

CONVERSATIONS WITH MIKE MILKEN



Julie Sweet
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Mike Milken: Julie, a little more than a year ago, you became the CEO of Accenture, one of the most admired companies, a half a million employees all over the world doing business with thousands of clients in more than a hundred countries. When you took over, this pandemic had to be a challenge and I'm sure you saw it early with your presence around the world.

Julie Sweet: I started September 1st, and we have a fiscal year that runs September 1st to August 31st, and remembering that the pandemic was declared March 11, I literally had six months of no COVID and six months of COVID. The crisis happened at a time of exponential change in technology that was already transforming the way we work, how we engage with clients, how we make decisions. In January [2020] we announced that we were putting into place a new operating model we called the Growth Model, and we said we were doing so because we were beginning the decade of enterprise-wide transformation enabled by digital and technology.

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So the crisis happened at the backdrop of all of this change already in motion. And then you instantly had behavioral change at a scale that we've never seen in the past. And so you, first of all, have the acceleration of technology and digital being adopted with cloud

being at the very top of the list. We thought we would get to 80% in the cloud from the 20% we have here over the next 10 years; we think will on average be there in the next five years, and much faster for some. So, the cloud is at the top of the list.

The second piece though is actually the ability of companies to move faster. Companies did change and have to change overnight, and for the most successful companies, it has really changed how they're thinking about driving new business models, new ways of working. Seventy-five percent of companies today say that they are completely re-planning how they're going to operate; it's not as simple as I'm going to have more remote workers. It's everything from what can I automate? If someone can really be a hundred percent remote, what should I outsource? What should I move to different parts of the world, either because of cost or to access talent? And how do I permanently operate with at least some people being remote part of the time. Then you add on top of all of that what I think has been an incredibly good outcome here, is a focus on

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employees in terms of mental wellness and their wellbeing. This was counterintuitive at the beginning of focus on sustainability.

You are helping most of the leading companies in the world in this change. If so many companies are dependent on you with a half a million employees all over the world, take us inside Accenture and the changes that you were thinking about during this period of time. And because of the demands

of a pandemic and your customers, the ideas that you wanted to implement, your strategies, have you delayed them to when we get back to “the new normal”?

Well, it's a great question. When I became CEO, within days I announced that we were going to put in the biggest change in our history, which was our operating model change. And we designed and implemented it in six months. And we did so deliberately to say, we want it to be the ultimate credential about how a large-scale company could change rapidly. And this was way before COVID. So on March 1st, which was six months after I started, we reduced our matrix, we changed our P&L, which in the middle of the fiscal year is huge. We took out 30% of our management nodes and we changed 200 of our top 300 leader's roles. It was incredibly huge change. And we did that March 1st.

Now, when you fast forward to September and I announced another organizational change. We created something called Accenture Cloud First that brought together all of our resources around cloud with a \$3 billion investment over the next three years. Now, the old world would've said, if you just put in a big change, you can't make another massive change. But here's the point: an agile organization, which was what we were

focusing on, makes itself adaptable to what's happening. And as I said before, cloud has been a huge acceleration. And so we knew that we had to change in order to capture that opportunity and serve our clients.

And so when we began our fiscal year, September 1st, we didn't set 12 months strategic goals. Our top five goals, two out of five were only six months to re-enforce to our top leaders that we are going to move much faster. And then we set one of those strategic goals as a pilot. Again, reinforcing experimentation. Then we were transparent with our 500,000 people, that our top 500 leaders are going to be evaluated on their performance around these strategic goals that include experimentation and are being reset in only six months.

Those are the kinds of things that we have done to respond, and we put in place the model that would allow us to do so. Many companies now who say we want to move as fast as we did. My simple question is, what have you changed? Because large

organizations in particular can't operate in crisis mode forever. What do they need to change to compete and to be successful is what I call the new reality.

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So Julie, sustainability environment, government I know are areas that you've been very focused on. How important has this been?

Well, I'd say very simply, very important. And this is a global trend. We are in all of the major markets and what's happening in Asia is what's happening in the U.S. and Europe; 80% of companies say they're going to digitally transform, 62% say they must have more responsible business practices.

