

# JOE W. FOREHAND

## ORAL HISTORY

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### COMPUTERWORLD HONORS PROGRAM INTERNATIONAL ARCHIVES

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Transcript of a Video History Interview with  
Joe W. Forehand  
Chairman & Chief Executive Officer, Accenture

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Interviewer: Daniel S. Morrow (DSM)  
Executive Director, Computerworld Honors  
Program

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DSM: We are speaking today with Joe Forehand, the Chairman and CEO of Accenture, and in June of 2003, the recipient of the Morgan Stanley Leadership Award for his work in the work with Information Technology to promote Global Commerce. This interview is taking place at the Accenture office at 1661 Page Mill Road in Palo, Alto, California and its made possible by a generous grant from Morgan Stanley and the Chairmen's Committee of the Computerworld Honors Program. The Interviewer is Dan Morrow, executive director of the Computerworld Honors Program. The program was established in 1988, 89, to seek out, honor and preserve the history of the global information technology revolution by Roger Kennedy and the Smithsonian Institution's National Museum of American History, Patrick McGovern of International Data Group, and the chairmen of 40 of the world's leading information technology companies.

This oral history is being recorded for distribution to more than 140 national archives, museums, libraries and universities in more than 50 countries around the world and for the Program's Archives on-line. Without objection, the complete video/audio transcripts of this interview will become part of those international scholarly research collections and made available compete or in edited form to the general public on the worldwide web. This discussion however is private, and should any participant wish to withhold from the public record all or part of the recordings of these sessions, that request would be honored for a period not to exceed 25 years.

All present here are honor bound to respect such a request by remaining here in the room and accept professional, personal, and I might add, legal responsibility to abide by those agreements. No objections having been noted and no mass exodus from the room having been noted, first of all, thank you very much for agreeing to this Oral History to benefit so many researchers, scholars and future generations.

Let's begin at the beginning, if you could talk about where you were born and tell us about your parents.

## **Foundations for Life**

JF: I was born in a small town in Alabama ... a town of about 15,000 people located in east central Alabama, a little over 2 hours drive from Atlanta. The town had largely one company -- today called Russell Athletics -- which manufactures sporting goods. The Russell family basically built the town, and it was pretty much a one company town. Both my parents worked there. In fact, my brother and sister worked there as well, and I did too when I was going through college.

My parents were from very modest means, and neither one of them finished college. My father was in World War II. He spent time in Europe, almost three years through North Africa, Italy, France and Germany, and he came back and married my mother in the mid-1940s after the war. So, I was a "baby boomer".

I have a brother who is eight years behind me and a sister who is 16 years behind me. Coming from a fairly modest background, I didn't know much about what existed outside my small town. My parents were always very optimistic. They were very candid people. They always had this sense that -- throughout my growing up as a kid -- they were determined to do whatever it took to give their kids more opportunity. To them, that was largely education. One thing that in particular my mother drilled in me, just as soon as I could recall even walking, was that she was determined to do whatever she could to ensure I got a very good education, which she thought was the foundation for me to do and to live a better life. She had a hard-scrabble existence. She was one of 12 kids growing up on a farm in Alabama.

DSM: My parents were from a small town on the North Carolina, Virginia border, so I know exactly what that is like. Did you know your grandparents?

JF: Yes, I knew them well. My grandfather on my mother's side died when I was about eight years old. My grandfather on my father's side passed when I was maybe 10 or 12, and actually my grandmother on my father's side lived to be 102, so she only passed on four or five years ago.

DSM: What did your grandparents do? Did you spend a lot of time with them?

JF: Yes I did. My mother's parents were farmers. They raised chickens, and I used to spend time there, bailing hay and doing all the things with chickens and things like that. Actually, I recall when I was five years old there was a tornado that came through the town, and it completely flattened the house. We all got up, there were 23 people in the house, and the whole house by the time it finished was about four feet tall. We all walked away alive. I became convinced of miracles out of that episode, pretty early in my life. Those were my grandparents on my mother's side.

DSM: Having caught chickens myself in the summer, there are not a lot of folks who understand what that means. Could you do a little description of what that is like?

JF: Well, (laughs) most of the time it was more about herding them in the chicken house, to get them in the corner so you can catch them. You can't catch a chicken when they are on the loose on the ground running (laughs).

DSM: Did you spend a lot of time with your other grandparents?

JF: I did actually. My grandparents on the other side worked at Russell. There was this little textile village where the company bought all the houses for the people who worked in the village. After school I would walk there, and she would take care of me in the afternoon until my parents got off from work. It was very much an extended family sort of thing.

DSM: Okay, so you started school around 1953-54. Do you remember your first school experiences, teachers, friends?

JF: Certainly I remember kindergarten, first grade. I remember Mrs. Worthy who was my first grade teacher -- funny how you remember little stuff from those times. Mrs. Hayes was my second grade teacher, and I can recall in the second or third grade, having a very intense, had to do with my mother, focus on trying to learn as much as I could. I also recall that I used to get all these comments sent home about talking too much in class. So that was the thing I struggled with through the second and third grade. I did very well in school early, but I was always the one who was a little bit too loud, a little too noisy, sent out in the hall when you couldn't keep your mouth shut when the teacher was starting to talk. That made a real imprint on me.

