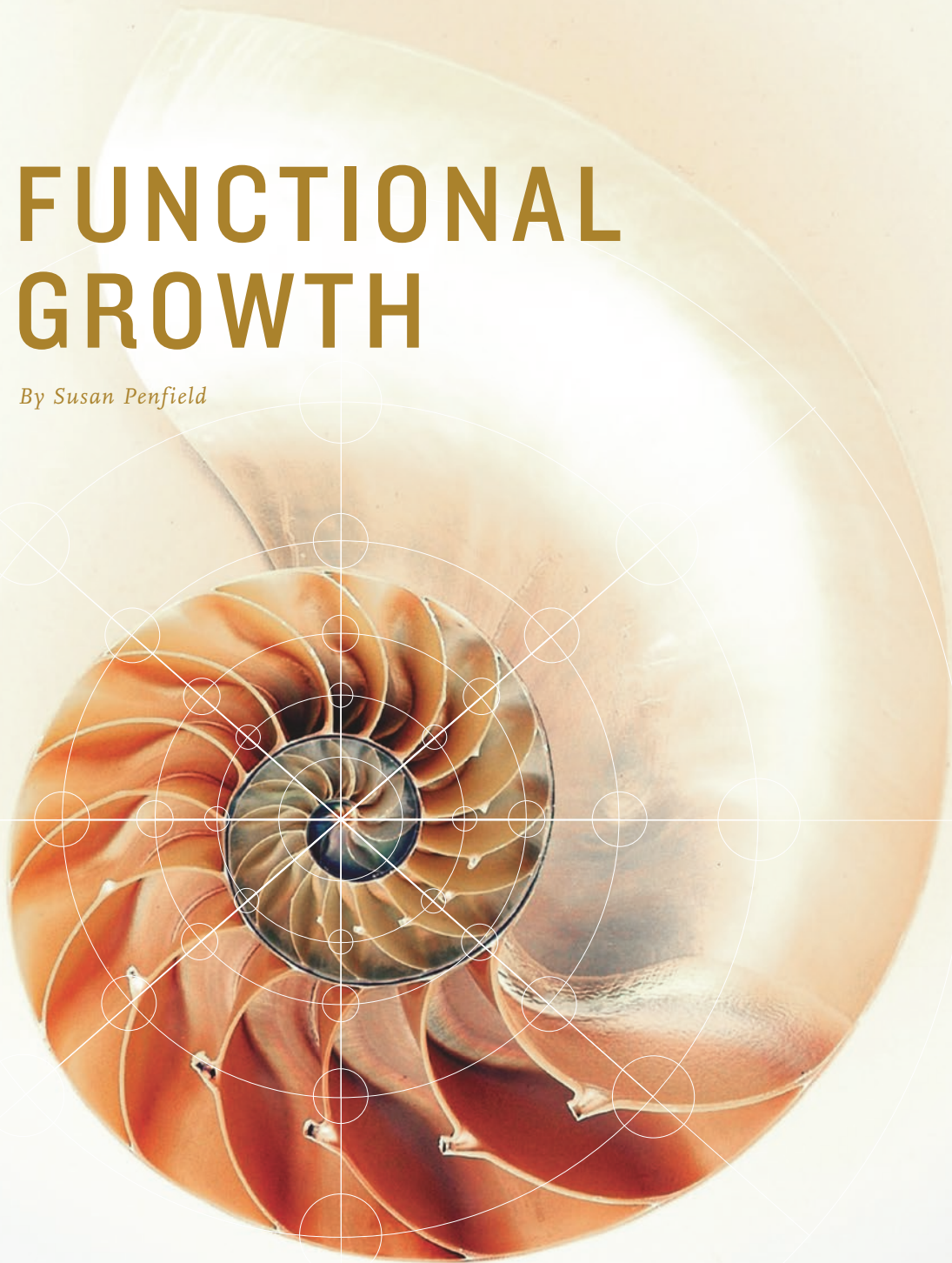
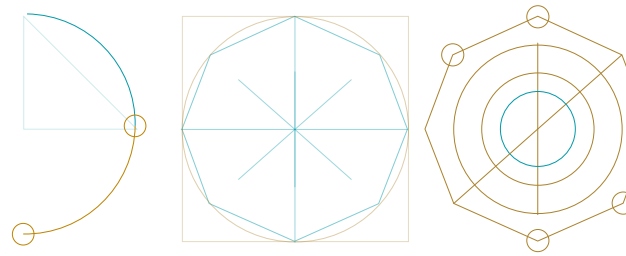


