The Hackett Group

World Class Defined and Enabled

2011 ANNUAL REPORT

Ted A. Fernandez
Chairman and Chief Executive Officer

"We delivered 20% earnings growth, which is more impressive when you consider the strong results we reported in 2010."

The Hackett Group
World Class Defined and Enabled

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Dear Shareholders,

Once again, I am pleased to update you on our progress over the past year. 2011 was another year of strong operating results. Annually, we experienced over 20% earnings growth, which is more impressive when you consider the strong results we reported in 2010 and the volatile global economic environment in which we continue to operate.

We are very pleased that we were able to maintain our momentum that we built in 2010. More importantly, we continued to invest in our associates, our intellectual property, our brand as well as in new offerings and markets. These investments strengthened our business model and allowed us to continue to further differentiate our value proposition. This is evident to us as we continue to see the largest corporations in the world turn to us for strategic operating advice.

Our results continued to emanate from solid market demand from US based clients, servicing our advisory client base more broadly, cross-selling synergies primarily in our EPM practices, and from the success of our new operations in Australia. It is clear that our efforts to expand our brand permission, from helping a client define its performance improvement opportunity to assisting that client implement our recommendations, continues to expand.

Given our strong operating results and cash flow and the attractive terms offered by our new $50 million credit facility, we announced a $55 million Dutch Tender offer we expect to complete in March of 2012. This tender offer will allow our shareholders to tender shares back to the company at a price range between $4.25 and $5.00. We plan to fund the tender offer with up to $20 million from cash on hand and the remainder by drawing down on the new credit facility. If shares totaling $55 million are tendered, we would expect this tender to result in over 25% accretion and correspondingly enhance shareholder value. It also provides our large shareholders with a liquidation opportunity without disrupting share value which should also reduce potential overhang risk. This is a bold move that speaks to the strength of our business and balance sheet as well as our future prospects.

At a macro-economic level, we continue to expect healthy demand in the US and decent demand in Europe. Given that backdrop let me comment on our strategic priorities.

We have always believed that if we can combine our global brand with a series of structural demand drivers, we could improve revenue growth along with the predictability and profitability of our operating results. Structural demand drivers range from using and extending our unique intellectual capital more broadly, leveraging vendor relationships and expanding the geographic markets that we serve. All of these drivers would allow us to increase our client base as well as increase revenue per client. The best example of this strategy has been the revenue leverage we have experienced from our executive advisory client base. We will continue to work on innovative ways to develop recurring revenue offerings that leverage our IP as well as create opportunities to serve clients more broadly.

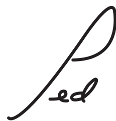
Long-term, our goal remains to be able to ascribe an increasing percentage of our total annual revenues to clients who are continuously engaged with us through our executive advisory programs and our Hackett Performance Exchange. Nearly 50% of our Hackett Group sales during the year came from our Advisory client base, continuing to show its strong relationship leverage.

In 2011 we initiated the sale of our first two SAP and Oracle-based automated dashboard offerings of our new "Hackett Performance Exchange" with very positive feedback from our clients. This initial marketing campaign included an invitation to become a charter member of our new Hackett Performance Exchange. Our goal is to rapidly grow our user base through aggressive introductory pricing in order to drive adoption. This new offering, if successful, could help enhance our business model by creating a powerful and possibly continuous relationship with our clients. Although there is much to learn about our new offering, we believe it could mean a new revenue stream, a significant increase in data capture and operating insight, as well as a continuous way to monitor and benchmark a client's performance. We believe the Hackett Performance Exchange builds on our strategic desire to expand our brand permission and to find ways to maintain a continuous and strategic relationship with our clients.

Lastly, we continue to look for acquisitions and strategic alliances that can strongly leverage our existing intellectual capital to accelerate our growth and build on our cultural and operating principles.

In summary, we are pleased with our annual operating results and how we continue to strengthen our business model. Our unique ability to combine proprietary intellectual capital with terrific talent, coupled with strong cash flow and balance sheet continues to bode well for our prospects.

In closing, let me thank our associates and shareholders for your ongoing support and commitment to our organization.



Ted A. Fernandez

Chairman and Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED December 30, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 0-24343

The Hackett Group, Inc.

(Exact name of registrant as specified in its charter)

FLORIDA	**65-0750100**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1001 Brickell Bay Drive, Suite 3000 Miami, Florida	**33131**
(Address of principal executive offices)	**(Zip Code)**

(305) 375-8005
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
Common Stock, par value $.001 per share	NASDAQ Stock Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-accelerated Filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common stock held by non-affiliates of the registrant was $128,301,791 on July 1, 2011 based on the last reported sale price of the registrant's common stock on the NASDAQ Global Market.

The number of shares of the registrant's common stock outstanding on February 17, 2012 was 40,884,440.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of the Form 10-K incorporates by reference certain portions of the registrant's proxy statement for its 2012 Annual Meeting of Shareholders filed with the Commission not later than 120 days after the end of the fiscal year covered by this report.

THE HACKETT GROUP, INC.
FORM 10-K
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report and the information incorporated by reference in it include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in these sections. All statements regarding our expected financial position and operating results, our business strategy, our financing plans and forecasted demographic and economic trends relating to our industry are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as "may," "will," "anticipate," "estimate," "expect," or "intend" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. We cannot promise you that our expectations in such forward-looking statements will turn out to be correct. Factors that impact such forward-looking statements include, among others, our ability to attract additional business, the timing of projects and the potential for contract cancellation by our customers, changes in expectations regarding the business and information technology industries, our ability to attract and retain skilled employees, possible changes in collections of accounts receivable due to the bankruptcy or financial difficulties of our customers, risks of competition, price and margin trends, and changes in general economic conditions, foreign exchange rates and interest rates. An additional description of our risk factors is described in Part I – Item 1A. "Risk Factors". We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I

ITEM 1. BUSINESS

GENERAL

On January 1, 2008, we changed our corporate name from Answerthink, Inc. ("Answerthink") to The Hackett Group, Inc. ("Hackett"). We were originally incorporated on April 23, 1997. All prior references to Answerthink will now be reflected as Hackett as if the name change was effected for all years presented. Hackett is a global strategic advisory firm and a leader in best practice advisory, benchmarking, and transformation consulting services, including shared services, offshoring and outsourcing advice. Utilizing best practices and implementation insights from more than 7,000 benchmarking studies, executives use Hackett's empirically based approach to quickly define and prioritize initiatives to enable world-class performance. Through its Archstone Consulting group (acquired in November 2009), Hackett offers Strategy and Operations consulting services in the Consumer and Industrial Products, Pharmaceutical, Manufacturing and Financial Services industry sectors. Through its REL group, Hackett offers working capital solutions focused on delivering significant cash flow improvements. Through its Enterprise Resource Planning Solutions group ("ERP Solutions"), Hackett offers business application consulting services that help maximize returns on information technology ("IT") investments. Hackett has worked with over 3,000 major corporations and government agencies, including 97% of the Dow Jones Industrials, 86% of the Fortune 100, 90% of the DAX 30 and 48% of the FTSE 100.

In this Form 10-K, unless the context otherwise requires, "Hackett," the "Company," "we," "us," and "our" refer to The Hackett Group, Inc. and its subsidiaries and predecessors.

As expected, during 2011 we experienced gradual economic and client demand improvement in U.S. and Western European markets that we primarily serve, consistent with the tepid economic growth that these markets experienced. This was a noticeable improvement from the challenging economic environment that we experienced throughout most of 2009, but less than would be expected in a normal economic recovery. As we head into 2012, we expect gradual improvement in economic conditions in the U.S., however, we will be more cautious about our expectation for improved demand in Western Europe. Global organizations will continue to recognize the need to drive sustainable productivity improvement as they look to be competitive in the growing but complex global economy. Global growth opportunities require organizations to build global standards and to drive operating excellence based on the regional growth opportunities defined by the markets that they serve. We believe that many organizations have yet to make the global and regional organizational changes commensurate with the varying regional market conditions. We believe that our offerings are well aligned with the demands that all organizations will continue to experience during a period of gradual but continued global volatility. We will continue to ensure that our clients understand that our unique intellectual capital along with our expanding implementation expertise will enable them to make the necessary improvements in a targeted and timely manner.

Specifically, organizations must make certain that they have an operating platform or service delivery strategy that ensures that their underlying business processes allow them to strategically support their operations and to optimize their results in the current economic environment. To do so, organizations will have to understand and decide how best to organize, enable, source and manage their critical business processes while leveraging global standards, but executing based on the specific regional requirements. We believe companies will continue to place increased emphasis on risk management and tangible return on their business and technological investments. We believe large enterprises will continue to focus their performance improvement spending on strategies and tools that help them generate more value from their business investments in the form of enhanced productivity and efficiency. We also expect companies to continue to look for ways to centralize, standardize and automate business processes and to do so by leveraging educated, low-cost labor markets. In today's environment, clients must be clearly convinced that you are uniquely qualified to help them achieve their targeted results in a timely manner.

OUR PROPRIETARY BEST PRACTICE IMPLEMENTATION INTELLECTUAL CAPITAL

Hackett uses its proprietary Best Practice Implementation ("BPI") intellectual capital to help clients improve their performance. Our benchmark offerings allow clients to empirically quantify their performance improvement opportunity at a process level. Utilizing the performance metrics and our vast repository of best practices, combined with the global strategy and implementation insight of our transformation and technology associates, Hackett has created a series of process and technology tools that allow clients to effect proven sustainable performance improvement. Our proprietary BPI intellectual capital, which is imbedded within our global delivery methodology, allows us to help clients accelerate their time to benefit.

Our BPI approach leverages our inventory of Hackett-Certified™ practices, observed through benchmark and other BPI engagements, to correlate best practices with superior performance levels. We use Hackett intellectual capital in the form of best practice process flows and software configuration guides to integrate Hackett's empirically proven best practices directly into business processes and workflows that are enabled by enterprise software applications. The repository of best practice process flows and software configuration guides reside in the Best Practice Intelligence Center portal and are used throughout the term of a project to ensure that best practices are identified and implemented. This coordinated approach addresses people, process, information access and technology.

Because Hackett solutions are based on Hackett-Certified™ practices, we believe that clients gain significant advantages. Clients can have confidence that their solutions are based on strategies from the world's leading companies. More importantly, Hackett solutions deliver enhanced efficiency, improved effectiveness, increased flexibility, optimized return on investment and reduced implementation risk.

The BPI approach often begins with a clear understanding of current performance, which is gained through benchmarking key processes and comparing the results to world-class levels and industry standards captured in the Hackett database. We then help clients prioritize and select the appropriate best practices to implement through a coordinated performance improvement strategy. Without a coordinated strategy that addresses the four key business drivers of people, process, technology and information, we believe companies risk losing a significant portion of business case benefits of their investments. We have designed detailed best practice process flows based on Hackett's deep knowledge of world-class business performance which enable clients to streamline and automate key processes, and generate performance improvements quickly and efficiently at both the functional and enterprise level.

Similarly, we integrate Hackett-Certified™ practices directly into technology solutions. We believe it is imperative that companies simplify and automate processes to meet best practice standards before new technology implementations and upgrades are completed. The automation of inefficient processes only serves to continue to drive up costs, cycle times and error rates. We have completed detailed fit-gap analyses in most functional areas of major business application packages from Oracle, Hyperion and SAP to determine their ability to support best practices. Application-specific tools, implementation guides and process flows allow us to optimize the configuration of ERP software, while limiting customization. BPIs establish the foundation for improved performance.

We believe the combination of optimized processes, best practice-based business applications and enhanced business intelligence environments allow our clients to achieve and sustain significant business performance improvement. The specific client circumstances normally dictate how they engage us. Our goal is to be responsive to client needs, and to establish a continuous and trusted relationship. We have developed a series of offerings that allow us to efficiently help the client without regard to where they are in their performance improvement lifecycle.

COMPETITION

The strategic business advisory and technology consulting marketplace continues to be extremely competitive. The marketplace will remain competitive as companies continue to look for ways to improve their organizational effectiveness. Our competitors include strategic consulting firms, executive research advisory firms, international and regional management consulting and IT firms, and the IT services divisions of application software firms. Mergers and consolidations throughout our industry have resulted in higher levels of competition. We believe that the principal competitive factors in the industries in which we compete include skills and capabilities of people, innovative services and product offerings, perceived ability to add value, reputation and client references, price, scope of services, service delivery approaches, technical and industry expertise, quality of services and solutions, ability to deliver results on a timely basis, availability of appropriate resources, and global reach and scale. We believe very few of our competitors have proprietary intellectual capital similar to the performance metrics and BPI insight that emanates from our Transformational Benchmark offering.

In spite of our size relative to our competitor group, we believe our competitive position is strong. With Hackett best practice intellectual capital and its direct link to our BPI approach, we believe we can uniquely assist our clients. Our ability to apply best practices to client operations via proven techniques is at the core of our competitive standing.

