

\$60M for Corporate Culture Specialist

SERVICES: HB consultancy now part of Heidrick & Struggles

■ **By JANE YU**

The growing trend of companies taking stock of their corporate cultures caught up with a Huntington Beach-based consultancy in a good way recently.

Senn Delaney Leadership Consulting Group LLC—which counts decades of experience in the field—last week struck a deal on a sale to Chicago-based executive-search firm Heidrick & Struggles International Inc. for \$60 million.

Heidrick & Struggles said it could pay an additional \$15 million depending on its newly acquired subsidiary's performance in the next three years. The overall deal could total \$80 million or more under various other terms.

The deal gives Senn Delaney global reach as part of one of the best-known executive-search firms in the world.

Heidrick & Struggles gets

entrée into a service that complements its placement business.

Senn Delaney employs about 100 workers total, with about half of them at its headquarters at the One Pacific Plaza office complex next to the Bella Terra Shopping center, where it set up shop six months ago in a move from Long Beach. It has smaller groups of employees at offices in New York and London.

The consultancy's management and staffers are expected to remain on board in Huntington Beach under the new ownership.

"We're all committed to having this relationship over the next several years blossom into everything we've envisioned it to be," said Senn Delaney Chief Executive Jim Hart, who will be part of Heidrick & Struggles' operating committee.



Hart: good time for Senn Delaney to go global

Buzz Word

Corporate culture has become a buzz word in recent years, with former executives, consultants and pundits touting the importance of instilling basic principles based on organizational values into the everyday operations and long-term missions of companies.

Senn Delaney has been providing what it calls "culture-shaping" strategies for companies in the U.S. and abroad for 34 years. Its beginnings go back to a doctoral thesis on organizational personalities



Larry Senn: founder, chairman started in late 1960s with doctoral thesis on organizational personalities

done in the late 1960s at the University of Southern California by founder and Chairman Larry Senn.

“Culture has been our singular focus,” Hart said. “34 years ago, culture was not necessarily a top-of-mind concern for CEOs. It is very clear that it’s top of mind now. It’s high on the priorities.”

Senn Delaney’s approach also dovetails with Heidrick & Struggles’ longtime specialty in executive talent.

“Cultures are a shadow of their leadership,” Hart said. “When you want to shape a culture to generate better results, you need to start with the leadership. That’s the research we did. And we’ve counted 105 of the Fortune 500 companies as clients.”

Among the firms’ clients are Purchase, N.Y.-based PepsiCo Inc. and Chicago-based Abbott

Laboratories, which bought Santa Ana-based Advanced Medical in 2009. Senn Delaney also has worked with local firms, such as Santa Ana-based for-profit educator Corinthian Colleges Inc. and Beckman Coulter Inc., a laboratory-instruments maker in Brea.

Senn Delaney had about \$29 million in 2012 revenue. Part of its revenue comes from sales of proprietary software products, which are used by clients for training and measurement of results.

Heidrick & Struggles is a publicly traded company with about \$292.6 million in total market value. It saw \$2.6 million in profit on revenue of about \$467 million for the 12-month span through September. The company primarily helps its clients hire executives. It also provides some consulting services throughout nearly 60 offices in 28 countries. The firm has an estimated 1,500 employees.

Joining Heidrick & Struggles’ fold brings Senn Delaney the ability to reach more companies and top-level executives.

“We felt it was time to find a globally aligned strategic partner who also specializes in the

executive and board levels of the largest companies in the world,” Hart said. “[Coming to a deal] took almost a year of searching and lots of conversations with numerous interested parties.”

Senn Delaney has maintained particular focus on the energy, healthcare and utilities sectors, areas where “regulation or deregulation has forced companies to undergo sweeping changes, requiring a need for cultural alignment or realignment,” Heidrick & Struggles’ Chief Executive Kevin Kelly said in a conference call addressing the acquisition.

Shift

The deal is expected to help Heidrick & Struggles in its “shift from executive search to a more rounded, relationship-based leadership consulting firm, to provide more than just transactional placement services,” according to Lloyd Greif, chief executive of Greif & Co., a Los Angeles-based investment banking firm that represented Senn Delaney in this transaction. “This is a textbook example of a highly synergistic transaction where one plus one equals three. This deal promises to be a game changer for both companies.”