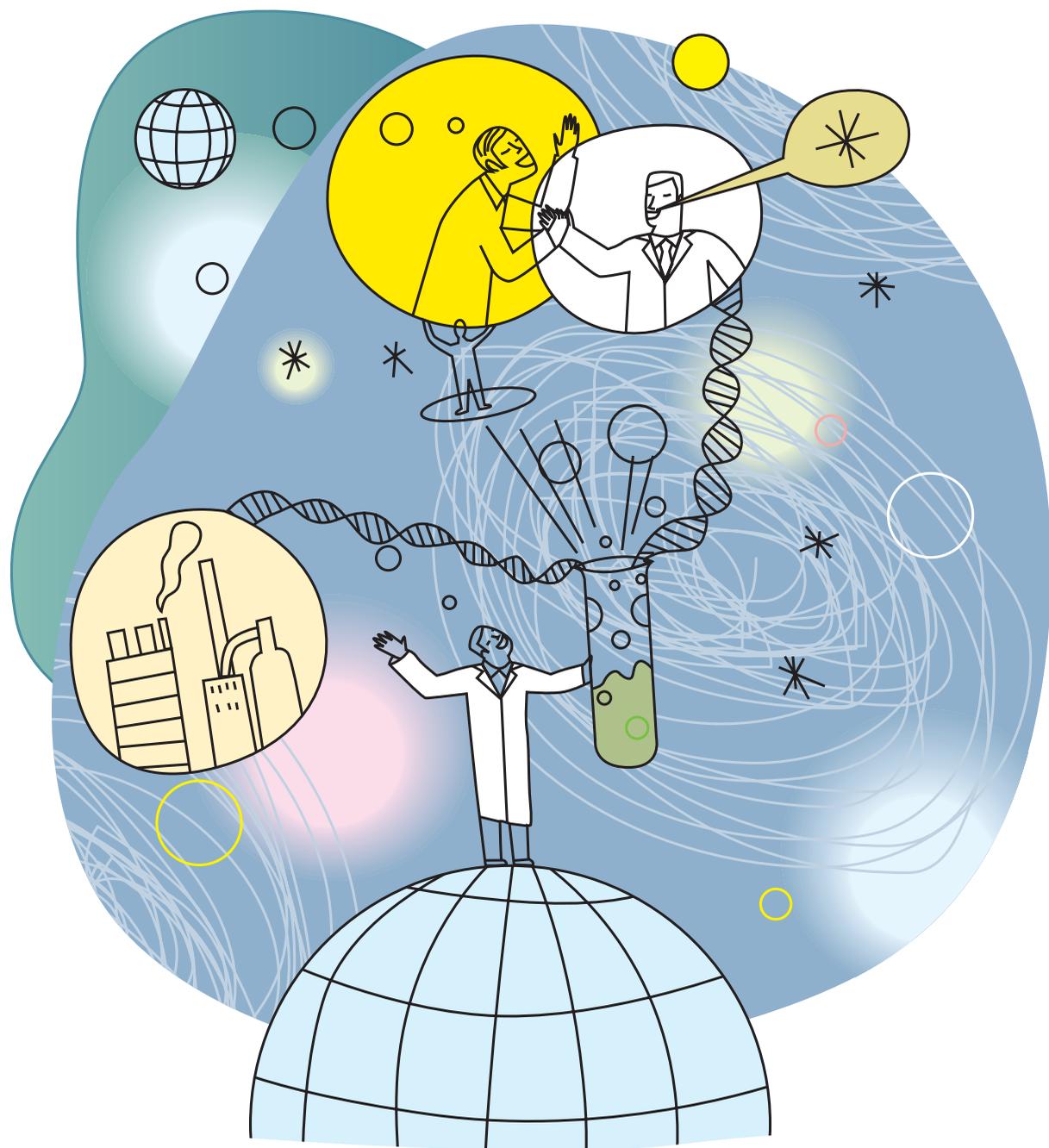


“Who says it can't be done?”



“The price of progress is research, which alone assures the security of dividends.”

Arthur Dehon Little

By Rick Eagar

Looking at Arthur D. Little's history is like peering into a kaleidoscope. As the tube rotates, the picture changes and evolves, but the pieces inside stay the same. So it is with Arthur D. Little.