Similarly, we believe that Hackett is the definitive source for best practice performance metrics and strategies. Hackett is the only organization that has conducted more than 7,000 benchmark studies over 18 years at over 3,000 clients, generating proprietary data sets spanning performance metrics and correlating best practices with superior performance. The combination of Hackett benchmark data, along with deep expertise and knowledge in evaluating, designing and implementing business transformation strategies, delivers a powerful and distinct value proposition for our clients.

Our culture of client collaboration leverages the power of our cross-functional and service line teams to increase revenue and strengthen relationships. We believe that this culture, along with our intellectual capital-centric approach, gives us a competitive advantage.

STRATEGY

Our focus will be on executing the following strategies:

- ***Expand our brand or market permission to our other offerings.*** We believe that our long term growth prospects lie in our ability to extend our unique market permission to help clients measure their performance improvement opportunity, or gap analysis, using our proprietary benchmark database into our other offerings. We have started to extend our permission through the strategic relationship that results from our Executive Advisory Programs. However, our most significant growth opportunity is in our ability to extend our brand and market permission into our enterprise transformation and other best practice implementation offerings which create a significant opportunity to grow revenue per client.
- ***Continue to position and grow Hackett as an IP-centric strategic advisory organization.*** The Hackett brand is widely recognized for benchmarking metrics and best practice strategies. By building a series of highly complementary on-site and off-site offerings that allow our clients access to our Intellectual Property ("IP") which is based on our best practice process and technology implementation insight, we are able to build trusted strategic relationships with our clients. Depending upon where our clients are in their assessment or implementation of performance improvement initiatives, we offer them a combination of offerings that support their efforts. If they need on-site planning, design and/or implementation support, we offer them a combination of benchmarking and transformation support. If they need off-site access to our IP and advisors to help them either assess or execute on their own, they can avail themselves of our Executive Advisory Programs. The key is for the client to know that we can support them strategically by leveraging our unique IP and insight so that we are able to build a strategic relationship which is appropriate for them. We also believe that clients that value our IP will turn to us for other services when the need arises, allowing us over time to ascribe a larger amount of our total revenue to a growing client base, which will improve the predictability of our results.
- ***Introduce New IP–centric Offerings.*** In 2011, we launched the introduction of a new performance management offering called the "Hackett Performance Exchange." This new dashboard offering allows us to measure, benchmark and estimate the performance improvement opportunity of key operating processes on a monthly basis. This offering securely extracts operating information directly from a client's ERP system which allows them to measure and compare their performance to Hackett peer and world class standards. Most importantly, this solution is fully automated, requiring limited client time to set up and can be viewed utilizing a laptop with secured web access. This new offering, if successful, may help enhance our business model by creating a powerful and continuous relationship with a client. It could also increase key operating data that will allow us to improve the proprietary performance insight we can deliver through all of our other offerings. Since this offering was launched to clients in the latter part of 2011 with a six month free trial period, we have yet to establish the commercial contribution it will have on our business model.
- ***Continue to expand our BPI tools***. BPI incorporates intellectual capital from Hackett into our implementation tools and techniques. For clients, the end results are tangible cost and performance gains and improved returns on their investments. Our clients attribute their decision to employ us based on our BPI approach and tools. Our objective is to help clients make smarter business process and software configuration decisions as a result of our BPI methods and knowledge. We are continuously updating our BPI content and tools through benchmarking, enterprise transformation and research activities. Additional BPI updates are also driven by new software releases that drive innovation in business process automation.
- ***Create strategic relationships that help us leverage and expand our Hackett intellectual capital base as well as grow our revenue.*** We continue to believe that there are other organizations which can help us grow revenue and intellectual capital consistent with our strategy. Such relationships include programs that we have executed with other consulting organizations, industry trade groups and software providers.
- ***Recruit and develop talent.*** As we continue to grow and realize the potential of our business model, it has become increasingly evident that the primary limit to our progress will be our ability to attract, retain, develop and motivate associates. We continue to invest in associate development programs that are specifically targeted to improve our go-to-market and delivery execution.

- ***Leverage our dual shore capabilities.*** Developing an offshore resource capability to support all of our offerings has been a key strategy for our organization. Our facility in Hyderabad, India allows us to increase operational efficiencies while maintaining 24 hour/5 day operations.
- ***Seek out strategic acquisitions.*** We will continue to pursue strategic acquisitions that strengthen our ability to compete and expand our IP. We believe that our unique Hackett access and our BPI approach, coupled with our strong balance sheet and infrastructure, can be utilized to support a larger organization. We believe that acquisitions must be accretive or have strong growth prospects, but most importantly, have strong synergy with our best practice intellectual capital focus.

OUR OFFERINGS

We offer a comprehensive range of services, including executive advisory programs, benchmarking, business transformation and technology consulting services. With strategic and functional knowledge in finance, human resources, information technology, procurement, supply chain management, corporate services, customer service, and sales and marketing, our expertise extends across the enterprise. We have completed successful engagements in a variety of industries, including automotive, consumer goods, financial services, technology, life sciences, manufacturing, media and entertainment, retail, telecommunications, transportation and utilities.

The Hackett Group

- **Executive Advisory Programs**

On-demand access provides world-class performance metrics, peer-learning opportunities and best practice implementation advice. The scope of Hackett's advisory programs is defined by business function (Executive Advisory) and by end-to-end process coverage (Process Advisory). Our advisory programs include a mix of the following deliverables:

  - ***Advisor Inquiry*:** Hackett's inquiry services are used by clients for quick access to fact-based advice on proven approaches and methods to increase the efficiency and effectiveness of selling, general and administrative processes ("SG&A").
  - ***Best Practice Research:*** Empirically-based research and insight derived from Hackett benchmark, performance and transformation studies. Our research provides detailed insights into the most significant proven approaches in use at world-class organizations that yield superior business results.
  - ***Peer Interaction:*** Regular member-led webcasts, annual Best Practice Conferences, annual Member Forums, membership performance surveys and client-submitted content, provide ongoing peer learning and networking opportunities.
  - ***Best Practice Intelligence Center:*** Online, searchable repository of best practices, performance metrics, conference presentations and associated research available to Executive Advisory Program Members and their support teams.

- **Benchmarking Services**

Our benchmarking group dates back to 1991, and has measured and evaluated the efficiency and effectiveness of enterprise functions for over 3,000 organizations globally. This includes 97% of the Dow Jones Industrials, 86% of the Fortune 100, 90% of the DAX 30 and 48% of the FTSE 100. Ongoing studies are conducted in a wide range of areas, including SG&A, finance, human resources, information technology, procurement, enterprise performance management, shared service centers and working capital management. Hackett has identified over 1,900 best practices for over 95 processes in these key functional areas and uses proprietary performance measurement tools and data collection processes that enable companies to complete the performance measurement cycle and identify and quantify improvement opportunities in as little as four weeks. Benchmarks are used by our clients to objectively establish priorities, generate organizational consensus, align compensation to establish performance goals, and develop the required business case for business and technology investments.

- **Business Transformation**

Our Business Transformation programs help clients develop a coordinated strategy for achieving performance improvements across the enterprise. Our experienced teams utilize Hackett performance measurement data to link performance gains to industry best practices. Our strategic capabilities include operational assessments, process and organization design, change management and the effective application of technology. We combine best practices knowledge with business expertise and broad technology capabilities, which we believe enables our programs to optimize return on client investments in people, process, technology and information.

Through REL, a global leader in generating cash flow improvement from working capital, we offer services which are designed to help companies improve cash flow from operations through improved working capital management, reduced costs and increased service quality.

Through Archstone, we offer services which specialize in industry supply chain and procurement consulting and advisory competencies.

In 2012, we plan to bundle our new Hackett Performance Exchange offering along with our Advisory, Benchmarking and Transformation offerings. This new marketing effort will be named Hackett HD (High Definition). The idea is to allow clients to experience the benefit of our new performance dashboard, whenever appropriate.

ERP Solutions

Our ERP Solutions professionals help clients choose and deploy the software applications that best meet their needs and objectives. Our expertise is focused on the following application providers: Oracle, SAP, and leading time and attendance providers. The group offers comprehensive services from planning, architecture, and vendor evaluation and selection through implementation, customization, testing and integration. Comprehensive fit-gap analyses of all major packages against Hackett Best Practices are utilized by our ERP Solutions teams. BPI tools and templates help integrate best practices into business and analytical applications. The group also offers post-implementation support, change management, exception management, process transparency, system documentation and end-user training, all of which are designed to enhance return on investment. We also provide offshore application development and support services. These services include post-implementation support for select business application platforms. Our ERP Solutions group also includes a division responsible for the sale and maintenance support of the SAP suite of ERP applications.

See Note 1 and Note 17 in the notes to the consolidated financial statements regarding segment reporting and geographic and service group information.

CLIENTS

We focus on developing long-term client relationships with Global 2000 firms and other sophisticated buyers of business and IT consulting services. During 2011, 2010 and 2009, our ten most significant clients accounted for 22%,26% and 28% of revenue, respectively, and one client generated 3%, 4% and 6% of total revenue, respectively. We believe that we have achieved a high level of satisfaction across our client base. The responses to our client satisfaction surveys have been positive. We receive surveys from a significant number of our engagements which are utilized in a rigorous process to improve our delivery execution, sales processes, methodologies and training.

BUSINESS DEVELOPMENT AND MARKETING

Our extensive client base and relationships with Global 2000 firms remain our most significant sources of new business. Our revenue generation strategy is formulated to ensure we are addressing multiple facets of business development. The categories below define our business development resources. Our primary goal is to continue to increase awareness of our brand which we have created around Hackett's empirical knowledge capital and BPI in the extended enterprise that we now serve. Our Hackett and BPI message have remained the central focus of our marketing and communications programs in 2011, which helped to expand both an understanding of and demand for this approach. Similarly, we have regionalized our sales and market development efforts in both North America and Europe, so we can better coordinate the sales efforts from the various offerings. Our compensation programs for our associates reflect an emphasis on optimizing our total revenue relationship with our clients while continuing to emphasize the growth of our Executive Advisory Program clients. For our ERP Solutions groups, we have continued to utilize Hackett intellectual capital that resides in our BPI tools as a way to differentiate the relationships we have with the software providers and with our clients.

BUSINESS DEVELOPMENT RESOURCES

Although virtually all of our advisors and consultants have the ability to and are expected to contribute to new revenue opportunities, our primary internal business development resources are comprised of the following:

- **The Leadership Team, Principals and Senior Directors** are comprised of our senior leaders who have a combination of executive, regional, practice and anchor account responsibilities. In addition to their management responsibilities, this group of associates is responsible for growing the business by fostering executive-level relationships within accounts and leveraging their existing contacts in the marketplace.
- **The Sales Organization** is comprised of associates who are 100% dedicated to generating sales. They are deployed geographically in key markets and are primarily focused on developing new relationships and are aligned to our core practice areas within their target accounts. They also handle opportunities in their geographic territories as they arise.
- **The Business Development Associates** are comprised of trained groups of telemarketing specialists who are conversant with their respective solution areas. Lead generation is coordinated with our marketing and sales groups to ensure that our inbound and outbound efforts are synchronized with targeted marketing and sales programs.
- **The Delivery Organization** is comprised of our billable associates who work at client locations. We encourage associates to pursue additional business development opportunities through their normal course of delivering existing projects and helping us expand our business within existing accounts.

In addition to our business development resources, we have a corporate marketing and communications organization responsible for overseeing our marketing programs, public relations and employee communications activities.

We have organized our market focus into the following categories:

- **Strategic Accounts** are comprised of large prospects and existing relationships which we believe will have a significant revenue relationship within the next 18 months. Strategic account criteria include the size of the company, industry affiliation, propensity to buy external consulting services and contacts within the account. The sales representative working closely with regional leadership is primarily responsible for identifying business opportunities in the account, acting as the single point of coordination for the client, and performing the general duties of account manager.
- **Regional Accounts** are accounts within a specified geographic location. These accounts mostly include large prospects, dormant clients, existing medium-sized clients and mid-tier market accounts and are handled primarily on an opportunistic basis, except for active clients where delivery teams are focused on driving additional revenue.
- **Strategic Alliance Accounts** are accounts that allow us to partner with organizations of greater scale or different skill sets or with software developers which enables all parties to jointly market their products and services to prospective clients.

MANAGEMENT SYSTEMS

Our management control systems are comprised of various accounting, billing, financial reporting, human resources, marketing and resource allocations systems, many of which are integrated with our knowledge management system, Mind~Share. We believe that Mind~Share significantly enhances our ability to serve our clients efficiently by allowing our knowledge-base to be shared by all associates worldwide on a real-time basis. Our well-developed, flexible, scalable infrastructure has allowed us to quickly integrate the new employees and business systems we have acquired.

