

Censeo CEO: Expertise is Our Core Value Proposition



Censeo President and CEO Raj Sharma recently went through a rough breakup: one with a client. In fact, the client was the second-biggest on his roster. But he says there was a disconnect between Censeo's values and the client's. The situation, though, speaks to Sharma's emphasis of quality over quantity. "We don't want our company to be run based on or be driven by artificial revenue goals. What's more

important to us is that we grow the business the right way," he says. After leaving Booz Allen Hamilton, Sharma launched Censeo five years ago with a handful of partners. It is now about 50 consultants. Sharma recently spoke with Consulting about Censeo's model.

Consulting: You pride yourself on having a different consulting model.

Sharma: When we started as a firm, the very first thing that we thought about was "What are the core values of the firm? What kind of organization do we want to build?" It wasn't about which markets we're going to target or what the opportunities are or how much money we can make. If we're going to build something that we're proud of, it's really important to understand what that firm stands for. And I can't tell you how critical that is every day in how we make decisions. And of course every firm has values, but it's so critical; it's helped us define what our business models should look like to what opportunities we take on. And also how we incentivize people. I think that's one of the big disconnects: between the values the companies have and the incentive structures they put in place.

Most people are good people; I really believe in the goodness of people. And from that standpoint, people in larger firms or different environments are put in places where they have to drive decisions based on the way they're being incentivized. And they end up making the wrong decisions a lot of times because of the way they're incentivized. We don't have a single person in the firm who's compensated based on revenue metrics. And we had the last two years, over 100 percent growth.

Consulting: Do clients find working with you is a very different experience from working with a large legacy firm?

Sharma: Definitely. Since we founded the firm—Censeo started five years ago—we have had a couple of different goals. One was really to think about a different kind of business model around consulting. To really look at how can we deliver more value to our clients in a different way and also how can we really at the same time address some of the people issues in consulting. We think there's a benefit to our clients if we're able to do that.

One of the ways that we drive value for our clients, and it's really the key principle, is expertise. So our goal as a firm even as a small firm, is to really be a thought leader in the area we want to get into. So our goal is to identify the key set of issues that our clients and our prospective clients are facing and then own those issues. And not second or third in those issues but really be considered a thought leader so when any client out there thinks about that issue, they think about us. So we're really looking hard from the standpoint of investing. We're investing much of our profits back into developing intellectual capital. And really not just thinking about best practices but going beyond that, because best practices, frankly, anybody can do. What we want to bring to our customers and the market is really bring the best practices but also think about what are new ways of addressing the challenges that our clients face.

Consulting: So what areas do you think Censeo really excels in?

Sharma: Well, broadly speaking, we really define our capabilities within the supply chain and operations umbrella. Of course that's very large. Supply management is one area where because of my background where we started and really developed and built a lot of expertise in. Really we're addressing broader issues around how do you design organizations and develop a governance model to interact with your customers [in order to] drive and support your strategic business objectives to procurement. And then secondly, really looking at sourcing as a way to drive more value.

Consulting: Who are your clients?

Sharma: When we started the company five years ago, we saw a large opportunity within the federal government, in terms of there was really a need out there. The government acquires over 400 billion dollars in goods and services and they're from the mundane to very complex weapons systems, etc. So we saw a whole host of issues there and we saw really a market opportunity. So we've really taken that market by storm in terms of we built a very strong compelling brand; we've actually displaced some large companies, large competitors out of their position.

Consulting: You've had some impressive revenue growth in the recent past. Are you still on that path?

Sharma: Our federal client base buffers us to some degree from what's happening in the economy. If anything, we're constrained by our ability to really bring on, as most consulting firms, the right people. And we have not compromised on that, so we have actually slowed down growth instead of just hiring people and taking on more clients. But even within the commercial/private sector, we see a huge opportunity because our broader umbrella is under supply chain operations. And a lot of the initiatives that we're working on are related to cost reduction. So in terms of the economy slowing down, we see that as an opportunity and we're actually getting more and more leads into clients.

Excerpted and posted with permission to Censeo Consulting Group from *Consulting* magazine One on One, 8/14/08 © 2008 Kennedy Information, Inc
Peterborough, NH 03458 USA • Tel: 800-531-0007 or 603-924-1006 • Fax: 603-924-4460
Email: consultingmag@kennedyinfo.com • Web: www.Consultingmag.com.