Then as I went through school, the teacher that I can think of in school who had the most impact on me was my 7th grade math teacher, Mr. Traylor. That was when I first began to develop a real interest in mathematics. He was also a very rigorous teacher in terms of being demanding. He gave hard exams and you learned a lot. I recall most of the better teachers through school were firm. They were never the easy ones. They were always the ones who demanded a lot from you as a student.

DSM: I remember distinctly finally catching on to what angles meant. Were there any "aha" moments for you? Was he a geometry teacher?

JF: Yes, geometry. I always thought that was a fascinating part of math, because that's when you moved out of multiplication and division and into the really interesting stuff. That's what my introduction to geometry felt like as I recall.

## **A Coach for Life**

DSM: A lot of kids, we're both about the same age, Baby Boomers, were there a lot of kids in the neighborhoods, and is that where you learned how to play baseball?

JF: Yes, there were a lot in my neighborhood. I don't know exactly why I decided to play baseball, but I got intrigued by sports at a young age and I started playing baseball when I was about eight or nine years old. I really got hooked on it, really got fascinated by it. About the time I was 10 or 11, I got this coach, Coach Newberry. I will never forget Coach Newberry. When I was in Little League, we won the city championship two years in a row. I don't think we lost a game during that time period.

DSM: What was the name of your team?

JF: It was the Russell Giants. He took a bunch of little kids with similar backgrounds, largely kids of people who worked there in the mill at Russell, and he created this incredible winning streak of kids who were ordinary kids. He did so with -- and that's where I first learned the importance of -- practice, the importance of preparation, of repetition, and the ability when you work in teams to achieve incredible things with ordinary people. I was a catcher for example.....

DSM: I was going to ask you about that. He made you a catcher.

JF: He made me a catcher. Even as a kid I was a stocky kid. I was not very fast, but I was a pretty good hitter, so I was logically the guy who stood behind the plate. I can recall in practice that a catcher, whenever there is a hit, the catcher has to immediately rush down the first base line to back up the first baseman. There was always this, "You've got to think ahead. You've got to work as a team. You've got to back each other up." And if you didn't do that, if you made an error on the execution, he [Coach Newberry] would make you just run laps until you just absolutely died. So you learned the whole importance of repetition and how you back up each other and it led to a winning team. That led me in how I think about teamwork, and how I think about think about repetition and preparation too.

DSM: There is not a lot of time when you are behind the plate to think about the situation if the guy breaks you have to make a decision and be confident in that decision ... I would also like to talk about best friends or rivals that made a difference in your life in this early stage. Any people that come to mind?

JF: Probably a couple in my early years. Both kids I went to school with, both that I played sports with. A kid named Buck Fuller. He was the pitcher. He was always the pitcher. He was an ace pitcher. He actually went on to sign with the St. Louis Cardinals out of high school. So he was actually a good pitcher. Went on from high school and played in the farm leagues.

Then another guy, Bill Stevens, who was a kid I went to school with and was first base coach. He is actually CEO of a company now in Alabama. But those were two friends of mine that I got to know very well, who were also in my wedding and early year friends ... largely around sports and school.

DSM: Were these guys who pushed you or supported you?

JF: They were more support, working, playing together in teams, just having typical childhood fun.

DSM: I looked up on the web and researched your hometown area – did you spend a lot of time in the summers on the lake?

JF: A little, not a lot. The lake was, at one time I think, the largest man-made lake in the world. I spent a little time around there as a kid, but I was more into baseball and sports than I was the lake at that time.

## **Early Awareness & Insights**

DSM: You were in high school in 1962, 1963, you graduated from the class of 1967?

JF: 1966.

DSM: So you were in high school when John Kennedy was killed, and the height of the Civil Rights era. Can you talk about what it was like in Alabama at that time?

JF: First of all, I can recall when President Kennedy was killed. Everybody knows where they were at that time. I was in Mrs. Robert's class, my English teacher's class, in the 9th grade. I vividly recall the tragedy and even as a high school kid, how unsettling it was. It was not something that happened in our country. And yes I can recall all the things going on around the civil rights movement. It was a period where, as I got into high school, I began to realize the ways in which some of the things that you accepted, even when you grew up as a kid, were not right. You could see that as you started to get older, a little more aware of the world. They used to have when you go by the roadside at the gasoline stations, they would have the "colored" restroom, and the "colored" facilities. And that was something that was just part of life as I grew up. But then you began to say, "Well, that's a problem." You started to see that during that period of time.

DSM: For today's generation it's hard to imagine. I mean I grew up in Virginia and North Carolina and until I went to college I didn't know anyone thought any differently.

JF: No, it was all part of life. It was all part of your existence. I don't think I ever left the South East until perhaps I was in high school. I never ventured north of Tennessee. That was my world. So as you sit here today and you look backward and you see that was just, it was hard to imagine that those things happened. But when you grow up in it, you don't understand it. It was just the way your life was.