TALENT MANAGEMENT

We fully believe that our culture fosters intellectual creativity, collaboration and innovation. We believe in building relationships with both our associates and clients. We believe the best solutions come from teams of diverse individuals addressing problems collectively and from multiple dimensions, including the business, technological and human dimensions. We believe that the most effective working environment is one where everyone is encouraged to contribute and is rewarded for that contribution. Our core values are the strongest expression of our working style and represent what we stand for. These core values are:

- Continuous development of our associates, our unique content business model and our knowledge base;
- Diversity of backgrounds, skills and experiences;
- Knowledge capture, contribution and utilization; and
- Collaboration with one another, our partners and our clients.

Our human resources staff includes seasoned professionals in North America, Europe and Asia Pacific who support our practices by, among other things, administering our benefit programs and facilitating the hiring process. Our human resources staff also includes dedicated individuals who recruit consultants with both business and technology expertise. Our recruiting team supports our hiring process by focusing on the highest demand solution areas of our business to ensure an adequate pipeline of new associates. We also have an employee referral program, which rewards existing employees who source new hires.

As of December 30, 2011, we had 914 associates, 78% of whom were billable professionals. We do not have any associates that are subject to collective bargaining arrangements, however, in France our associates enjoy the benefit of certain government mandated regulations based on industry classification. We have entered into nondisclosure and non-solicitation agreements with virtually all of our personnel. From time to time, we also engage consultants as independent contractors.

COMMUNITY INVOLVEMENT

One important way we put our values into action is through our commitment to the communities where we work. The mission of our Community Councils, which operate in each of the cities where we have offices, is to strive to make the markets, communities and clients we serve better than how we found them. We do so by building a strong sense of community, with collaboration and personal interaction from all of our associates, through both volunteer and service programs and social gatherings.

AVAILABLE INFORMATION

We make our public filings with the Securities and Exchange Commission ("SEC"), including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all exhibits and amendments to these reports, available free of charge at our website http://www.thehackettgroup.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Any material that we file with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or at www.sec.gov. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

Also available on our website, free of charge, are copies of our Code of Conduct and Ethics, and the charter for the Audit Committee of our Board of Directors. We intend to disclose any amendment to, or waiver from, a provision of our Code of Conduct and Ethics applicable to our senior financial officers, including our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Corporate Controller on our website within four business days following the date of the amendment or waiver.

ITEM 1A. RISK FACTORS

Our business is subject to risks. The following important factors could cause actual results to differ materially from those contained in forward-looking statements made in this Annual Report on Form 10-K or printed elsewhere by management from time to time.

Our results of operations could be negatively affected by global economic conditions.

Current global economic conditions may affect our clients' businesses and the markets they serve. A substantial or prolonged economic downturn could adversely affect our clients' financial condition which may reduce our clients' demand for our services, force price reductions, cause project cancellations, or delay consulting services for which they have engaged us. In addition, if we are unable to successfully anticipate the changing economic conditions, we may be unable to effectively plan for and respond to those changes, and our business could be negatively affected.

Our quarterly operating results may vary.

Our financial results may fluctuate from quarter to quarter. In future quarters, our operating results may not meet public market analysts' and investors' expectations. If that happens, the price of our common stock may fall. Many factors can cause these fluctuations, including:

- number, size, timing and scope of client engagements;
- customer concentration;
- long and unpredictable sales cycles;
- contract terms of client engagements;
- degrees of completion of client engagements;
- client engagement delays or cancellations;
- competition for and utilization of employees;
- how well we estimate the resources and effort we need to complete client engagements;
- the integration of acquired businesses;
- pricing changes in the industry;
- economic conditions specific to business and information technology consulting; and
- global economic conditions.

A high percentage of our operating expenses, particularly personnel and rent, are fixed in advance of any particular quarter. As a result, if we experience unanticipated changes in client engagements or in consultant utilization rates, we could experience large variations in quarterly operating results and losses in any particular quarter. Due to these factors, we believe our quarter-to-quarter operating results should not be used to predict future performance.

If we are unable to maintain our reputation and expand our name recognition, we may have difficulty attracting new business and retaining current clients and employees.

We believe that establishing and maintaining a good reputation and name recognition are critical for attracting and retaining clients and employees in our industry. We also believe that the importance of reputation and name recognition will continue to increase due to the number of providers of business consulting and IT services. If our reputation is damaged or if potential clients are not familiar with us or with the solutions we provide, we may be unable to attract new, or retain existing, clients and employees. Promotion and enhancement of our name will depend largely on our success in continuing to provide effective solutions. If clients do not perceive our solutions to be effective or of high quality, our brand name and reputation will suffer. In addition, if solutions we provide have defects, critical business functions of our clients may fail, and we could suffer adverse publicity as well as economic liability.

We depend heavily on a limited number of clients.

We have derived, and believe that we will continue to derive, a significant portion of our revenue from a limited number of clients for which we perform large projects. In 2011, our ten largest clients accounted for 22% of our aggregate revenue. In addition, revenue from a large client may constitute a significant portion of our total revenue in any particular quarter. Our customer contracts generally can be cancelled for convenience by the customer upon 30 days' notice. The loss of any of our large clients for any reason, including as a result of the acquisition of that client by another entity, our failure to meet that client's expectations, the client's decision to reduce spending on technology-related projects, or failure to collect amounts owed to us from our client could have a material adverse effect on our business, financial condition and results of operations.

We have risks associated with potential acquisitions or investments.

Since our inception, we have expanded through acquisitions. In the future, we plan to pursue additional acquisitions as opportunities arise. We may not be able to successfully integrate businesses which we may acquire in the future without substantial expense, delays or other operational or financial problems. We may not be able to identify, acquire or profitably manage additional businesses. Also, acquisitions may involve a number of risks, including:

- diversion of management's attention;
- failure to retain key personnel;
- failure to retain existing clients;
- unanticipated events or circumstances;
- unknown claims or liabilities;
- amortization of certain acquired intangible assets; and
- operating in new or unfamiliar geographies.

Client dissatisfaction or performance problems at a single acquired business could have a material adverse impact on our reputation as a whole. Further, we cannot assure you that our future acquired businesses will generate anticipated revenue or earnings.

Difficulties in integrating businesses we acquire in the future may demand time and attention from our senior management.

Integrating businesses we acquire in the future may involve unanticipated delays, costs and/or other operational and financial problems. In integrating acquired businesses, we may not achieve expected economies of scale or profitability, or realize sufficient revenue to justify our investment. If we encounter unexpected problems as we try to integrate an acquired firm into our business, our management may be required to expend time and attention to address the problems, which would divert their time and attention from other aspects of our business.

Our markets are highly competitive.

We may not be able to compete effectively with current or future competitors. The business consulting and IT services markets are highly competitive. We expect competition to further intensify as these markets continue to evolve. Some of our competitors have longer operating histories, larger client bases, longer relationships with their clients, greater brand or name recognition and significantly greater financial, technical and marketing resources than we do. As a result, our competitors may be in a stronger position to respond more quickly to new or emerging technologies and changes in client requirements and to devote greater resources than we can to the development, promotion and sale of their services. Competitors could lower their prices, potentially forcing us to lower our prices and suffer reduced operating margins. We face competition from international accounting firms; international, national and regional strategic consulting and systems implementation firms; and the IT services divisions of application software firms.

In addition, there are relatively low barriers to entry into the business consulting and IT services market. We do not own any patented technology that would stop competitors from entering this market and providing services similar to ours. As a result, the emergence of new competitors may pose a threat to our business. Existing or future competitors may develop and offer services that are superior to, or have greater market acceptance, than ours, which could significantly decrease our revenue and the value of your investment.

We may not be able to hire, train, motivate, retain and manage professional staff.

To succeed, we must hire, train, motivate, retain and manage highly skilled employees. Competition for skilled employees who can perform the services we offer is intense. We might not be able to hire enough skilled employees or train, motivate, retain and manage the employees we hire. This could hinder our ability to complete existing client engagements and bid for new ones. Hiring, training, motivating, retaining and managing employees with the skills we need is time-consuming and expensive.

We could lose money on our contracts.

As part of our strategy, from time to time, we enter into capped or fixed-price contracts, in addition to contracts based on payment for time and materials. Because of the complexity of many of our client engagements, accurately estimating the cost, scope and duration of a particular engagement can be a difficult task. We maintain an Office of Risk Management ("ORM") that evaluates and attempts to mitigate delivery risk associated with complex projects. In connection with their review, ORM analyzes the critical estimates associated with these projects. If we fail to make these estimates accurately, we could be forced to devote additional resources to these engagements for which we will not receive additional compensation. To the extent that an expenditure of additional resources is required on an engagement, this could reduce the profitability of, or result in a loss on, the engagement. In the past, we have, on occasion, engaged in negotiations with clients regarding changes to the cost, scope or duration of specific engagements. To the extent we do not sufficiently communicate to our clients, or our clients fail to adequately appreciate the nature and extent of any of these types of changes to an engagement, our reputation may be harmed and we may suffer losses on an engagement.

Lack of detailed written contracts could impair our ability to recognize revenue for services performed, collect fees, protect our IP and protect ourselves from liability to others.

We protect ourselves by entering into detailed written contracts with our clients covering the terms and contingencies of the client engagement. In some cases, however, consistent with what we believe to be industry practice, work is performed for clients on the basis of a limited statement of work or verbal agreement before a detailed written contract can be finalized. Revenue is not recognized on a project prior to receiving a signed contract. To the extent that we fail to have detailed written contracts in place, our ability to collect fees, protect our IP and protect ourselves from liability to others may be impaired.

Our corporate governance provisions may deter a financially attractive takeover attempt.

Provisions of our charter and by-laws may discourage, delay or prevent a merger or acquisition which shareholders may consider favorable, including transactions in which shareholders would receive a premium for their shares. These provisions include the following:

- shareholders must comply with advance notice requirements before raising a matter at a meeting of shareholders or nominating a director for election;
- our Board of Directors is staggered into three classes and the members may be removed only for cause upon the affirmative vote of holders of at least two-thirds of the shares entitled to vote;
- we would not be required to hold a special meeting to consider a takeover proposal unless holders of more than a majority of the shares entitled to vote on the matter were to submit a written demand or demands for us to do so; and
- our Board of Directors may, without obtaining shareholder approval, classify and issue up to 1,250,000 shares of preferred stock with powers, preferences, designations and rights that may make it more difficult for a third party to acquire us.

In addition, our Board of Directors has adopted a shareholder rights plan. Subject to certain exceptions, in the event that a person or group in the future becomes the beneficial owner of 15% or more of our common stock (or in the case of Liberty Wanger Asset Management, L.P. (now known as Columbia Wanger Asset Management, L.P.) and its affiliates 20%), or commences, or publicly announces, an intention to commence a tender or exchange offer which would result in its ownership of 15% or more of our outstanding common stock, then the rights issued to our shareholders in connection with this plan will allow our shareholders to purchase shares of our common stock at 50% of its then current market value. In addition, if we are acquired in a merger, or 50% or more of our assets are sold in one or more related transactions, our shareholders would have the right to purchase the common stock of the acquiring company at half the then current market price of such common stock.

We may lose large clients or may not be able to secure targeted follow-on work or client retention rates.

Our client engagements are generally short-term arrangements, and most clients can reduce or cancel their contracts for our services with a 30 days' notice and without penalty. As a result, if we lose a major client or large client engagement, our revenue will be adversely affected. We perform varying amounts of work for specific clients from year to year. A major client in one year may not use our services in another year. In addition, we may derive revenue from a major client that constitutes a large portion of total revenue for particular quarters. If we lose any major clients or any of our clients cancel programs or significantly reduce the scope of a large engagement, our business, financial condition, and results of operations could be materially and adversely affected. Also, if we fail to collect a large accounts receivable, we could be subjected to significant financial exposure. Consequently, you should not predict or anticipate our future revenue based upon the number of clients we currently have or the number and size of our existing client engagements.

We also derive a portion of our revenue from annual memberships for our Executive Advisory Programs. Our growth prospects therefore depend on our ability to achieve and sustain renewal rates on programs and to successfully launch new programs. Failure to achieve renewal rate levels or to successfully launch new programs and services could have an adverse effect on our operating results.

We may lose money in the introduction of new offerings.

In 2011, we introduced a new software as a service performance management offering called Hackett Performance Exchange. We have invested over $5.0 million in the development of this new offering. At this time, there is no assurance that we will recover our investment or develop the requisite number of paid client contracts necessary to adequately cover our product development and support costs associated with this initiative.

If we are unable to protect our IP rights or infringe on the IP rights of third parties, our business may be harmed.

We rely upon a combination of nondisclosure and other contractual arrangements and trade secret, copyright and trademark laws to protect our proprietary rights and the proprietary rights of third parties from whom we license IP. Although we enter into confidentiality agreements with our employees and limit distribution of proprietary information, there can be no assurance that the steps we have taken in this regard will be adequate to deter misappropriation of proprietary information, or that we will be able to detect unauthorized use and take appropriate steps to enforce our IP rights.

Although we believe that our services do not infringe on the IP rights of others and that we have all rights necessary to utilize the IP employed in our business, we are subject to the risk of claims alleging infringement of third-party IP rights. Any claims could require us to spend significant sums in litigation, pay damages, develop non-infringing IP or acquire licenses to the IP that is the subject of asserted infringement.