As someone who's been privileged to be part of Arthur D. Little for well over 16 years - and not least because of recent work I've been doing to capture the essence of the Arthur D. Little brand in support of our current growth strategy - I rashly volunteered to give a personal view of the history of the firm as we celebrate our 120-year anniversary. Fear not, my ambition is not to add a weighty new chapter to “The Problem Solvers” (the book written by E.J. Kahn and published by Little, Brown and Company in 1986 on the occasion of our centennial, which gives a definitive account of the firm up to the mid-1980s). Instead I have just tried to give an impression of the soul of this unique firm by taking a brief canter through some of the more interesting events in its history.

Looking at Arthur D. Little's history is like peering into a kaleidoscope. As the tube rotates, the picture changes and evolves, but the pieces inside stay the same. So it is with Arthur D. Little. Whilst the firm has come a long way - from a contract research outfit in Boston to a global strategy and operations management consulting firm - the building blocks have stayed the same: creativity, deep industry knowledge and understanding, exceptional people, and commitment to results for clients. So we might

look like a completely different animal, but deep within we all still share the same DNA - in fact, it looks a bit like this:



So where did the firm get its DNA from? Unsurprisingly it all started with Arthur... Arthur Dehon Little was born the oldest of four brothers on December 15th, 1863 in Boston, Massachusetts. From an early age he showed boundless curiosity with a restless and probing mind. When he was twelve he had his first taste of innovation management when he lit a match to examine better the bubbling hydrogen gas from a home experiment with iron and sulphuric acid. "It was worth the money," he later said of the explosion which destroyed his bench apparatus.

He pursued his chemistry interests with enthusiasm and after school progressed as a freshman to the Massachusetts Institute of Technology (MIT), which would later become intimately linked to the firm. But unfortunately after three years he had to leave before graduating due to shortage of funds. It was shortly after this, in 1886, that Arthur founded the firm with a colleague, Roger Griffin - the original name of the firm was actually "Griffin and Little".

Roger Griffin was a gifted and experienced chemist with a formidable brain - it was said of him that he could handle as many as 30 analyses at once without getting them mixed up. Together they set up a business at No 103, Milk Street, Boston, offering to "prepare and execute all kinds of CHEMICAL ANALYSES with ACCURACY and DISPATCH" (sic). They were prepared to undertake "either in their own laboratory, or upon the spot, investigations for the improvement of processes and the perfection of products." And so in this way the world's first consulting firm was born - at the very outset offering expertise and capability to innovate at the interface between technology and business.

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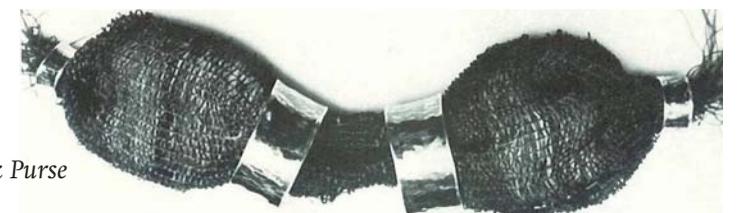
By 1900 Arthur acquired a new junior partner, William Walker, and moved into new premises closer to the financial district.

After early struggles the business started to take off and Griffin and Little became recognised as a leading authority in the chemistry of papermaking. Disaster struck in 1893 however, when Griffin died of serious burns as a result of a laboratory test. But despite this setback, by 1900 Arthur acquired a new junior partner, William Walker, and moved into new premises closer to the financial district. Little and Walker had a staff of only seven people - but in a striking move that some might say was a forerunner of times to come, Arthur created seven "departments" that he referred to when talking to clients: Analytical, Coal & Derivatives, Lubrication, Biology, Textiles, Engineering and Forest Products.

By 1909, staff numbers had increased to 22, and the company became incorporated as Arthur D. Little Inc. As the business grew, Arthur became increasingly adept at promotion and became a well known proselytiser for the business benefits of research. "The price of progress is research, which alone assures the security of dividends" and "Research serves to make building-stones out of stumbling blocks" are two of his well known comments.