DSM: And now you are Chairman and CEO of perhaps one of the most diverse, creative, widespread global organizations in the history of the world.

JF: Yes, and I think some of those early years actually made me even feel stronger about diversity and the importance of how people, everybody, should have the same chance in life.

DSM: High school teachers that made a difference? You talked about your 7th grade math teacher.

JF: I did very well in math. I remember Mr. Dunaway. He taught me, I think two years, as I got through algebra and the early phases of calculus. Mrs. Crockett, the English teacher ... when you're a senior in English, it was just one of those things, a subject that was very difficult because it was preparing you to do composition work in writing to prepare yourself for college. I never necessarily enjoyed myself in writing, never really enjoyed English nearly as much as the math and sciences. Yet I can recall communications in writing and understanding the English language. She made an impact on me. It wasn't something I totally ignored.

DSM: What made you decide to go to Auburn?

JF: While I was high school, I began to look at what I enjoyed and it was around the math and science area. I felt that I really wanted to be an engineer. During that period of time, it was when the space program was well underway. We were really trying to get to see the US in the race with the Soviet Union. It was well past Sputnik and in between that time we were going to put a man on the moon. There was the lure of that during my years in high school. It was pretty exciting, and I got to thinking about this and I said, "I really would like to be an aerospace engineer." So that was going to be my calling.

Auburn has a very good engineering school. It was close to home. I was not really ready to venture out into the brave world, too far from home. It was also -- coming from a very humble background -- one that I could afford, which was a major consideration. So, they had a good engineering program, good school, so I chose it largely for those reasons.

DSM: It must have been a great experience. It seems now almost unreal to look back at what life was like back in 1967. So, going from Benjamin Ross High School, Auburn must have been a huge transition.

JF: I think first of all -- one last thing that my parents did, just to show you what education meant and their background -- they had to borrow money to get me through my first year of college.

Even though I can recall the tuition was like 90 dollars a quarter. You could stay in the dorm for almost nothing, but that was the life we had then.

As I recall, I started in engineering. I did extremely well the first year. Lot of it was just very strong preparation. I think I was Salutatorian. I made very good grades in high school. In fact I was voted the “most intelligent,” you know the “nerd of the year”, because I was a little bit of a -- if you had to use the word -- a bit of a “geek” if you had to describe it today. But anyway I was this geek in high school who was very good in math and science as I began to look at the world. And although I still had ambition to be an engineer, I felt I had to do some more things to round out myself as I went through university life. I joined a fraternity, Pi Kappa Phi. I became president of the fraternity in my sophomore year. And I learned a lot about leadership ... a lot of the things I can recall that I learned in sports as well. But, I mean if you have ever been a president of a fraternity, that’s like crowd control at its finest.

DSM: I was going to ask if brothers were harder than chickens.

JF: Yes, I think they may be actually. So I went through that. I learned a lot about myself. I learned a lot about leading other people. So I began to see the importance of the people dimension, and as I got to be a junior in college, I realized that aerospace engineering was beginning to decline at that point in time as an overall field. NASA was cutting back. There was a pivotal moment when I said I really want to build off my science and math background, but I really want to get more at the intersection of working with people in business. That was when that started to form, in my sophomore year, and I went into industrial engineering which fit that intersection of pure engineering and business. I got a degree in industrial engineering. I met my wife Gayle when I was at Auburn. She graduated from Auburn. She was an accountant. In those days it wasn’t uncommon to get married pretty early. Kids now wait a long time, but we were actually married before I graduated. So, during that whole period of time, as you know, the whole situation of Vietnam was going on.

## **An Officer Heads North**

DSM: I was going to ask you about that. Let’s talk about the height of the Vietnam War, and the atmosphere, what it was like on the college campus.

JF: Well, if you look at life at Auburn in that period of time, I would say it was conservative. Most people, if the government was doing something, it had to be good and that included war. As it worked out, Auburn had an ROTC program. I chose to continue my education and go into the ROTC program so I could finish school.

Everyone assumed during that period of time that you were going to go. It was just a question of whether you could stay in school and finish or if you were going to be drafted. So I chose to go into ROTC, and right after that decision is when they came out with the draft lottery. Remember the draft lottery? I never had a burning ambition to go into the military, but I knew that it was something, that if I had to go, at least I was going to go as an officer and get something that was affiliated with leadership, something that would build something for the future.

DSM: They didn't tell us in those days about Second Lieutenants and those things.

JF: No they didn't tell you about the lifespan of a Second Lieutenant.

DSM: So how long were you with ROTC?

JF: Well I graduated and about three to six months before my graduation day was when Nixon signed the Paris Peace Accord. You remember that? Actually that was the beginning of the end of the war. I say the beginning of the end because it actually took about three more years to wind everything down. But that was the signal and that was the event. There were so many people coming through that whole period, coming through ROTC, coming through as officers, who basically asked me not to go through two years active duty, but to go through three months, through officer's basic school and then have a year's reserve obligation, which I readily accepted. Upon graduation, I went to Aberdeen Proving Grounds. I was an Ordinance Second Lieutenant in Maryland and did my three months there. Of course, leading up to the point in time, before going into the Army, I started thinking of graduate school. So I already had arranged that I would go on to graduate school at Purdue. The three months in the Army fit nicely between undergraduate and graduate school.