The market price of our common stock may fluctuate widely.

The market price of our common stock could fluctuate substantially due to:

- future announcements concerning us or our competitors;
- quarterly fluctuations in operating results;
- announcements of acquisitions or technological innovations;
- changes in earnings estimates or recommendations by analysts; or
- current market volatility.

In addition, the stock prices of many business and technology services companies fluctuate widely for reasons which may be unrelated to operating results. Fluctuation in the market price of our common stock may impact our ability to finance our operations and retain personnel.

We earn revenue, incur costs and maintain cash balances in multiple currencies, and currency fluctuations could adversely affect our financial results.

We have increasing international operations, where we earn revenue and incur costs in various foreign currencies, primarily the British Pound, the Euro and the Australian Dollar. Doing business in these foreign currencies exposes us to foreign currency risks in numerous areas, including revenue, purchases, payroll and investments. Certain foreign currency exposures are naturally offset within an international business unit, because revenue and costs are denominated in the same foreign currency, and certain cash balances are held in U.S. Dollar denominated accounts. However, due to the increasing size and importance of our international operations, fluctuations in foreign currency exchange rates could materially impact our results. Currently, we do not hold any derivative contracts that hedge our foreign currency risk, but we may adopt such strategies in the future.

Our cash position includes amounts denominated in foreign currencies. We manage our worldwide cash requirements considering available funds from our subsidiaries and the cost effectiveness with which these funds can be accessed. The repatriation of cash balances from certain of our subsidiaries outside the U.S. could have adverse tax consequences and be limited by foreign currency exchange controls. However, those balances are generally available without legal restrictions to fund ordinary business operations. Any fluctuations in foreign currency exchange rates could materially impact the availability and amount of these funds available for transfer.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are currently located at 1001 Brickell Bay Drive, Suite 3000, Miami, Florida 33131. The lease on this premise covers 10,896 square feet and expires June 30, 2015. We also have offices in Atlanta, Chicago, New York, Philadelphia, San Francisco, Frankfurt, London, Almere, Paris, Hyderabad, Melbourne and Sydney. As of December 30, 2011, we had operating leases that extend through December 2016. We believe that we will be able to obtain suitable new or replacement space as needed. We do not own real estate and do not intend to invest in real estate or real estate-related assets.

ITEM 3. LEGAL PROCEEDINGS

We are involved in legal proceedings, claims, and litigation arising in the ordinary course of business not specifically discussed herein. In the opinion of management, the final disposition of such matters will not have a material adverse effect on our consolidated financial position, cash flows or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock traded on the NASDAQ Stock Market ("NASDAQ") under the NASDAQ symbol, "ANSR" since our initial public offering on May 28, 1998 through January 31, 2008. In conjunction with our name change, we began trading on the NASDAQ under the NASDAQ symbol, "HCKT," effective January 31, 2008. The following table sets forth for the fiscal periods indicated the high and low sales prices of the common stock, as reported on the NASDAQ.

	High	Low
2011		
Fourth Quarter	$4.70	$3.20
Third Quarter	$5.24	$3.17
Second Quarter	$5.21	$3.75
First Quarter	$4.00	$3.15
2010		
Fourth Quarter	$4.30	$3.35
Third Quarter	$4.49	$2.70
Second Quarter	$3.79	$2.65
First Quarter	$3.01	$2.28

The closing sale price for the common stock on February 8, 2012 was $4.09

As of February 17, 2012, there were 312 holders of record of our common stock and 40,884,440 shares of common stock outstanding.

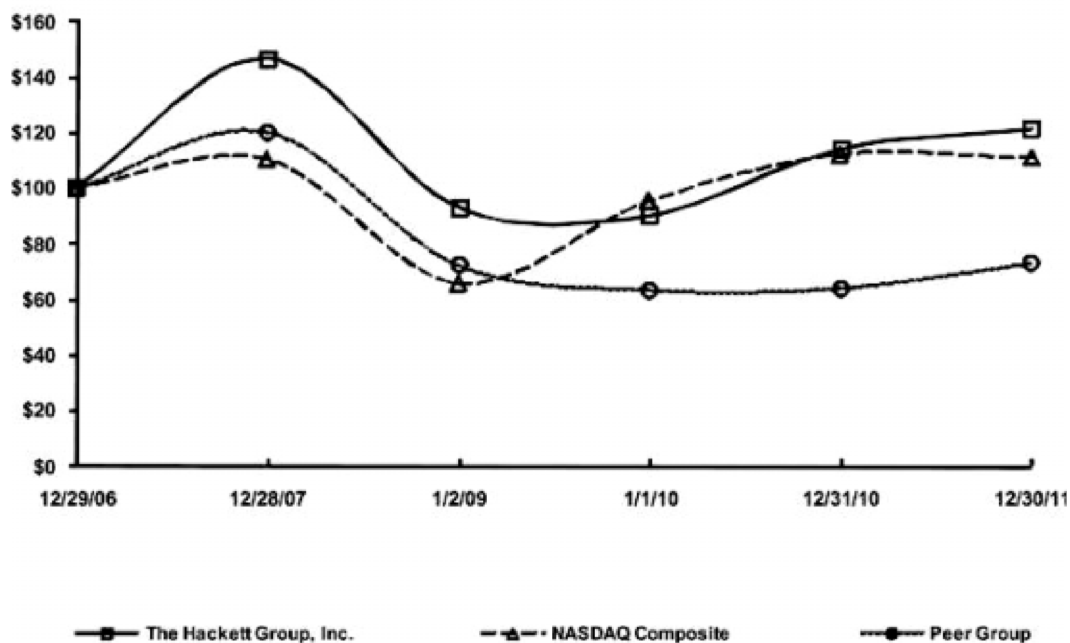
Our new credit agreement, entered into on February 21, 2012, contains restrictions on our ability to declare dividends and repurchase shares.

Securities Authorized for Issuance under Equity Compensation Plans

Information appearing under the caption "Equity Compensation Plan Information" in the 2012 Proxy Statement is hereby incorporated by reference.

Performance Graph

The following graph compares our cumulative total shareholder return since December 29, 2006 with the NASDAQ Composite Index and a peer group index composed of other companies with similar business models identified below. The graph assumes that the value of the investment in our common stock and each index (including reinvestment of dividends) was $100 on December 29, 2006.



	12/29/06	12/28/07	1/2/09	1/1/10	12/31/10	12/30/11
The Hackett Group, Inc.	$100.00	$146.75	$93.18	$90.26	$113.96	$121.43
NASDAQ Composite Index	$100.00	$110.26	$65.65	$95.19	$112.10	$110.81
Peer Group	$100.00	$120.25	$72.24	$63.24	$ 63.90	$ 72.90

The Peer Group includes Edgewater Technology, Inc., FTI Consulting, Inc., Huron Consulting Group, Inc., Information Services Group, Inc., and The Corporate Executive Board Company. eLoyalty Corporation ceased trading in 2011 and therefore, is no longer included in the Peer Group.

Company Dividend Policy

We have not paid any cash dividends on our common stock, nor do we expect to pay any in the foreseeable future.

Purchases of Equity Securities

We have an ongoing authorization from our Board of Directors to repurchase shares of our common stock in the open market or in negotiated transactions. As of December 30, 2011, the cumulative authorization was for up to $75.0 million, with $0.6 million available for future purchases. In 2011, we repurchased $9.0 million of our common stock. This brings our cumulative purchases under the plan to $74.4 million.

All repurchases are made in the open market or through privately negotiated transactions, subject to market conditions and trading restrictions. There is no expiration date on the current authorization and we did not make any determination to suspend or cancel purchases under the program. The following table summarizes our share repurchases during the year ended December 30, 2011:

Period	Total Number of Shares	Average Price Paid per Share	Total Number of Shares as Part of Publicly Announced Program	Maximum Dollar Value That May Yet be Purchased Under the Program
Balance as of December 31, 2010	—	$ —	—	$ 4,513,383
January 1, 2011 to September 30, 2011	1,772,260	$ 3.96	1,772,260	$ 2,502,813 *
October 1, 2011 to October 28, 2011	10,600	$ 3.74	10,600	$ 2,463,148
October 29, 2011 to November 25, 2011	136,600	$ 3.57	136,600	$ 1,975,080
November 26, 2011 to December 30, 2011	413,600	$ 3.43	413,600	$ 556,258
	2,333,060	$ 3.84	2,333,060	

* During the nine months ended September 30, 2011, our Board of Directors approved an additional $5.0 million to our share repurchase program, thereby increasing the authorization to $75.0 million.

On February 22, 2012, we commenced a tender offer to purchase up to $55.0 million in value of shares of our common stock, $0.001 par value per share (the "Shares"), at a price not greater than $5.00 nor less than $4.25 per Share, to the seller in cash, less any applicable withholding taxes and without interest (the "Offer"). The Offer is scheduled to expire on March 21, 2012, unless extended by us. The Offer does not reduce the amount of the remaining authorization available for future share repurchases. (See Note 19 in the notes to the consolidated financial statements).

ITEM 6. SELECTED FINANCIAL DATA

The following consolidated financial data sets forth selected financial information for the Company as of and for each of the years in the five-year period ended December 30, 2011, and has been derived from our audited consolidated financial statements. The selected consolidated financial data should be read together with our consolidated financial statements, related notes thereto and with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended				
	December 30, 2011	December 31, 2010	January 1, 2010	January 2, 2009	December 28, 2007
	(in thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenue:					
Revenue before reimbursements	$ 200,435	$ 180,899	$129,019	$173,217	$ 158,973
Reimbursements	24,682	20,449	13,681	18,884	18,035
Total revenue (1)	225,117	201,348	142,700	192,101	177,008
Costs and expenses:					
Cost of service:					
Personnel costs before reimbursable expenses	126,421	112,692	84,407	96,844	91,853
Reimbursable expenses	24,682	20,449	13,681	18,884	18,035
Total cost of service	151,103	133,141	98,088	115,728	109,888
Selling, general and administrative costs	56,773	55,755	46,215	58,474	60,746
Restructuring costs	—	—	5,437	—	—
Collections from misappropriation	—	—	—	—	(2,574)
Total costs and operating expenses	207,876	188,896	149,740	174,202	168,060
Income (loss) from operations	17,241	12,452	(7,040)	17,899	8,948
Other income (loss):					
Non-cash acquisition earn-out shares re-measurement gain	—	1,727	—	—	—
Interest income, net	33	22	51	442	775
Loss on marketable investments	—	—	(35)	—	(450)
Income (loss) before income taxes	17,274	14,201	(7,024)	18,341	9,273
Income tax (benefit) expense (2)	(4,495)	(26)	(212)	465	278
Net income (loss)	$ 21,769	$ 14,227	$ (6,812)	$ 17,876	$ 8,995
Basic net income (loss) per common share:					
Net income (loss) per common share	$ 0.55	$ 0.35	$ (0.18)	$ 0.44	$ 0.20
Weighted average common shares outstanding	39,895	40,349	38,240	40,471	44,127
Diluted net income (loss) per common share:					
Net income (loss) per common share	$ 0.52	$ 0.34	$ (0.18)	$ 0.43	$ 0.20
Weighted average common and common equivalent shares outstanding	41,875	42,372	38,240	41,498	44,978
Consolidated Balance Sheets Data:					
Cash and cash equivalents	$ 32,936	$ 25,337	$ 15,004	$ 32,060	$ 20,061
Marketable investments	$ —	$ —	$ —	$ 1,727	$ 7,032
Restricted cash	$ 885	$ 1,610	$ 1,475	$ 600	$ 600
Working capital	$ 42,013	$ 27,243	$ 11,435	$ 24,301	$ 25,397
Total assets	$ 167,426	$ 150,801	$136,535	$133,664	$ 135,459
Shareholders' equity	$ 130,248	$ 113,240	$ 98,252	$ 93,917	$ 98,819

(1) In November 2009, we acquired Archstone. As a result of the acquisition, total revenue included $5.6 million in the 2009 results of operations.

(2) Fiscal year 2011 includes the benefit for the release of $5.3 million of deferred income tax asset valuation allowance.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Hackett, originally incorporated on April 23, 1997, is a leading strategic advisory and technology consulting firm that enables companies to achieve world-class business performance. By leveraging the comprehensive Hackett database, the world's leading repository of enterprise business process performance metrics and best practice intellectual capital, our business and technology solutions help clients improve performance and maximize returns on technology investments.

Hackett is a strategic advisory firm and a world leader in best practice research, benchmarking, business transformation and working capital management services which empirically defines and enables world-class enterprise performance. Hackett empirically defines world-class performance in sales, general and administrative and certain supply chain activities with analysis gained through more than 7,000 benchmark studies over 18 years at over 3,000 of the world's leading companies.

Hackett's combined capabilities include executive advisory programs, benchmarking, business transformation working capital management and technology solutions, with corresponding offshore support.