FUNCTIONAL GROWTH

By Susan Penfield





Edwin Booz pioneered the notion that a group of people outside a business could analyze its challenges and advise on strategies to improve its operations. This vision both precipitated the establishment of Booz Allen and the industry of management consulting.

Today, Booz Allen serves as the essential partner to some of the world's biggest organizations. We have a relentless commitment to take on, tinker with, and solve their most complex challenges.

PLACING AUDACIOUS BETS

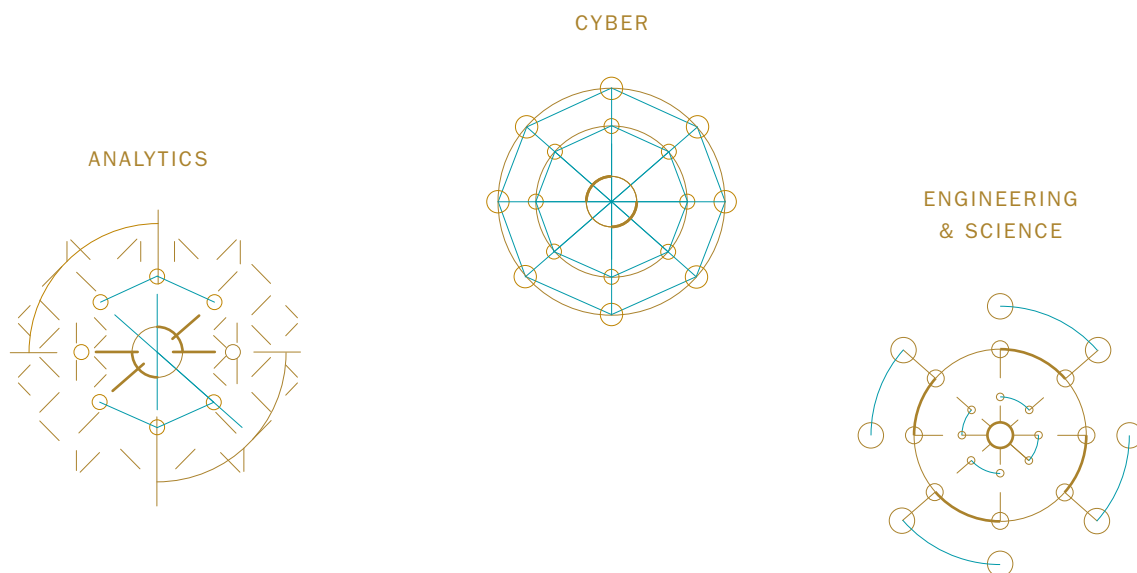
After the financial turbulence of 2008 and subsequent changes in government spending, our clients faced shrinking budgets and rising expectations. This presented Booz Allen with an opportunity to invest in those areas our clients would need when the markets returned. As part of our Vision 2020 strategy, we created the Strategic Innovation Group (SIG): a focused agenda of investments that anticipate the future of cyber, data science, digital, and our own culture.

While the SIG's configuration and intent promotes experimentation around specific initiatives, we didn't isolate it from the rest of the firm. In fact,

we did the opposite. The SIG partners with our market accounts and entire talent base to incubate original capabilities. But with a market rebound and a return to growth, we are now expanding our investments to meet the surging demand for these new capabilities.