DSM: You had a wife at this time as well. How did all of this affect her?

JF: Well, at this point in time, she obviously had some hesitation around what might be in the future, because at one point we knew that the road was to Vietnam. I guess it was one of those things where it was so common to people who lived around this, other students who were married, most of them just knew, most of the men knew that that was where they were going. And you didn't think anything about it. Obviously, we were very delighted when we realized that we didn't. She went with me to Aberdeen and we enjoyed that, and then we headed right off to graduate school where we finished.

DSM: So your three months stay in Aberdeen was the first time you lived in the north?

JF: Yes, that was as far north as I had ever been. I don't think I ever flew on an airplane until I was in college.

## 'Queuing" into IT

DSM: So from Aberdeen and three months in reserves to Lafayette, Indiana, which is another huge, sea change in your life. What led you to Purdue?

JF: It's interesting. I had, I guess like everybody, there were certain people who influenced your directions along the way. There are a couple of my professors at Auburn, in the Industrial Engineering program, who got Ph. Ds from Purdue. I got to talk to them about Purdue and the Krannert School. The Krannert School at Purdue is a very focused, basically MBA for people who have engineering or technical undergraduates. And as I began to see the shape of what I wanted to be, and fit somewhere in this dimension of the intersection of business and technology and engineering, it just made all the sense in the world to me. But it was heavily shaped by a couple of faculty members there, actually about three at Auburn.

DSM: Do you remember their names?

JF: Oh yes, Dr. Hool, who was probably one of the more influential, Dr. White and Dr. Maghzudlu -- in fact, I visited the campus at Auburn not long ago and he is still teaching. Those were three who influenced me greatly in terms of my selection of where to go to graduate school.

DSM: You were working while you were studying at this time.

JF: I did work part time at Auburn, but at Purdue, this was a full, 12-month, intensive as hard as I ever had to work, program. This was a one-year effort. I was an 80-hour a week effort. My wife worked. She worked as a staff accountant in the university so she helped fund the bill.

DSM: I was amazed to hear that you were before this working as an industrial engineer.

JF: I was working as an industrial engineer as an undergraduate in my senior year. Back then you were in Industrial Engineering, although it was beginning to be a bit of systems and technology. It was in the early days when that curriculum started to use computers. I never will forget this fascinating course that I took, it was in simulations. We would do queuing events and simulations of business events and so on.

So we began using computers in the early days, but the real focus of the way industrial engineering developed was really Fredrick Taylor and productivity standards-setting around manufacturing and production. We went through all those MTM standards, determining every move that any plant worker would make. You could look on your card and determine what move it was and what the standard time it would be allowed to move. So that's what I did when I was going to college. I'll never forget ... I got that part time job and I think I made \$4 an hour, which was way over minimum wage. I was really proud to make \$4 an hour.

DSM: Minimum then was \$1.24.

JF: Yes, it was something like that. It was a nice job.

DSM: I've gotten ahead of myself. I'm glad you mentioned first computers, and one of the other questions I like to ask everybody is about their first technology experience. Do remember when you got your first television set?

JF: Oh I was in the range of four or five years old. It was probably 1953, 1952 something like that.

DSM: The other question I ask is about childhood heroes. I remember sitting around and watching the radio and I loved the "Lone Ranger." Do you remember those days and programs?

JF: Mickey Mantle was my childhood hero. If you grew up and you liked baseball and you were a kid in that period of time, Mickey Mantle was everyone's hero. As a kid there was no major league baseball near where I grew up. The closest thing you could do is go and watch the Birmingham Barons in Birmingham. Even Atlanta didn't have a major league team. In those days, every Saturday when Dizzy Dean and PeeWee Reese would telecast the Yankees, I would be there. I would listen to the Yankees on the radio at night, fall asleep in bed listening to the Yankees, and so Mickey Mantle was my hero.

DSM: Were they all on national or some local radio stations?

JF: I think a lot of them were New York stations.

DSM: What about your first computer?

JF: The first computer experience I recall actually being FORTRAN programming. That was, largely back then, the primary scientific language for engineers. That seemed interesting in itself, but the one that really grabbed my attention was this simulation course where you could actually ... I found it fascinating because you were presented with a business problem, and you had to develop the program to determine how many lines you should have in a barber shop, for example, if you had this kind of inflow of customers, and how many barbers would stay busy and how would you schedule them. Or it could be any number of business applications around queuing theory. And I found that to be entirely fascinating. You could get the computer to generate random numbers, random events and simulate these activities, and I found that to be one of the more fascinating early introductions to computers.

DSM: Miraculous at the time. 1972, tell me about transition out of graduate school. You never considered an academic career?