In the following discussion, "Hackett" represents our total company. "The Hackett Group" encompasses our Benchmarking, Business Transformation and Executive Advisory groups, and includes EPM Technologies. "ERP Solutions" encompasses our ERP technology groups, which include SAP and Oracle. The acquisition of Archstone Consulting ("Archstone") in late 2009 brought a strong EPM Transformation group to Hackett. This allowed us to combine the acquired transformation skills with our existing technology EPM group, which has been one of The Hackett Group's growth drivers. The transformation and technology groups both adopted The Hackett Group brand in 2010, and in 2011 moved to a combined incentive plan. We recast the revenue of the EPM technology group, which was previously reflected under Hackett Technology Solutions, into The Hackett Group service line and recast all reported numbers, to best reflect this integration of brand and go-to-market focus in our reporting.

Critical Accounting Policies

In the ordinary course of business, we make a number of estimates and assumptions relating to the reporting of results of operations and financial position in conformity with generally accepted accounting principles in the United States. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe the following discussion addresses our most critical accounting policies. These policies require management to exercise judgment on issues that are often difficult, subjective and complex due to the necessity of estimating the effect of matters that are inherently uncertain.

Revenue Recognition

Our revenue is principally derived from fees for services generated on a project-by-project basis in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 605, *Revenue.* Revenue for services rendered is recognized on a time and materials basis or on a fixed-fee or capped-fee basis.

Revenue for time and materials contracts is recognized based on the number of hours worked by our consultants at an agreed upon rate per hour and is recognized in the period in which services are performed.

Revenue related to fixed-fee or capped-fee contracts is recognized on the proportional performance method of accounting based on the ratio of labor hours incurred to estimated total labor hours. This percentage is multiplied by the contracted dollar amount of the project to determine the amount of revenue to recognize in an accounting period. The contracted dollar amount used in this calculation excludes the amount the client pays us for reimbursable expenses. There are situations where the number of hours to complete projects may exceed our original estimate, as a result of an increase in project scope, unforeseen events that arise, or the inability of the client or the delivery team to fulfill their responsibilities. On an on-going basis, our project delivery, Office of Risk Management and finance personnel review hours incurred and estimated total labor hours to complete projects. Any revisions in these estimates are reflected in the period in which they become known. If our estimates indicate that a contract loss will occur, a loss provision will be recorded in the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated direct costs of the contract exceed the estimated total revenue that will be generated by the contract. These costs are included in total cost of service.

Revenue from advisory services is recognized ratably over the life of the client agreements.

Revenue for contracts with multiple elements is allocated based on the fair value of the elements and is recognized in accordance with FASB Accounting Standards Update ("ASU") 2009-13, *Multiple-Deliverable Revenue Arrangements, a consensus of the FASB Emerging Issues Task Force*.

Additionally, we earn revenue from the sale of software, software licenses and maintenance contracts, which is recognized in accordance with FASB ASC Topic 985, *Software*. Revenue for the sale of software and software licenses is recognized upon contract execution and customer receipt of software. Revenue from maintenance contracts is recognized ratably over the life of the agreements.

Unbilled revenue represents revenue for services performed that have not been invoiced. If we do not accurately estimate the scope of the work to be performed, or we do not manage our projects properly within the planned periods of time, or we do not meet our clients' expectations under the contracts, then future consulting margins may be negatively affected or losses on existing contracts may need to be recognized. Any such reductions in margins or contract losses could be material to our results of operations.

Sales tax collected from customers and remitted to the applicable taxing authorities is accounted for on a net basis, with no impact on revenue.

Revenue before reimbursements excludes reimbursable expenses charged to clients. Reimbursements, which include travel and out-of-pocket expenses, are included in revenue, and an equivalent amount of reimbursable expenses is included in cost of service.

The agreements entered into in connection with a project, whether time and materials based or fixed-fee or capped-fee based, typically allow our clients to terminate early due to breach or for convenience with 30 days' notice. In the event of termination, the client is contractually required to pay for all time, materials and expenses incurred by us through the effective date of the termination. In addition, from time to time we enter into agreements with our clients that limit our right to enter into business relationships with specific competitors of that client for a specific time period. These provisions typically prohibit us from performing a defined range of services which we might otherwise be willing to perform for potential clients. These provisions are generally limited to six to twelve months and usually apply only to specific employees or the specific project team.

Allowances for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from our clients not making required payments. Periodically, we review accounts receivable to assess our estimates of collectability. Management critically reviews accounts receivable and analyzes historical bad debts, past-due accounts, client credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. If the financial condition of our clients were to deteriorate, resulting in their inability to make payments, additional allowances may be required.

Long-Lived Assets (excluding Goodwill and Other Intangible Assets)

We account for long-lived assets in accordance with the provisions of FASB ASC Topic 360, Property, *Plant and Equipment* ("ASC 360"). ASC 360 requires that long-lived assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if there has been an impairment. The amount of an impairment is calculated as the difference between the fair value of the asset and its carrying value. Estimates of future undiscounted cash flows are based on management's view of growth rates for the related business, anticipated future economic conditions and estimates of residual values.

Goodwill and Other Intangible Assets

All of our goodwill and intangible assets have been accounted for under the provisions of FASB ASC Topic 350, *Intangibles—Goodwill and Other* ("ASC 350"). ASC 350-20 requires that goodwill and intangible assets deemed to have indefinite lives not be amortized, but rather be tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate potential impairment. Finite-lived intangible assets are amortized over their useful lives and are subject to impairment evaluation under the provisions of ASC 350-30. The excess cost of the acquisition over the fair value of the net assets acquired is recorded as goodwill.

Goodwill is tested at least annually for impairment at the reporting unit level utilizing the market and income approaches. The reporting units consist of The Hackett Group (including Benchmarking, Business Transformation, Business Transformation Enterprise Performance Management ("EPM"), Strategy and Operations and Executive Advisory Programs) and Hackett Technology Solutions (including SAP, Oracle and Oracle EPM). In assessing the recoverability of goodwill and intangible assets, we make estimates based on assumptions regarding various factors to determine if impairment tests are met. These estimates contain management's judgment, using appropriate and customary assumptions available at the time. As of December 30, 2011, neither of our reporting units were at risk of failing step one, as pursuant to ASC 350.

Other intangible assets are tested for potential impairment whenever events or changes in circumstances suggest that the carrying value of an asset may not be fully recoverable in accordance with ASC 350. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if there has been an impairment. The amount of an impairment is calculated as the difference between the fair value of the asset and its carrying value. Estimates of future undiscounted cash flows are based on management's view of growth rates for the related business, anticipated future economic conditions and estimates of residual values. Other intangible assets arise from business combinations and consist of customer relationships, customer backlog and trademarks that are amortized on a straight-line or accelerated basis over periods of up to five years.

Stock Based Compensation

We record stock based compensation in accordance with FASB ASC Topic 718*, Compensation-Stock Compensation* ("ASC 718"), using the modified-prospective-transition method.

ASC 718 requires entities to recognize compensation expense for awards of equity instruments to employees based on the grant-date fair value of those awards (with limited exceptions). ASC 718 also requires the benefits of tax deductions in excess of recognized compensation expense to be reported as a financing cash flow.

ASC 718 provides an alternative transition method of calculating the excess tax benefits available to absorb any tax deficiencies recognized which we have elected to adopt.

Restructuring Reserves

Restructuring reserves reflect judgments and estimates of our ultimate costs of severance, closure and consolidation of facilities and settlement of contractual obligations under our operating leases, including sublease rental rates, absorption period to sublease space and other related costs. We reassess the reserve requirements to complete each individual plan under our restructuring programs at the end of each reporting period. If these estimates change in the future or actual results differ from our estimates, we may be required to record additional charges.

Income Taxes

Income taxes are accounted for in accordance with FASB ASC Topic 740, *Income Taxes* ("ASC 740"). Under ASC 740, deferred tax assets and liabilities are determined based on differences between the financial reporting carrying values and tax bases of assets and liabilities, and are measured by using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to reverse. Deferred income taxes also reflect the impact of certain state operating loss and tax credit carryforwards. A valuation allowance is provided if we believe it is more likely than not that all or some portion of the deferred tax asset will not be realized. An increase or decrease in the valuation allowance, if any, that results from a change in circumstances, and which causes a change in our judgment about the realizability of the related deferred tax asset, is included in the current tax provision.

In accordance with FASB ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, we adopted a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods and income tax disclosures. We report penalties and tax-related interest expense as a component of income tax expense.

Contingent Liabilities

We have certain contingent liabilities that arise in the ordinary course of our business activities. We accrue contingent liabilities when it is probable that future expenditures will be made, and that such expenditures can be reasonably estimated. Reserves for contingent liabilities are reflected in our consolidated financial statements based on management's assessment, along with legal counsel, of the expected outcome of the contingencies. If the final outcome of our contingencies differs adversely from that currently expected, it would result in income or a charge to earnings when determined.

The foregoing list was not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for us to judge the application. There are also areas in which our judgment in selecting any available alternative would not produce a materially different result. Please see our consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K, which contain accounting policies and other disclosures required by accounting principles generally accepted in the United States.

Results of Operations

Our fiscal year generally consists of a 52-week period and periodically consists of a 53-week period as each fiscal year ends on the Friday closest to December 31. Fiscal years 2011, 2010 and 2009 ended on December 30, 2011, December 31, 2010 and January 1, 2010, respectively. References to a year included in this document refer to a fiscal year rather than a calendar year. The following table sets forth, for the periods indicated, our results of operations and the percentage relationship to total revenue of such results (in thousands):

	Year Ended					
	December 30, 2011		December 31, 2010		January 1, 2010	
Revenue:						
Revenues before reimbursements	$200,435	100.0%	$180,899	100.0%	$129,019	100.0%
Reimbursements	24,682		20,449		13,681	
Total revenue	225,117		201,348		142,700	
Costs and expenses:						
Cost of service:						
Personnel costs before reimbursable expenses	126,421	63.1%	112,692	62.3%	84,407	65.4%
Reimbursable expenses	24,682		20,449		13,681	
Total cost of service	151,103		133,141		98,088	
Selling, general and administrative costs	56,773	28.3%	55,755	30.8%	46,215	35.8%
Restructuring costs	—		—		5,437	
Total costs and operating expenses	207,876		188,896		149,740	
Income (loss) from operations	17,241	8.6%	12,452	6.9%	(7,040)	-5.5%
Other income (expense):						
Non-cash acquisition earn-out shares re-measurement gain	—		1,727		—	
Interest income, net	33	0.0%	22	0.0%	51	0.0%
Loss on marketable investments	—		—		(35)	
Income (loss) before income taxes	17,274	8.6%	14,201	7.9%	(7,024)	-5.4%
Income tax benefit	(4,495)	-2.2%	(26)	0.0%	(212)	-0.1%
Net income (loss)	$ 21,769	10.8%	$ 14,227	7.9%	$ (6,812)	-5.3%

Comparison of 2011 to 2010

Overview. We reported net income of $21.8 million in 2011 and $14.2 million in 2010. The increase in net income was primarily driven by improved U.S. customer demand which generated higher revenue and operating margins which benefited from improved leverage on selling, general and administrative costs.

Revenue. We are a global Company with operations primarily in the United States and Western Europe. Our revenue is denominated in multiple currencies, mostly the U.S. Dollar, British Pound, Euro and Australian Dollar, and as a result is affected by currency exchange rate fluctuations. The exchange rate fluctuations did not have a significant impact on comparisons between 2011 and 2010.

Hackett total revenue increased 12% in 2011, as compared to 2010. The following table summarizes revenue (in thousands):

	Year Ended	
	December 30, 2011	December 31, 2010
The Hackett Group	$ 181,824	$ 167,019
ERP Solutions	43,293	34,329
Total revenue	$ 225,117	$ 201,348

The Hackett Group revenue increased 9% to $181.8 million in 2011, as compared to $167.0 million in 2010. The Hackett Group's international revenue, which is primarily based on the country of the contracting entity, accounted for 22% of Hackett's total revenue in 2011, as compared to 21% in 2010. These increases are primarily a result of improving demand in the U.S. and internationally, primarily from our recent entry into the Australian market.

The ERP Solutions group revenue increased 26% to $43.3 million in 2011, as compared to $34.3 million in 2010, primarily due to increased demand across both ERP service groups.

Reimbursements as a percentage of total revenue were comparable at 11% and 10% during 2011 and 2010, respectively. In 2011 and 2010, no customer accounted for more than 5% of our total revenue.

Cost of Service. Cost of service primarily consists of salaries, benefits and incentive compensation for consultants, subcontractor fees and reimbursable expenses associated with projects. Cost of service before reimbursable expenses increased 12% to $126.4 million in 2011 from $112.7 million in 2010. The increase in cost of service before reimbursable expenses was primarily due to the increased headcount to align resources with market demand.