This April 2016, we activated five Functional Service Offerings (FSOs) in Analytics, Cyber, Engineering and Science, Management Consulting, and Systems Delivery. Each FSO is an independent, yet integrated, horizontal business charged with scaling capabilities within and across vertical market accounts.

Coupled with a centralized functional talent model, each FSO will find and rotate in talent to transport and apply new capabilities to new clients with fresh problem sets. In doing so, the FSOs will increase our agility to move on meaningful work, and make meaningful moves on furthering our talent experience.



INSPIRING A COLLECTIVE MINDSET

We're not starting from scratch. We've always examined problems through a functional lens. Our 17 Functional Communities, for instance, challenge inspired talent to put their functional skills to the test on problems beyond their daily client work. In these communities, our talent socialize their best ideas with their colleagues and learn new techniques to solve old problems.

Our talent enjoys participating and networking in these communities. They're not going away. Rather, the FSOs build upon these pillars of community and intellectual capital. They will codify and centralize functional talent and scale a functional mission across our business.

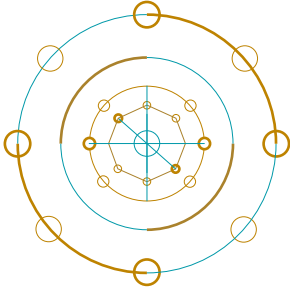
This starts with adding to the outlook of our people and the alignments across our business. We have always had market leaders running account portfolios. That won't change. But we're now charging executives to lead growth from a functional perspective and seek out opportunities to expand solutions within each market account.

Functionally aligned talent will have expanded opportunities to explore the challenges associated with building, scaling, and standardizing the delivery of original capabilities with transformative value for Booz Allen and our clients.

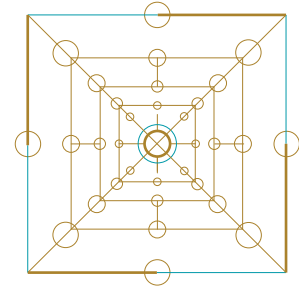
The Systems Delivery team has assembled a cohesive framework and management process for all of Booz Allen's systems delivery jobs. Think of it as a Starbucks coffee approach applied to software delivery. The team has standardized our software delivery process so that every project, regardless of team or geography, tastes like Booz Allen.

As market and FSO teams aggregate talent and resources, account leaders will be able to identify the resources and intellectual capital they need to grow their value to clients through an expanding capability set. Likewise, capability leaders will have access to resources and problem sets to apply their solutions in new ways and inspire an institutional view of expertise and lifecycle talent management through accounts. It's a virtuous circle that further streamlines investment, scopes a sensible risk posture, and inspires a collective mindset through reciprocal gains.

SYSTEMS DELIVERY



MANAGEMENT CONSULTING



ACCELERATING FLOW

What's more, the flow of intellectual capital and resources can increase proportionally to the number of intersections among our accounts and functional areas.

For example, in the future when a leader identifies a market opportunity to solve a client's technical engineering challenge, they can access the Engineering and Science FSO. Knowing who to reach for in a large organization is a significant step to codify. In the past we relied on our entrepreneurial culture—with great success—but can now respond to market needs faster through a disciplined process.

The FSO then takes part in solving the capability challenge. Rotating in the right engineers and the smartest intellectual capital from across the firm both improves our ability to match the challenge and constructs a pipeline around our engineering capability in a new market.

*Yes, we will go to
market faster.*

*We will continue to
build original value
for our clients.*

CONNECTING TALENT TO MEANINGFUL WORK

Stronger functional agendas and inspired talent are inextricably linked to top and bottom line sustainable growth. After all, the growth of our core business underpins and strengthens both the success of our talent and our expanding capabilities.

Yes, we will go to market faster. We will continue to build original value for our clients.

With the rotational nature of the FSOs, our functionally aligned talent will become even more valuable

to the market upon their return to those teams. The FSOs make it easier to harvest new capabilities, forge meaningful connections, advance careers, and leave an imprint on Booz Allen and our clients. 