JF: Actually, I did briefly. I was thinking a lot about things to do. I actually was encouraged by an economics professor I had in graduate school to go into teaching.

I thought about it some, but really never in any significant way. At that point in time, I wanted to do things that -- although the thought of teaching still was interesting -- I really wanted to be able to take what I was learning in business school around corporate finance and marketing. I really began to focus on, again, working on really taking advantage of this intersection of business and technology, to build on some of the things I found interesting around leadership -- even going back to the baseball years, to the fraternity president years and some of the things around people. So I felt if I could find this -- without knowing exactly what I wanted to do -- find something that could build on this engineering and technology background, coupled with business and leadership. I was heavily influenced actually by an accounting professor at Krannert who introduced me to what was at that time called the Administrative Services division of Arthur Andersen.

## **Finding Focus**

DSM: Talk about making that transition, getting hired at Arthur Andersen. What was it like?

JF: The guy that interviewed me, I never will forget. It was on the campus in Chicago, his name was Joe Carrico. He has passed on years ago, but he was one of the early Consulting partners, or what was called Administrative Services partners, a forerunner of Accenture.

I also met at that time a partner named Si Moughamian. And those two were very influential in terms of this thing with consulting and systems. This really, really intrigued me.

DSM: Did you ever interview with anyone else?

JF: I had several interviews, but I can't even remember what they were because this is the one that I seemed to find intriguing and just intensely focused. The more I learned about what this company did, I can recall in the discussions part of the heritage at that time was the administrative services division actually developed the first commercial business application in 1953-54; a payroll application for General Electric, which was really the first substantive business application, and I thought that was pretty interesting.

As an aside here, I have to tell you that a couple of years ago I happened to spend some time with Jack Welch. I was talking to him, and I said, "Jack did you know that the whole roots of what is now Accenture started 50 years ago at the Louisville plant at GE where we developed the first payroll system for GE?" And he started laughing. He said, "You know, when we looked at payroll and we put all the payroll processing, we decided to put it across all GE units in India, and we did that except for the Louisville plant. We kept the old system because it ran better and was cheaper." And I looked at him and we both started laughing. And I said, "It couldn't be the same one!"

DSM: Were your parents, you mom and dad still alive when you graduated from school and got this job?

JF: My dad is still alive. My mom passed away in 1987.

DSM: So they both were alive when you graduated, and were proud?

JF: Yes both my parents. I was the first kid on either side of my family as I recall that got a college degree. There was just such immense pride in that. They had no idea what Arthur Andersen was, but when I went to work they knew it was a big deal and they were very proud of that.

DSM: What was your first project?

JF: The first project....in spite of all this great stuff I had learned with computers and had this fascination with technology, the first assignment was to develop a manual purchasing and inventory system - a manual system. It was for a Georgia power company, and their Forest Park garage was their primary maintenance facility for all their vehicles.

So they had some internal controls issues and some things that they really needed some help to shore up controls around physical inventory, purchasing. So it was basically to develop a manual system that charged out inventory, out of the store room to fleet and repair orders, accountability for this typical stuff that you do. It was one of these hands-on, dirty, grimy, manual systems, but it was interesting. It was the first time that you learn about key business systems and the importance of internal controls and things of that nature.

DSM: And some good advice to make a really nasty job go better. You became a partner within 10 years. For people 300 years from now, Arthur Andersen in those days, tax and audit and the consulting division, can you describe it?

JF: Well, certainly if you look in the early years at the firm, and one of the things that was intriguing about it, it had this reputation of actually being just the gold standard of the industry, as you well know. There was a lot of pride in being almost like this Marine-like culture -- we stand for the absolute best. I saw that. I saw that in terms of the demands of the profession, of how we served clients. It was this intense client service focus to do the right thing for your clients. And as a partner in those early years, from 1982, we were getting to be a pretty sizeable business. None of the other accounting firms had the substantive technology business that our firm did then. If you go back and look, it was really only later years that that happened.

DSM: Why do you think that, because it was such a pioneering period of time and a group of people, was it because they were recruited?

JF: Yes. They recruited a lot of people. A story from those early years in the 1950s ... the person who actually took Arthur Andersen's place as Managing Partner, leading the firm, was a man named Leonard Spacek who was well known in the profession. He had a reputation that was extremely exceptional. He hired some industrial engineers coming out of the war, who built this first computer application. A man named Joe Glickauf was one of the ones who led that effort. Joe Glickauf developed a little gadget representing bits, with light bulbs and things and he used to take this around and talk to people.

He talked to Tom Watson at IBM about the business use of computers and the whole history. At the time, Tom Watson said, "Well, we looked at all that and there never will be more of a market than about five of these computers like you described." And so actually we and GE actually ended up in those early years developing it on the UNIVAC. I think it was that early urge and then a continued hiring of people, but not to go be auditors, I never did any auditing. I was hired directly into the systems and the technology side of the business.

DSM: I would like to talk about 1989, another sort of landmark in tax, auditing, consulting was what happened at the forerunner, Arthur Andersen, in the late 1980s. Can you describe where you were and what you were doing while all this was going on, and have you thought about this?