Total cost of service before reimbursable expenses, as a percentage of revenue before reimbursements, increased slightly to 63% in 2011 from 62% in 2010. This increase was primarily due to the increased headcount discussed above. As a percentage of total revenue, The Hackett Group generated gross margins of 35% in 2011, compared to ERP Solutions which generated gross margins of 31% for the same period. As a percentage of revenue before reimbursements, The Hackett Group generated gross margins of 39% in 2011 and 2010. ERP Solutions generated gross margins as a percentage of revenue before reimbursements of 35% in 2011, as compared to 40% in 2010. ERP Solutions margins decreased from 2010, primarily due to the increased headcount.

Selling, General and Administrative. Selling, general and administrative costs increased 2% to $56.8 million in 2011 from $55.8 million in 2010. As a percentage of revenue before reimbursements, selling, general and administrative costs decreased to 28% in 2011 from 31% in 2010, primarily due to selling, general and administrative leverage on increased revenue.

Income Taxes. In 2011, we recorded an income tax benefit of $4.5 million, which represented an effective tax rate benefit of 26.0% of our income before income tax, primarily due to the partial release of the valuation allowance related to the U.S. federal net operating loss carryforward. In 2010, we recorded an income tax benefit of $26 thousand, which represented an effective tax rate benefit of 0.2% of our income before income tax.

The liability method of accounting for deferred income taxes requires a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In determining the need for valuation allowances we consider evidence such as history of losses and general economic conditions. We have $40.5 million of U.S. federal net operating loss carryforwards as of December 30, 2011, most of which will expire by 2022 if not utilized. There has been a partial release of the valuation allowance related to U.S. federal net operating loss carryforwards. As of December 30, 2011, we had $12.4 million of foreign net operating loss carryforwards, of which $4.9 million related to operations in the U.K., $3.0 million related to operations in France and $2.4 million related to operations in Germany. Most of the foreign net operating losses can be carried forward indefinitely. A valuation allowance continues to be provided, primarily for the majority of the foreign operating loss carryforwards. (See Note 10 in the notes to the consolidated financial statements.)

Comparison of 2010 to 2009

Overview. We reported net income of $14.2 million in 2010, primarily driven by improved U.S. customer demand which generated higher consultant utilization and operating margin improvements, and from the incremental operating margin contribution resulting from the Archstone acquisition completed in November 2009. We reported a net loss of $6.8 million in 2009, primarily related to acquisition-related restructuring charges and other one-time costs that were incurred as a result of the Archstone acquisition, as well as the negative impact of the global recession on client demand.

Revenue. As previously discussed, we are a global Company with operations primarily in the United States and Western Europe. Our revenue is denominated in multiple currencies, mostly the U.S. Dollar, British Pound and Euro.

Hackett total revenue increased 41% in 2010, as compared to 2009. The following table summarizes revenue (in thousands):

	Year Ended	
	December 31, 2010	January 1, 2010
The Hackett Group	$ 167,019	$119,665
ERP Solutions	34,329	23,035
Total revenue	$ 201,348	$142,700

The Hackett Group's revenue increased 40% to $167.0 million in 2010, as compared to $119.7 million in 2009. The increase in The Hackett Group revenue was primarily as a result of the Archstone acquisition which closed in November 2009. The Hackett Group's international revenue accounted for 21% of total Hackett revenue in 2010, as compared to 25% in 2009. The decrease was mostly a result of Archstone revenue, which is primarily a U.S.-based business, and from continuing weakness in European client demand.

ERP Solutions group revenue increased 49% to $34.3 million in 2010, as compared to $23.0 million in 2009. The increase in ERP Solutions revenue was due to increased demand across all service groups.

Reimbursements as a percentage of total revenue were comparable at 10% during 2010 and 2009. In 2010, no customer accounted for more than 5% of our total revenue and in 2009, one customer accounted for 6% of our total revenue.

Cost of Service. Cost of service primarily consists of salaries, benefits and incentive compensation for consultants, subcontractor fees and reimbursable expenses associated with projects. Cost of service before reimbursable expenses increased 34% to $112.7 million in 2010 from $84.4 million in 2009. The increase in cost of service before reimbursable expenses was primarily due to the Archstone acquisition, as well as increased hiring activities commensurate with the increased U.S. market demand.

Total cost of service before reimbursable expenses, as a percentage of revenue before reimbursements, decreased to 62% in 2010 from 65% in 2009. This decrease was primarily due to improved consultant utilization across our service groups. As a percentage of total revenue, The Hackett Group generated gross margins of 35% in 2010, compared to ERP Solutions which generated gross margins of 36% for the same period. As a percentage of revenue before reimbursements, The Hackett Group generated gross margins of 39% in 2010, as compared to 37% in 2009. This increase was primarily driven by higher revenue. ERP Solutions generated gross margins as a percentage of revenue before reimbursements of 40% in 2010, as compared to 31% in 2009. ERP Solutions margins increased from 2009, during which the service group was adversely impacted by the global economic environment.

Selling, General and Administrative. Selling, general and administrative costs increased 21% to $55.8 million in 2010 from $46.2 million in 2009. The increase was primarily due to higher 2010 incentive compensation accruals and incremental expenses resulting from the Archstone acquisition. As a percentage of revenue before reimbursements, selling, general and administrative costs decreased to 31% in 2010 from 36% in 2009, primarily due to the effective back-office integration of the Archstone acquisition.

Restructuring Costs. There were no restructuring costs incurred in 2010. Restructuring costs of $5.4 million in 2009 were primarily comprised of $5.9 million resulting from the November acquisition and integration of Archstone related to discounted lease buy-out actions, the down-sizing of facilities, and the related exit costs of those facilities and severance costs.

Income Taxes. In 2010, we recorded an income tax benefit of $26 thousand, which represented an effective tax rate benefit of 0.2% of our income before income tax. In 2009, we recorded an income tax benefit of $212 thousand, which represented an effective tax rate benefit of 3.0% of our loss before income tax.

The liability method of accounting for deferred income taxes requires a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In determining the need for valuation allowances we consider evidence such as history of losses and general economic conditions. We had $47.8 million of U.S. federal net operating loss carryforwards as of December 31, 2010, most of which will expire by 2022 if not utilized. As of December 31, 2010, a valuation allowance had been provided primarily related to U.S. federal net operating loss carryforwards. Additionally, as of December 31, 2010, we had $14.0 million of foreign net operating loss carryforwards, of which $6.4 million related to operations in the U.K., $3.1 million related to operations in France and $2.4 million related to operations in Germany. Most of the foreign net operating losses can be carried forward indefinitely. (See Note 10 in the notes to the consolidated financial statements.)

Liquidity and Capital Resources

As of December 30, 2011 and December 31, 2010, we had $32.9 million and $25.3 million of cash and cash equivalents, respectively. As of December 30, 2011 and December 31, 2010, we had $0.9 million and $1.6 million, respectively, on deposit with financial institutions that served as collateral for letters of credit for operating leases and for amounts related to future employee compensation agreements. These deposit accounts have been classified as restricted cash on the consolidated balance sheets.

The following table summarizes our cash flow activity (in thousands):

	Year Ended	
	December 30, 2011	December 31, 2010
Cash flows from operating activities	$ 20,315	$ 19,536
Cash flows from investing activities	$ (4,215)	$ (3,616)
Cash flows from financing activities	$ (8,639)	$ (5,626)

Net cash provided by operating activities was $20.3 million in 2011, as compared to $19.5 million in 2010. During 2011, net cash provided by operating activities was primarily attributable to net income, excluding non-cash activity, offset by the payout of the 2010 incentive awards and an increase in accounts receivable and unbilled revenue as a result of increased revenue.

During 2010, net cash provided by operating activities was primarily attributable to net income, excluding non-cash items, and the timing of other vendor payments, partially offset by increased accounts receivable and unbilled revenue.

Net cash used in investing activities was $4.2 million in 2011, as compared to $3.6 million in 2010. During 2011, net cash used in investing activities was primarily attributable to $4.9 million related to capital expenditures for the development of the Hackett Performance Exchange, as well as the global rollout of new laptops which occurs every three to four years. During 2010, net cash used in investing activities was primarily attributable to $3.5 million related to capital expenditures on various internal projects, including the development of the Hackett Performance Exchange.

Net cash used in financing activities was $8.6 million in 2011, as compared to $5.6 million in 2010. During 2011, net cash used in financing activities was primarily attributable to the repurchase of approximately 2.3 million shares of our common stock at an average price of $3.84 per share for $9.0 million. During 2010, net cash used in financing activities was primarily attributable to the repurchase of approximately 1.9 million shares of our common stock at an average price of $3.26 per share for $6.1 million.

On July 30, 2002, we announced that our Board of Directors approved the repurchase of up to $5.0 million of our common stock. Since the inception of our repurchase plan, our Board of Directors has approved the repurchase of an additional aggregate $70.0 million of our common stock, thereby increasing the total program size to $75.0 million as of December 30, 2011. Under the repurchase plan, we may buy back shares of our outstanding stock from time to time either on the open market or through privately negotiated transactions, subject to market conditions and trading restrictions. As of December 30, 2011, we had repurchased approximately 21.2 million shares of our common stock at an average price of $3.52 per share. We hold repurchased shares of our common stock as treasury stock on our consolidated balance sheets.

On February 22, 2012, we commenced a tender offer to purchase up to $55.0 million in value of shares of our common stock, $0.001 par value per share (the "Shares"), at a price not greater than $5.00 nor less than $4.25 per Share, to the seller in cash, less any applicable withholding taxes and without interest (the "Offer"). We will retire shares of our common stock repurchased in the Offer. The Offer is scheduled to expire on March 21, 2012, unless extended by us. (See Note 19 in the notes to the consolidated financial statements).

On February 21, 2012, we entered into a Credit Facility with Bank of America, N.A. Under the Credit Facility, Bank of America, N.A. has agreed to lend us up to $20.0 million from time to time pursuant to a revolving line of credit (the "Revolver") and up to $30.0 million pursuant to a term loan (the "Term Loan" and together with the Revolver, the "Credit Facility"). The proceeds of the Term Loan will be used, along with cash on hand, for the purchase of the Shares in the Offer and the payment of all fees and expenses in connection with the Offer. (See Note 19 in the notes to the consolidated financial statements).

We currently believe that available funds and cash flows generated by operations will be sufficient to fund our working capital and capital expenditure requirements for at least the next twelve months. We may decide to raise additional funds in order to fund expansion, to develop new or enhance products and services, to respond to competitive pressures or to acquire complementary businesses or technologies. There is no assurance, however, that additional financing will be available when needed or desired.

There were no material capital commitments as of December 30, 2011. The following summarizes our future lease commitments under our non-cancelable operating leases as of December 30, 2011 (in thousands):

Less than 1 year	$ 1,686
1-3 years	2,567
4-5 years	1,630
After 5 years	—
	$ 5,883

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of December 30, 2011.

Recently Issued Accounting Standards

For discussion of recently issued accounting standards, please see "Item 8, Financial Statements and Supplementary Data" in Part II of this document.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of December 30, 2011, our exposure to market risk related primarily to changes in interest rates and foreign currency exchange rate risks.

Interest Rate Risk

We invest only with high credit quality issuers and we do not use derivative financial instruments in our investment portfolio.

Exchange Rate Sensitivity

We face exposure to adverse movements in foreign currency exchange rates, as a significant portion of our revenue, expenses, assets and liabilities are denominated in currencies other than the U.S. Dollar, primarily the British Pound, the Euro and the Australian Dollar. These exposures may change over time as business practices evolve. Currently, we do not hold any derivative contracts that hedge our foreign currency risk, but we may adopt such strategies in the future.

For a discussion of the risks we face as a result of foreign currency fluctuations, please see “Item 1A. Risk Factors” in Part I of this document.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

THE HACKETT GROUP, INC.
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Report of Independent Registered Certified Public Accounting Firm

Board of Directors and Stockholders
The Hackett Group, Inc.
Miami, Florida

We have audited the accompanying consolidated balance sheets of The Hackett Group, Inc. as of December 30, 2011 and December 31, 2010 and the related consolidated statements of operations, shareholders' equity and comprehensive income (loss), and cash flows for each of the three years in the period ended December 30, 2011. In connection with our audits of the financial statements, we have also audited the financial statement schedule listed in the accompanying index. These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Hackett Group, Inc. at December 30, 2011 and December 31, 2010, and the results of its operations and its cash flows for each of the three years in the period ended December 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The Hackett Group, Inc.'s internal control over financial reporting as of December 30, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 24, 2012 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Miami, Florida
February 24, 2012

THE HACKETT GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 32,936	$ 25,337
Accounts receivable and unbilled revenue, net of allowance of $799 and $1,486 at December 30, 2011 and December 31, 2010, respectively	35,209	31,580
Prepaid expenses and other current assets	9,319	5,056
Total current assets	77,464	61,973
Restricted cash	885	1,610
Property and equipment, net	11,696	8,816
Other assets	1,823	2,779
Goodwill, net	75,558	75,623
Total assets	$ 167,426	$ 150,801
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,433	$ 5,590
Accrued expenses and other liabilities	28,018	29,140
Total current liabilities	35,451	34,730
Accrued expenses and other liabilities, non-current	1,727	2,831
Total liabilities	37,178	37,561
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $.001 par value, 1,250,000 shares authorized, none issued and outstanding	—	—
Common stock, $.001 par value, 125,000,000 shares authorized; 61,315,237 and 60,099,198 shares issued at December 30, 2011 and December 31, 2010, respectively	61	60
Additional paid-in capital	313,202	308,598
Treasury stock, at cost, 21,171,370 and 18,838,310 shares at December 30, 2011 and December 31, 2010, respectively	(74,444)	(65,489)
Accumulated deficit	(103,129)	(124,898)
Accumulated other comprehensive loss	(5,442)	(5,031)
Total shareholders' equity	130,248	113,240
Total liabilities and shareholders' equity	$ 167,426	$ 150,801

The accompanying notes are an integral part of the consolidated financial statements.