One of the biggest challenges is connecting the business strategy with responsible practices. There's an opportunity that didn't exist pre-COVID to more efficiently achieve sustainable business practices. If you think about supply chains pre-COVID, if you wanted to introduce better analytics, it was an extra cost. It was often driven by someone out of compliance and not the business lead. Now, supply chains have been disrupted. They need to be more resilient, they need better data. And so we're implementing for companies the kinds of analytics where you can now embed the algorithms and the processes to help achieve both the business objective and more sustainable practices.

The cloud is another example. We've developed a tool, and it can measure when you move to the cloud the reduction of your carbon footprint, so that the business case becomes melded together with the business value as well as the carbon reduction. So

the opportunity and the challenge is, can you change massively with responsible business by design? And that's a challenge because you have to connect those dots and move much faster. That's a cultural change as well.

So, Julie, if I think of any company in the world that is so dependent on the ability of its people, its human capital, their talents, their vision, it's yours. And I know inclusion and diversity have always been important to you and your focus. What changes, if any, have you implemented this year during a pandemic and due to some of the other challenges that are in front of us?

After the death of George Floyd in the U.S., we decided to establish external goals for the U.S., the U.K. and South Africa to create more opportunities for our U.S. African-American and black employees and in the U.K. for our African-Caribbean employees, and

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for of our people of color in South Africa. And that follows the game plan that we did with women. So back in 2013, we had 36% women and about 250,000 people. We set goals to be 50/50 by 2025. We're now 500,000 people and 45% women. We've been on that journey with respect to race and ethnicity internally, setting goals, holding ourselves accountable, measuring our progress, and we've now set those goals externally.

We've also implemented mandatory training around racism and how to speak up about it. We already have mandatory

unconscious-bias training, but we recognize that we really needed to identify racism specifically because it's different than unconscious bias. And then we're also investing more in our communities.

But what's probably even more exciting to me is that it's not just about these three countries, the reaction to what happened with George Floyd. My global management committee felt very strongly that this had to be a global movement. And so in all of our countries we are now having discussions and identifying actions tailored to the conditions in the country about how to change the game. This is something I'm really proud about my company and my leadership team, and that we're deeply committed both because it's the right thing to do and we have an unwavering commitment to inclusion, diversity and equality, but I also want to make sure that everyone understands that this is really a great business strategy. We started this deeper commitment to inclusion and diversity back in 2013, when we said we needed to rotate our company from less than 20% digital cloud and security to be at least 70% by 2020, which we've achieved. We said to do so, we needed to become more innovative and that required us

to be more diverse and inclusive. And so these external goals we've just announced and actions are the latest in actions we've been taking across all kinds of diversity. And we've had a 9% CAGR [Compound Annual Growth Rate] since 2013, so there's a financial outcome as well.

So Julie, one last question. When you have people saying, are we so far behind in our technology changes that we can never catch up, what message do you have for those who express that view? Is there a chance to catch up?

All companies that approach this with humility that they don't need to build their own, they should partner, they can learn from others and can absolutely leap frog. And that's exactly what we're seeing today. Pre-COVID, we had digital leaders, companies like the largest retailer in Thailand that were investing in digitization prior to, and were able to very, very quickly adapt. You had other companies that weren't investing and they struggled during this first wave of, but they're approaching it differently. They're learning from all the investments that others have made. They're partnering with public cloud and other ecosystem partners, and we see them catching up. And you're going to over the next six to 12 months, begin to see the landscape change with those who were laggards leapfrogging. They're approaching it differently; they have speed in mind and they have the humility that they partner with others.

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Well, Julie, I want to thank you for joining us today, and I really want to congratulate you on both of your company's and your personal success during these last 15 months since you've taken over as CEO; the way you've transformed your own company, but how you're helping thousands of other companies around the world transform themselves.

Thank you so much. I really appreciate it. I appreciate your leadership and I have an exceptional team that we'll continue to work for all these shared values that I know we both have.