JF: Actually the whole series of events leading up through 1987, 1988, during that period was one of a lot of dissention between the consultants and the auditors, in terms of where the growth was. I never will forget a partners' meeting, I think it was 1986 or 1987, Randy McDonnell, who was the CFO of the total firm then, for the first time disclosed the profitability of the different businesses to the partners, at a partners meeting in Dallas. It confirmed what we felt, but nobody disclosed all of that before. So that was the beginning of a lot of discussion.

At that point in time, there were a lot of people who -- because it really was beginning to grow as a field and there were not a lot of people in the work that we did -- there was a lot of raiding going on, trying to take our people, our partners. You may recall Saatchi & Saatchi began hiring our partners. They were going to acquire and build a consulting business. That whole period of time led up to some structural changes which led to Gresh Brebach coming in post as the head of our consulting business. He got fired by the head of Arthur Andersen then, and it was a near revolt. We had a change management task force come together and put together a series of things that led to George Shaheen coming into the post in the 1988 time frame. I forget all the exact series of events, but then in 1989, the whole culmination of that was to actually separate into two separate partnerships.

DSM: And everybody said you were crazy people.

JF: Well, there are some people who thought it was a little off.

DSM: There was a great amount of the other Big 5 consultants wondering whether they should do this as well.

JF: By that time we were a pretty big force if you compare our size in consulting. It would have probably equaled the rest of the others added together. So it was no longer an accounting firm where there was this little add-on to it. It was a significant business unto itself and that was different. Other accounting firms were building those businesses then but by and large their mission still was to support all those additional services to clients. We began to develop clients in our own right, separately from the audit clients at that time. But that was a remarkable event that led to the separation of the partnerships, having control of our own destiny, or so we thought.

George stepped into the post. At that time, we were about \$1 billion in revenue and I think George did such a phenomenal job in taking us from \$1 billion to over \$9 billion in revenue.

## Driving Destiny Through Turmoil

DSM: So 1989 it was a beginning, the year as a symbolic period of changes in the world. Everyone thought this technology was going to change the world. Describe what you were doing during this extraordinary period of time.

JF: In 1989, we had created a billion dollar business, which doesn't sound that big, but it still was pretty substantial. All of a sudden there was no management structure to actually operate a business. Nobody had the experience so much of running businesses, because the auditors had basically managed the business. So we had no infrastructure, no clear strategy for where to go, we were somewhat free. So it was an incredible time when the growth was good, and the whole systems integration marketplace we really almost created to a large extent.

We were building and growing extremely rapidly in those days. I was in Atlanta for 18 years, and then I was asked to go run Dallas, my first management job. We were a geographical structure at that time. I recall at that point in time, though, that was when we started entering into a recession. Right after we get this new management team in place and started, the economy hit the brakes and the US went through a tough time. I was asked to go run the Dallas office, and as you recall that's when the banks in the Southwest went bankrupt. I showed up in Dallas in my first management job, hot shot young guy, and find that in my first month we lose a million dollars, that was a lot of money in those days. Still is a lot of money, but in those days ... well, I sweated a lot of bullets every day wondering if I was going to be able to turn this thing around. We got lucky. We were able to sell some big things and actually got some breathing room and you learn a lot about yourself when you are under pressure.

DSM: Was there a moment when you knew that thing had turned around?

JF: Yes, we had two or three big engagements that were \$5-10 million, and they all hit six or eight months after I got there. One of the first things I learned was that revenues can solve a lot of business problems. (Laughs)

DSM: Just before 1999, you were Managing Partner of Communications & High Tech, focusing on e-commerce. And shortly after that, things changed a lot with the dot-com collapse. Can you describe what that was like, the atmosphere before and after the bust?

JF: First of all, there is one significant figure that I would be remiss if I didn't acknowledge in my development and that is John Kelly. John ran the Americas and was arguably the number two guy to George.

He was a superb businessman and John really gave me my first big break, running our Americas business in Products -- manufacturing, distribution and retail in 1994.

I got to know John well, and I still talk to him today when I have tough problems or tough issues and I just want to bounce something off him. He made an incredible impression on me, in terms of his principles, what he stood for and how he thought. He had intuition. You run across these people who have almost this street-fighter knowledge of being able to sense something. It's not taught in a book.

To answer your question -- we went into a period where I had Communications & High Tech, in 1998, 1999. It was that period when it was, in hindsight, it was more fantasy than real. It was incredibly exciting, but it was somewhat disorientating, because we were all of a sudden written about in the press as dinosaurs. We had a good business, right, but if you were big, you weren't cool. That was the way the world wrote about things.

I had Communications & High Tech and we were trying to really re-tool our whole business to go after the things that the Internet enabled. Also, we had attrition problems that were becoming just monumental. I recall before I became CEO our attrition rates were getting over 20%, and when you have that kind of churn on an annual basis....

DSM: Especially with a company of your stature. It was unheard of.