THE HACKETT GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended		
	December 30, 2011	December 31, 2010	January 1, 2010
Revenue:			
Revenue before reimbursements	$ 200,435	$ 180,899	$129,019
Reimbursements	24,682	20,449	13,681
Total revenue	225,117	201,348	142,700
Costs and expenses:			
Cost of service:			
Personnel costs before reimbursable expenses (includes $2,847, $2,340 and $2,204 of stock compensation expense in 2011, 2010 and 2009, respectively)	126,421	112,692	84,407
Reimbursable expenses	24,682	20,449	13,681
Total cost of service	151,103	133,141	98,088
Selling, general and administrative costs (includes $1,758, $1,961 and $800 of stock compensation expense in 2011, 2010 and 2009, respectively)	56,773	55,755	46,215
Restructuring costs	—	—	5,437
Total costs and operating expenses	207,876	188,896	149,740
Income (loss) from operations	17,241	12,452	(7,040)
Other income (expense):			
Non-cash acquisition earn-out shares re-measurement gain	—	1,727	—
Interest income	33	22	51
Loss on marketable investments	—	—	(35)
Income (loss) before income taxes	17,274	14,201	(7,024)
Income tax benefit	(4,495)	(26)	(212)
Net income (loss)	$ 21,769	$ 14,227	$ (6,812)
Basic net income (loss) per common share:			
Net income (loss) per common share	$ 0.55	$ 0.35	$ (0.18)
Weighted average common shares outstanding	39,895	40,349	38,240
Diluted net income (loss) per common share:			
Net income (loss) per common share	$ 0.52	$ 0.34	$ (0.18)
Weighted average common and common equivalent shares outstanding	41,875	42,372	38,240

The accompanying notes are an integral part of the consolidated financial statements.

THE HACKETT GROUP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Common Stock		Additional Paid in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Comprehensive Income (Loss)
	Shares	Amount		Shares	Amount				
Balance at January 2, 2009	53,408	$ 53	$ 285,654	(14,352)	$ (53,041)	$ (132,313)	$ (6,436)	$ 93,917	
Issuance of common stock	4,245	4	13,232	—	—	—	—	13,236	
Treasury stock purchased	—	—	—	(2,625)	(6,382)	—	—	(6,382)	
Issuance of restricted stock units, net of cancellations	—	—	(574)	—	—	—	—	(574)	
Stock compensation expense under ASC 718	—	—	1	—	—	—	—	1	
Amortization of restricted stock units	—	—	3,053	—	—	—	—	3,053	
Net loss	—	—	—	—	—	(6,812)	—	(6,812)	$ (6,812)
Foreign currency translation	—	—	—	—	—	—	1,813	1,813	1,813
Total comprehensive loss	—	—	—	—	—	—	—	—	$ (4,999)
Balance at January 1, 2010	57,653	$ 57	$ 301,366	(16,977)	$ (59,423)	$ (139,125)	$ (4,623)	$ 98,252	
Issuance of common stock	2,446	3	4,452	—	—	—	—	4,455	
Treasury stock purchased	—	—	—	(1,861)	(6,066)	—	—	(6,066)	
Issuance of restricted stock units, net of cancellations	—	—	(653)	—	—	—	—	(653)	
Amortization of restricted stock units	—	—	3,433	—	—	—	—	3,433	
Net income	—	—	—	—	—	14,227	—	14,227	$ 14,227
Foreign currency translation	—	—	—	—	—	—	(408)	(408)	(408)
Total comprehensive income	—	—	—	—	—	—	—	—	$ 13,819
Balance at December 31, 2010	60,099	$ 60	$ 308,598	(18,838)	$ (65,489)	$ (124,898)	$ (5,031)	$ 113,240	
Issuance of common stock	1,216	1	763	—	—	—	—	764	
Treasury stock purchased	—	—	—	(2,333)	(8,955)	—	—	(8,955)	
Issuance of restricted stock units, net of cancellations	—	—	(385)	—	—	—	—	(385)	
Amortization of restricted stock units	—	—	4,226	—	—	—	—	4,226	
Net income	—	—	—	—	—	21,769	—	21,769	$ 21,769
Foreign currency translation	—	—	—	—	—	—	(411)	(411)	(411)
Total comprehensive income	—	—	—	—	—	—	—	—	$ 21,358
Balance at December 30, 2011	61,315	$ 61	$ 313,202	(21,171)	$ (74,444)	$ (103,129)	$ (5,442)	$ 130,248	

The accompanying notes are an integral part of the consolidated financial statements.

THE HACKETT GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended		
	December 30, 2011	December 31, 2010	January 1, 2010
Cash flows from operating activities:			
Net income (loss)	$ 21,769	$ 14,227	$ (6,812)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	2,014	1,837	1,862
Amortization expense	811	1,960	1,058
(Reversal) provision for doubtful accounts	(619)	157	93
Loss on foreign currency translation	323	382	610
Non-cash acquisition earn-out shares re-measurement gain	—	(1,727)	—
Non-cash stock compensation expense	4,605	4,301	3,004
Loss on sale of property and equipment	—	—	46
Loss on marketable investments	—	—	35
Release of deferred income tax valuation allowance	(5,257)	—	—
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable and unbilled revenue	(3,010)	(3,667)	4,745
Decrease (increase) in prepaid expenses and other assets	301	(2,319)	702
Increase (decrease) in accounts payable	1,843	1,915	(2,061)
(Decrease) increase in accrued expenses and other liabilities	(2,465)	2,470	(11,920)
Net cash provided by (used in) operating activities	20,315	19,536	(8,638)
Cash flows from investing activities:			
Purchases of property and equipment	(4,939)	(3,481)	(2,989)
Decrease (increase) in restricted cash	724	(135)	(875)
Proceeds from sales, calls and maturities of marketable investments	—	—	1,692
Cash acquired in acquisition of business	—	—	3,000
Net cash (used in) provided by investing activities	(4,215)	(3,616)	828
Cash flows form financing activities:			
Repayment of borrowings acquired in acquisition	—	—	(3,459)
Proceeds from issuance of common stock	316	440	410
Repurchases of common stock	(8,955)	(6,066)	(6,382)
Net cash used in financing activities	(8,639)	(5,626)	(9,431)
Effect of exchange rate on cash	138	39	185
Net increase (decrease) in cash and cash equivalents	7,599	10,333	(17,056)
Cash and cash equivalents at beginning of year	25,337	15,004	32,060
Cash and cash equivalents at end of year	$ 32,936	$ 25,337	$ 15,004
Supplemental disclosure of cash flow information:			
Cash (refunded) paid for income taxes	$ (318)	$ 255	$ 364
Supplemental disclosure of non-cash investing and financing activities:			
Market value on date shares issued to sellers of Archstone Consulting	$ —	$ 4,032	$ 12,087

The accompanying notes are an integral part of the consolidated financial statements.

THE HACKETT GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and General Information

Nature of Business

The Hackett Group, Inc. ("Hackett," or the "Company") is a leading strategic advisory and technology consulting firm that enables companies to achieve world-class business performance. Hackett's combined capabilities include business advisory programs, benchmarking, business transformation, working capital management and technology solutions, with corresponding offshore support.

On January 1, 2008, the Company changed its name from Answerthink, Inc. ("Answerthink") to The Hackett Group, Inc. The firm was originally incorporated on April 23, 1997. All prior references to Answerthink will now be reflected as Hackett as if the name change was effected for all years presented.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements include the Company's accounts and those of its wholly-owned subsidiaries which the Company is required to consolidate. The Company consolidates the assets, liabilities, and results of operations of its entities in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 160, *Consolidation.*

Fiscal Year

The Company's fiscal year generally consists of a 52-week period and periodically consists of a 53-week period as each fiscal year ends on the Friday closest to December 31. Fiscal years 2011, 2010 and 2009 ended on December 30, 2011, December 31, 2010 and January 1, 2010, respectively. References to a year included in the consolidated financial statements refer to a fiscal year rather than a calendar year.

Cash and Cash Equivalents and Restricted Cash

The Company considers all short-term investments with maturities of three months or less to be cash equivalents. Due to the short maturity period of cash equivalents, the carrying amount of these instruments approximates fair market value. The Company places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the F.D.I.C. insurance limits. The Company has not experienced any loss to date on these investments. All of the Company's non-interest bearing cash balances were fully insured at December 30, 2011 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit to the amount of insurance for eligible accounts. Beginning in 2013, insurance coverage will revert to $250,000 per depositor at each financial institution, and our non-interest bearing cash balances may again exceed federally insured limits.

Restricted cash in 2011 and 2010 related to deposits with financial institutions that served as collateral for letters of credit for operating leases and for amounts related to future employee compensation agreements.

Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts for estimated losses resulting from its clients not making required payments. Management makes estimates of the collectability of the accounts receivable. Management also critically reviews accounts receivable and analyzes historical bad debts, past-due accounts, client credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts.

Property and Equipment, Net

Property and equipment are recorded at cost. Depreciation is calculated to amortize the depreciable assets over their useful lives using the straight-line method and commences when the asset is placed in service. The range of estimated useful lives is three to seven years. Leasehold improvements are amortized on a straight-line basis over the term of the lease or the estimated useful life of the improvement, whichever is shorter. Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for betterments and major improvements are capitalized. The carrying amount of assets sold or retired and related accumulated depreciation are removed from the balance sheet in the year of disposal and any resulting gains or losses are included in the statements of operations.

The Company capitalizes the costs of internal-use software in accordance with FASB ASC Topic 350-40, *Internal-Use Software* ("ASC 350-40"). ASC 350-40 provides guidance on applying generally accepted accounting principles in the United States in addressing whether and under what conditions the costs of internal-use software should be capitalized. The Company capitalizes certain costs, which generally include hardware, software, and payroll-related costs for employees who are directly associated with, and who devote time, to the development of internal-use computer software.

1. Basis of Presentation and General Information (Continued)

Long-Lived Assets (excluding Goodwill and Other Intangible Assets)

The Company accounts for long-lived assets in accordance with the provisions of FASB ASC Topic 360, *Property, Plant and Equipment* ("ASC 360"). ASC 360 requires that long-lived assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if there has been an impairment. The amount of an impairment is calculated as the difference between the fair value of the asset and its carrying value. Estimates of future undiscounted cash flows are based on management's view of growth rates for the related business, anticipated future economic conditions and estimates of residual values.

Goodwill and Other Intangible Assets

All of the Company's goodwill and intangible assets have been accounted for under the provisions of FASB ASC Topic 350, *Intangibles—Goodwill and Other* ("ASC 350"). ASC 350-20 requires that goodwill and intangible assets deemed to have indefinite lives not be amortized, but rather be tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate potential impairment. Finite-lived intangible assets are amortized over their useful lives and are subject to impairment evaluation under the provisions of ASC 350-30. The excess cost of the acquisition over the fair value of the net assets acquired is recorded as goodwill.

Goodwill is tested at least annually for impairment at the reporting unit level utilizing the market and income approaches. The reporting units consist of The Hackett Group (including Benchmarking, Business Transformation, Business Transformation Enterprise Performance Management ("EPM"), Strategy and Operations and Executive Advisory Programs) and Hackett Technology Solutions (including SAP, Oracle and Oracle EPM). In assessing the recoverability of goodwill and intangible assets, the Company makes estimates based on assumptions regarding various factors to determine if impairment tests are met. These estimates contain management's judgment, using appropriate and customary assumptions available at the time. The Company performed its annual impairment test of goodwill in the fourth quarter of fiscal years 2011 and 2010 and determined that goodwill was not impaired. The carrying amount and activity of goodwill attributable to The Hackett Group and Hackett Technology Solutions was as follows (in thousands):

	The Hackett Group	Hackett Technology Solutions	Total
Balance at January 1, 2010	$45,379	$ 31,333	$76,712
Additions/adjustments	(358)	—	(358)
Foreign currency translation adjustment	(731)	—	(731)
Balance at December 31, 2010	44,290	31,333	75,623
Foreign currency translation adjustment	(65)	—	(65)
Balance at December 30, 2011	$44,225	$ 31,333	$75,558

Other intangible assets are tested for potential impairment whenever events or changes in circumstances suggest that the carrying value of an asset may not be fully recoverable in accordance with ASC 350. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if there has been an impairment. The amount of an impairment is calculated as the difference between the fair value of the asset and its carrying value. Estimates of future undiscounted cash flows are based on management's view of growth rates for the related business, anticipated future economic conditions and estimates of residual values. Other intangible assets arise from business combinations and consist of customer relationships, customer backlog and trademarks that are amortized on a straight-line or accelerated basis over periods of up to five years.