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In 1921 Arthur came up with one of his best and most famous demonstrations of the power of research and the ability of his firm to challenge the accepted wisdom about what was, and was not, possible. Everyone knows that "You can't make a silk purse out of a sow's ear". Arthur had already theorised that sow's ears, which consist largely of gristle and skin, could be rendered into glue, watered down and then transformed with acetone and a touch of chrome alum into gelatine. If that residue were filtered and extruded, then threads could be spun into a fabric and - hey presto, you could weave a silk purse. Accordingly, 100 pounds of ears from slaughtered cows were delivered from a Chicago meat packer, threads were generated and spun on a specially constructed loom



The famous Silk Purse

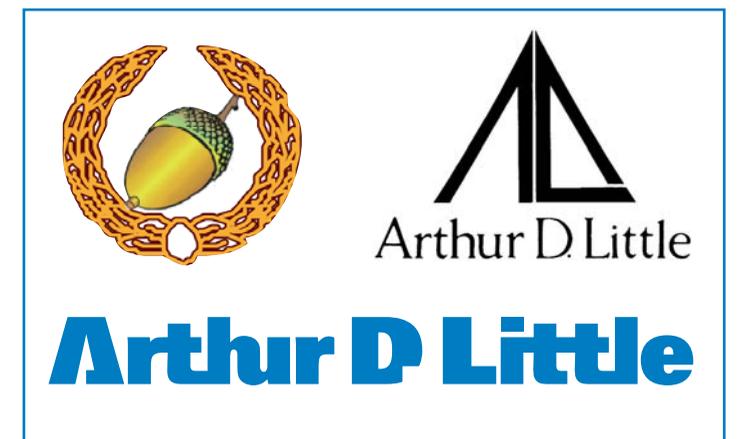
into a silky material. Two purses were duly made and displayed on September 12th at the Chemical Industry Exposition in New York. This caused a sensation at the time and was a great public relations coup for the firm.

And in 1977 a follow-on challenge was set for the staff: making a lead balloon fly. A Lead Balloon committee was formed and rules drawn up: work had to be done in staff's own time, and the balloon had to stay up a "convincing length of time". Three teams competed for success (one even hired a consultant), and the launch took place on May 16th 1977. One balloon burst at the seams while being fuelled; another staggered upward for about a quarter of a mile before collapsing; but the third, about 14 feet long and sausage-shaped, soared up, snapping its tether, and was spotted later at 4,000 feet by an incredulous Delta Airlines pilot. Suggestions in later years to try to grow moss on a rolling stone were quietly dropped...

Throughout all of Arthur D. Little's history up to the present day there is one thing that sets the firm apart - its remarkable people. There are many examples of Arthur D. Little staff who have made a tremendous impact on technology, business or society within their chosen field. Just one such example is Ernest Crocker, known as the "million dollar nose", who joined the firm in 1922. Ernest was credited with being able to recognise 9,000 distinct odours. Once when Coca Cola were debating whether to offer Arthur D. Little an assignment, Crocker rounded up a dozen or so Coke bottles of different ages, sniffed, and correctly identified the age of each one. The firm won the assignment.

Arthur D. Little's operations were US-based until the late fifties. A facility in Scotland was the first venture in Europe, followed in 1957 by a true branch office in Zürich, Switzerland. This was considered to be a good location: small, neutral, central - and also incidentally the place where the newly appointed leader had a girlfriend. By the end of the sixties, the firm had opened offices in many major European capitals and cities, including Brussels, London, Paris and Wiesbaden. Today, more than half our business is in Europe.

From 1916 up to the late sixties, Arthur D. Little's symbol had been a "winged acorn", representing growth and innovation. Throughout this period oaks and acorns were much in evidence - for example until the late nineties the firm's corporate headquarters in Cambridge, Massachusetts, were called Acorn Park and gold acorns were given out as rewards for casework excellence. Indeed, use of the symbol may have continued until the present day were it not for the fact that when the Paris office started up, it was pointed out that to many Frenchmen the flying acorn represented "a rather low-



class sex symbol". At this point, it was decided to switch to a safer symbol: a variation of the Greek Delta triangular configuration into which the letters A, D and L were squeezed. This continued until the late eighties when the current well known logo was first created (which is noteworthy especially for the fact that the "h" and "u" are in fact merged, deceiving the brain into thinking that both letters are there in full).