JF: It was. It was the most turbulent period of time where we could not hold onto people. Keep in mind, too, that we were in the middle of an arbitration process during this period too with Andersen Worldwide. We filed the arbitration in December of 1997. So thank goodness 1997 to 1999 was one of robust economic growth because we had all this other internal stuff here that was a chapter for another day, that was going on behind the scenes.

DSM: Just for the sake of students 300 years from now, Andersen Worldwide was like the ..

JF: Andersen Worldwide is basically an administrative entity that provided shared services, and they were responsible for ensuring cooperation between the business units, being Andersen Consulting and Arthur Andersen. There was an income sharing, profit sharing that they administered, but there were not that many people in this holding company. We went through this whole period in the 1990s when Arthur Andersen began to compete with us by building a consulting business and that is what led to the rancor and the divisiveness. While we were sending them money, while they were competing against us, and that caused huge concerns which led to 1997.

So in this incredibly turbulent dot-com euphoria, we were in the middle of this arbitration. We didn't know where it was going to land. We didn't know how it was going to turn out. In September, I'll never forget ... George, we had several of the Board members from the consulting side assembled in Chicago, and he told us he was leaving. And that was pretty shocking.

DSM: You were never tempted to go?

JF: No. Never was.

DSM: During this period, were you ever really, really scared about Andersen Consulting?

JF: I was more scared about the arbitration than I was the flight of people. Both of those were significant issues, but we had an incredible brand. We still had a lot of things going for us, and even though there was a lot of attrition, we could still manage through it. The arbitration though, we didn't know if the arbitrator would keep us together or make us pay some huge amount of money that we couldn't handle and mortgage our whole future. So that was really more troubling.

And as I became CEO from the time in November to August 7th of the next year, when the arbitrator ruled, those were the times that were scary. Sometimes people ask me today, "What keeps you up at night?" I say, "There is nothing that keeps me up at night now after going through the sleepless nights during the period of arbitration."

## Integrity, Innovation & Leadership

DSM: So you became CEO on November 1, 1999. The CEO job in a partnership is a lot different from the CEO job in a hierarchical group, in a public company. Can you describe how you perceive the differences?

JF: A lot of the ways in which you manage in a partnership are actually a model for managing in a public company, because it does force you to think of your constituency, which is the people who follow you. It keeps you from becoming too isolated from the other leaders in the business. And it does, I think, force you to listen, to get input. Although it may at first seem they are so different, coming from a partnership, and certainly in the partnership you have partners who own the business, who basically are the ones who are on the Board who hold your fate. Actually I think a lot of the advantages of the partnership still are good, effective ways for a 21st century leader to lead now. It doesn't mean you manage by consensus. George Shaheen was never a consensus leader. He was always a strong-willed leader. But he understood the importance of the partners in terms of how you make that work. I think there's a lot of power in having that model and coming from that culture. Where there is a very entrepreneurial, empowering-the-partner there on the front who has got the responsibility for serving their client. So I think that model in a public company, actually, is a big part of why we are successful today.

DSM: You played baseball and are a golfer as well. Both of those are team sports in which the individual, that's absolutely and totally dependent on individual performance.

JF: If you look at our business, it is very much a team sport. If you look at what we do, it's not about one rock star doing very well and doing a deal, because we have a lot of different roles for different players. We teach a course for our new partners, our leaders do, a three-day workshop. One of the first things I tell our new partners is that our most successful partners are those who know how to ask for help, and use the firm to their advantage. Our business and what we have to do ... there are no rock stars in our business.

DSM: One of my favorite questions I ask everyone is about honor and what it is, and where it comes from in your own particular experience. Some people see honor as integrity and being true to yourself. Other people see honor as a debt you owe to other people whose respect you cherish and crave. What about your own sense of honor and integrity, where did it come from and how would you describe it?

JF: Well, I think it clearly came from my parents. My parents were very religious people. I grew up in a -- which I wouldn't trade anything for today -- very strongly religious background. We had church every Sunday, and it wasn't as much about religion as it was about values. So I think it's that.

I think it's also -- as you say -- I think a lot of people who grew up in our era, and probably particularly in the south, learned how to deal with humility in a way to use it as their advantage.

I think in today's world sometimes there's a fine line -- and there should not be -- between arrogance and confident humility. I think that's a big part of what any effective leader has to embrace.

DSM: You think some of that came out of World War II and that generation of soldiers?

JF: I've never thought of it that way, but perhaps. I think in hindsight, it was a lifestyle. It was an environment where people didn't value material things. They didn't know what material things were. It was a life that was pretty simple, based in religious beliefs and treating your neighbor well. People didn't lock their doors, would never think of doing anything dishonorable. It was almost a naïve environment to some extent.

DSM: I never realized until I was in college that we were poor.

JF: I didn't either because I never knew any other existence. You're right. I had everything I ever wanted. I knew that it was tough, and I knew my parents had to borrow money when I went to college, that was a big sacrifice. But one thing I have certainly learned along the way is understanding what effective leadership is about. I think about that, too, when you talk about values and honor. I think part of being a leader is first and foremost to build trust. It's so easy to destroy, yet so hard to build trust as a leader. You look at leaders and leaders have to accept bad news. And if you are a leader and can't accept bad news and shoot the messenger, how often you going to get anything but what people want you to hear?