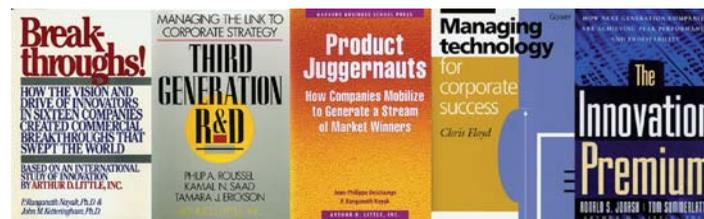
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Throughout the seventies and eighties growth was the order of the day for the firm. As well as North and South America and Europe, offices were opened in Asia and the Middle East. The number of ground-breaking consulting assignments continued apace, in a wide array of sectors. For example, in the telecom sector, we led the set-up of the Saudi Arabian telecoms system; we developed the original business strategy for one of the world's largest mobile phone operators; and we conceived the European Commission's first white paper on telecom deregulation.

Another string to Arthur D. Little's bow was management education. During the sixties, the firm developed and ran a major management development programme for the Nigerian government. This led to the formation of the Management Education Institute (MEI) with a curriculum including business planning and policy, international finance and banking, and economic development strategy. By 1985, the MEI offered accredited Master of Science in Management degrees and had over 1,300 graduates, including ministers in Venezuela, MDs of national oil companies in the Middle East and many other leading figures in developing economies.

By the mid-nineties the firm had grown to nearly 3,000, including acquisition of a well known organisation called Innovation Associates, disciples of the “learning organisation” guru, Peter Senge. This further strengthened the firm's abilities to innovate in the “softer” side of business transformation - complementing one of Arthur D. Little's existing well known approaches to diagnosing barriers preventing change from happening as planned: the “Unwritten Rules of the Game”. This approach, conceived by an Arthur D. Little consultant, Peter Scott Morgan, was a powerful and practical tool to help find out “what really goes on around here” in an organisation. Turning conventional interviewing techniques on its head, the approach allowed you to get inside the head of anxious middle managers, belligerent directors and paranoid chief executives. Conducting an “Unwritten Rules” assignment became almost a rite of passage for young consultants - once you've fed back to a CEO that actually he is the root cause of all his company's problems - and survived the cuts and bruises that usually result - then you can do anything...

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Also in the field of innovation management, Arthur D. Little consultants have contributed greatly to breakthrough methodologies that have been applied across the world - and continue to be the point of reference. For example, “Third Generation R&D”, published by the Harvard Business Press in 1991, is still to be found today on the bookshelves of many a CEO and CTO - the heavily highlighted paragraphs, half-torn jacket and dog-eared pages being testimony to the frantic search for pragmatic solutions to recurrent management challenges.

And so to more recent times. The start of the 21st century was a tough time for the management consulting market across the world, and certainly Arthur D. Little was no exception. In 2002 the firm went through a management buy-out and found its current home as part of the Paris-based 16,000-strong global technology consulting group Altran, itself a name closely associated with innovation.

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Today the firm is thriving and growing rapidly once again, but now focuses on pure strategy and operations management consulting - less white coats, more grey suits. But somewhere deep beneath the suave and polished exterior of today's typical Arthur D. Little management consultant, the soul of the maverick innovator still lingers on. Long may it be so.

What has it been like to work at Arthur D. Little? Most long-term employees would tell you that, above all else, it's great fun. Occasionally staff do leave, of course, not only to join clients but sometimes even to join competitors! However, it is quite amazing how many of our leavers come back after a few years. The things they miss most are the variety, the flexibility, the richness of experience and the people.

What words would I use to describe the firm? Here are a few: exciting, creative, diverse, fun, expert, dedicated, independent, intellectual, practical, confident, free-spirited, smart. But let's try to balance the picture as well: being free-spirited, independent and smart also has its downsides - ever tried herding cats? Arthur D. Little may not be the easiest global firm to manage, but it will never

become one of the “grey” consulting firms where everyone gets brainwashed into behaving the same way and delivering the same products - unthinkable. The firm's great strength is its people and its culture. More Vivienne Westwood than Chanel - vive la différence!

So 120 years on, what has changed? In some ways not that much, but in other ways a great deal. The firm still has innovation at its core - but now we talk about Smart Innovation: mastering both innovation and complexity. It is still able to provide an incredible array of industry expertise and innovation management competence; its people are just as intelligent, curious, colourful (and free-spirited!) as ever; and they are still just as committed as ever to independence, integrity and working alongside clients to make things happen. What has changed is the business environment and the needs of the firm's clients, and as always Arthur D. Little remains constantly at the forefront, constantly reinventing its approaches and services in a never-ending quest to solve any problem put before it. To use one of Arthur's favourite phrases: “Who says it can't be done?”

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