You have to be very approachable to get and gain trust with people, and I think that's a lot of how I look at it. Basically it revolves around trust. I think leaders are effective teachers. When you asked me earlier about teaching ... our best leaders and good leaders are those who teach others. Also, I know that they're doing so because it leaves a franchise behind that is stronger and better. We always have the principal in the firm of stewardship, which says that you want to leave the firm in better shape than when you joined it. And that is a very powerful thought.

DSM: Another question is about innovation, and you work with some of the most creative people on the face of the planet. And I may be hopelessly prejudiced, but I think this is one of the most creative periods of history. Where do you think innovation comes from?

JF: I think that's a tough question. If I look at innovation and what makes it happen every day, I think it starts with talented people who can work in teams. I think it starts there. You have to have incredibly – we hire the top 10% of every, of all, the major schools and colleges and universities around the world and you have to start with that. But that is necessary, not sufficient. I think creating a culture where you expect people to innovate, and innovation doesn't just come out of labs. In our business it comes right out of our client teams. Our best innovation usually happens right with people every day who are trying to come up with the next light bulb for a particular client to help them improve their business. I think part of it is the culture that you create, and an enterprise of entrepreneurs who also are disciplined to execute a common strategy.

DSM: I want to talk a little bit about the future of this technology and the future of global commerce. The year that Andersen Consulting became Accenture was the same year the terrible events of September 11th happened. For a time there was a sense of despair about globalism, about technology. There was a sense that this hope of the 90s was gone. How do you feel about that – where is this technology going? Are you still optimistic?

JF: Yes, I am incredibly optimistic. Yesterday I was on a CEO panel at an industry association we have with the telecommunications and high tech industry. We had about 250 clients there. I was on a panel with Steve Ballmer of Microsoft, Joe Tucci of EMC, Jon Fredrik Baksaas of Telenor. This question came up, and I think without a doubt, all of us are optimistic as we look ahead.

We had a period that has been unparalleled in my history of business. Not have we seen since World War II the level of economic issues and capital investment shortfalls that we have had in this period. But, as I look ahead at all the things that technology has not yet done ... if you look at the Internet and all the bubble it created, we haven't even begun, I don't think, to capture how the Internet can be used in better and different ways to gain new insights about businesses. We use this term, 'always on, always active, always aware,' as we look at technology in the future. Clearly it will be a world where, if you think of networks, you think of remote devices, you think of where technology is going, where technology becomes more and more like an automobile. The automobile of today has more computers than the moon launch in 1969 had with whatever it was called in Apollo. That's going to be the future.

If you look at radio frequency identification and technologies where you can get sense and respond technology for two and three cents with microprocessors. That whole world where technology becomes embedded in everything from supply chains to products, and we have that environment where the business enterprise will operate as a real-time business.

I would tell you that most CEOs I talk to don't think they are anywhere near that today ... the ability to gain insight about customers in different ways to improve the top line. If you think of it, the equity markets of the past two years have rewarded people who have cut costs and stayed out of the headlines. But we're going to go back to a period where companies are going to have to be competitively different, grow the top line.

I don't think we have even touched the surface of how to use insight, how to move to real-time businesses, how to capture the embedded nature of technology in business and in services that are provided. That's an exciting period ahead of us.

If you look at even the government, look at the tax systems today. Largely taxes are done on payroll taxes as opposed to events. That's a very crude way to collect tax revenue. If we've got an embedded chip when you buy a suit, base it on usage and you pay a tax collector right there. There are whole limitless types of ways that we haven't even seen technology come into play yet. And for us to sit here and think all the great technology has been invented, that's not the way I think of things.

One more point I would make. One of the things we have to get better at with innovation if you look at the engineering end of innovation -- developing new products, and new technologies -- that will continue on. I think in many companies it's a well-established vehicle for the innovation of technology that starts all the way with universities and how research is done and major companies around the world.

We increasingly have a gap between, in my view, the innovation of the business applications and what businesses can be enabled by technology -- versus the creation of the technology itself, creation of the software, the devices, the gadgets. All the engineering associated with that, that we can get -- there's an ecosystem that creates that through companies and universities.

What we haven't maximized yet is the innovation around defining new applications of the technology that deliver shareholder returns at the same rate that the innovation occurs on the technology side. That's what we're doing in Accenture Technology Labs. We don't create technology, but we try to stay three to five years out and say well, where will some of the things coming out on the drawing boards, where will they have the biggest business use? It's that innovation on the business side that doesn't have the strong ecosystem that creates it on the technology side.

DSM: One last question and it is the hardest one. If your children's children look back at this time and remember Joe Forehand and this revolution, how would you like to be remembered?

JF: As a good father and husband. When you get down to it, there is an important part of my life that's my business world. But I think if you look at kids and you look at what is important, you put things in perspective. So I think that is how I would answer.