Other intangible assets, included in other assets in the accompanying consolidated balance sheets, consist of the following (in thousands):

	December 30, 2011	December 31, 2010
Gross carrying amount	$ 14,699	$ 14,699
Accumulated amortization	(13,111)	(12,300)
Foreign currency translation adjustment	(11)	(16)
	$ 1,577	$ 2,383

1. Basis of Presentation and General Information (Continued)

Revenue Recognition

Revenue is principally derived from fees for services generated on a project-by-project basis in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 605, *Revenue.* Revenue for services rendered is recognized on a time and materials basis or on a fixed-fee or capped-fee basis.

Revenue for time and materials contracts is recognized based on the number of hours worked by our consultants at an agreed upon rate per hour and is recognized in the period in which services are performed.

Revenue related to fixed-fee or capped-fee contracts is recognized on the proportional performance method of accounting based on the ratio of labor hours incurred to estimated total labor hours. This percentage is multiplied by the contracted dollar amount of the project to determine the amount of revenue to recognize in an accounting period. The contracted dollar amount used in this calculation excludes the amount the client pays for reimbursable expenses. There are situations where the number of hours to complete projects may exceed the original estimate. These increases can be as a result of an increase in project scope, unforeseen events that arise, or the inability of the client or the delivery team to fulfill their responsibilities. On an on-going basis, project delivery, Office of Risk Management and finance personnel review hours incurred and estimated total labor hours to complete projects. Any revisions in these estimates are reflected in the period in which they become known. If the Company estimates indicate that a contract loss will occur, a loss provision will be recorded in the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated direct costs of the contract exceed the estimated total revenue that will be generated by the contract and are included in total cost of service.

Revenue from advisory services is recognized ratably over the life of the agreements.

Revenue for contracts with multiple elements is allocated based on the fair value of the elements and is recognized in accordance with FASB Accounting Standards Update ("ASU") 2009-13, *Multiple-Deliverable Revenue Arrangements, a consensus of the FASB Emerging Issues Task Force*.

Additionally, the Company earns revenue from the sale of software, software licenses and maintenance contracts, which is recognized in accordance with FASB ASC Topic 985, *Software*. Revenue for the sale of software and software licenses is recognized upon contract execution and customer receipt of software. Revenue from maintenance contracts is recognized ratably over the life of the agreements.

Unbilled revenue represents revenue for services performed that have not been invoiced. If the Company does not accurately estimate the scope of the work to be performed, or does not manage its projects properly within the planned periods of time, or does not meet clients expectations under the contracts, then future consulting margins may be negatively affected or losses on existing contracts may need to be recognized. Any such reductions in margins or contract losses could be material to the Company's results of operations.

Sales tax collected from customers and remitted to the applicable taxing authorities is accounted for on a net basis, with no impact on revenue.

Revenue before reimbursements excludes reimbursable expenses charged to clients. Reimbursements, which include travel and out-of-pocket expenses, are included in revenue, and an equivalent amount of reimbursable expenses is included in cost of service.

The agreements entered into in connection with a project, whether time and materials based or fixed-fee or capped-fee based, typically allow clients to terminate early due to breach or for convenience with 30 days' notice. In the event of termination, the client is contractually required to pay for all time, materials and expenses incurred by the Company through the effective date of the termination. In addition, from time to time the Company enters into agreements with its clients that limit its right to enter into business relationships with specific competitors of that client for a specific time period. These provisions typically prohibit the Company from performing a defined range of services which it might otherwise be willing to perform for potential clients. These provisions are generally limited to six to twelve months and usually apply only to specific employees or the specific project team.

Stock Based Compensation

The Company records stock based compensation in accordance with FASB ASC Topic 718*, Compensation-Stock Compensation* ("ASC 718"), using the modified-prospective-transition method.

ASC 718 requires entities to recognize compensation expense for awards of equity instruments to employees based on the grant-date fair value of those awards (with limited exceptions). ASC 718 also requires the benefits of tax deductions in excess of recognized compensation expense to be reported as a financing cash flow.

ASC 718 provides an alternative transition method of calculating the excess tax benefits available to absorb any tax deficiencies recognized which the Company has elected to adopt.

1. Basis of Presentation and General Information (Continued)

Income Taxes

Income taxes are accounted for in accordance with FASB ASC Topic 740, *Income Taxes* ("ASC 740"). Under ASC 740, deferred tax assets and liabilities are determined based on differences between the financial reporting carrying values and tax bases of assets and liabilities, and are measured by using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to reverse. Deferred income taxes also reflect the impact of certain state operating loss and tax credit carryforwards. A valuation allowance is provided if the Company believes it is more likely than not that all or some portion of the deferred tax asset will not be realized. An increase or decrease in the valuation allowance, if any, that results from a change in circumstances, and which causes a change in the Company's judgment about the realizability of the related deferred tax asset, is included in the tax provision.

In accordance with FASB ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes* ("ASC 740-10"), the Company adopted a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods and income tax disclosures. The Company reports penalties and tax-related interest expense as a component of income tax expense.

Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. With regard to restricted stock units issued to employees, the calculation includes only the vested portion of such stock. Net income per share, assuming dilution, is computed by dividing the net income by the weighted average number of common shares outstanding, and will increase by the assumed conversion of other potentially dilutive securities during the period.

The following table reconciles basic and dilutive weighted average shares:

	December 30, 2011	December 31, 2010	January 1, 2010
Basic weighted average common shares outstanding	39,895,422	40,348,749	38,240,460
Effect of dilutive securities:			
Unvested restricted stock units issued to employees	1,919,151	1,531,367	—
Common stock issuable upon the exercise of stock options	60,821	41,822	—
Acquisition-related unregistered shares held in escrow	—	450,300	—
Dilutive weighted average common shares outstanding	41,875,394	42,372,238	38,240,460
Dilutive securities not included in diluted weighted average common shares outstanding:			
Unvested restricted stock units issued to employees	—	—	616,435
Common stock issuable upon the exercise of stock options	—	—	22,980
Acquisition-related unregistered shares held in escrow	—	—	150,100
	—	—	789,515

There were 0.9 million, 1.1 million, and 1.4 million shares of common stock excluded from the above reconciliation for the years ended 2011, 2010 and 2009, respectively, as their inclusion would have had an anti-dilutive effect on diluted net income (loss) per share.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable and unbilled revenue, accounts payable and accrued expenses and other liabilities.

As of December 30, 2011 and December 31, 2010, the fair value of all financial instruments approximated their carrying value due to the short-term nature and maturity of these instruments.

1. Basis of Presentation and General Information (Continued)

Concentration of Credit Risk

The Company provides services primarily to Global 2000 companies and other sophisticated buyers of business consulting and information technology services. The Company performs ongoing credit evaluations of its major customers and maintains reserves for potential credit losses. In 2011 and 2010, no customer accounted for more than 5% of total revenue and in 2009, one customer accounted for 6% of total revenue.

Management's Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Other Comprehensive Income (Loss)

The Company reports its comprehensive income (loss) in accordance with FASB ASC Topic 220, *Comprehensive Income,* which establishes standards for reporting and presenting comprehensive income and its components in a full set of financial statements. Other comprehensive income (loss) consists of and cumulative currency translation adjustments.

Translation of Non-U.S. Currency Amounts

The assets and liabilities held by the Company's foreign entities that have a functional currency other than the U.S. Dollar are translated into U.S. Dollars at exchange rates in effect at the end of each reporting period. Foreign entity revenue and expenses are translated into U.S. Dollars at the average rates that prevailed during the period. The resulting net translation gains and losses are reported as foreign currency translation adjustments in shareholders' equity as a component of accumulated other comprehensive income (loss). Gains and losses from foreign currency transactions are included in net income (loss).

Segment Reporting

The Company reports business segment information under the provisions of FASB ASC Topic 280, *Segment Reporting* ("ASC 280"). In accordance with ASC 280, the Company engages in business activities in one operating segment, which provides business and technology consulting services.

Recent Accounting Pronouncements

In June 2011, the FASB issued changes to the presentation of comprehensive income. These changes give an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The option to present components of other comprehensive income as part of the statement of changes in stockholders' equity was eliminated. The items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income were not changed. These changes become effective for fiscal years beginning after December 15, 2011, except for the reclassification adjustments out of accumulated other comprehensive income that become effective for fiscal years ending after December 15, 2012. The Company is currently evaluating the impact of adopting these changes.

In September 2011, the FASB issued changes that permit an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that a reporting unit's fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. This update is effective for annual and interim goodwill impairment tests performed in fiscal years beginning after December 15, 2011, however, early adoption is permitted. Effective December 30, 2011, the Company adopted these changes. The adoption of these changes did not have a material impact on the Company's consolidated financial statements.

Reclassifications

Certain prior period amounts in the consolidated financial statements, and notes thereto, have been reclassified to conform to current period presentation.

2. Acquisitions and Investing Activities

Effective November 9, 2009, the Company acquired Archstone Consulting, LLC ("Archstone") pursuant to an Asset Purchase Agreement (the "Asset Purchase Agreement") under which the Company purchased from Archstone, Archstone Consulting UK Limited and Archstone Consulting BV (the "Sellers") the assets used in connection with Archstone's consulting business. The results of Archstone's operations have been included in the Company's consolidated financial statements since November 10, 2009.

The acquisition of Archstone was accounted for in accordance with FASB ASC Topic 805, *Business Combinations* ("ASC 805"). The purchase price for the assets acquired and liabilities assumed was 5.2 million unregistered shares of the Company's common stock, of which 1.7 million unregistered shares were subject to an earn-out based on revenue achieved in 2010. The value of the unregistered shares was determined as $3.48 per share, the closing value of the Hackett's common stock on the effective date of acquisition.

The purchase price allocation resulted in $11.7 million that exceeded the estimated fair value of tangible and intangible assets and liabilities and was allocated to goodwill. The goodwill was included in the Hackett Group reporting unit. The Company believes the goodwill primarily represents the fair value of the assembled workforce acquired. The goodwill amortization is deductible for tax purposes.

The acquired intangible assets with definite lives are amortized over periods ranging from 2 years to 5 years. The following table presents the intangible assets acquired from Archstone:

Category	Amount (in thousands)	Weighted Average Useful Life (in years)
Customer base	$ 3,028	2.92
Customer backlog	983	0.58
Tradename	160	1.01
	$ 4,171	2.30

The following unaudited pro forma information for the period ended January 1, 2010, includes the operations of Archstone and is provided assuming the acquisition had occurred as of January 3, 2009 (in thousands):

Total revenue	$182,073
Net loss	$ (12,073)

On the acquisition date, the Company recorded a liability for the 1,655,000 earn-out unregistered shares based on the closing price on the date of acquisition. Based on actual net revenue achievements in 2009 and the 2010 annual planning process presented to the Company's Board of Directors, which is also the basis for performance compensation, as of January 1, 2010 the Company estimated that the $45.0 million revenue target would be met by Archstone.

On May 11, 2010, prior to the end of the earn-out measurement period, the Company and the Sellers agreed to the final earn-out determination of 1,435,000 shares of the total 1,655,000 shares of common stock to be deemed earned, and therefore, 220,000 shares were forfeited by the Sellers. As a result of the fluctuation in the Company's share price and in accordance with ASC 805, the Company recorded a $1.7 million non-cash re-measurement gain during the year ended December 31, 2010 in the consolidated statement of operations.

As a result of the acquisition, the Company recorded $261 thousand of acquisition-related costs which were included in selling, general and administrative costs in the consolidated statements of operations for the year ended January 1, 2010.

In addition, the Company issued 941 thousand unregistered shares to former Archstone executives as new employees of the Company that will vest over a two to five year period and are contingent on continued employment. The aggregate grant date fair value of these awards is $3.5 million. The fair value of these shares is accounted for as compensation expense over the vesting periods.

The Company includes its acquired intangible assets with definite lives in other assets, net in the accompanying consolidated balance sheets. As of December 30, 2011 and December 31, 2010, intangible assets totaled $1.6 million and $2.4 million, respectively, which is net of accumulated amortization of $13.1 million and $12.3 million, respectively, and foreign currency fluctuations for intangible assets denominated in the British Pound and Euro. All of the Company's intangible assets are expected to be fully amortized by the end of 2014. The estimated future amortization expense of intangible assets as of December 30, 2011 is as follows: $0.5 million in 2012, $0.6 million in 2013 and $0.5 million in 2014.

3. Fair Value Measurement

The Company records its assets and liabilities in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures* (“ASC 820”). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes the following three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

As of December 30, 2011 and December 31, 2010, the carrying value of cash and cash equivalents, restricted cash, accounts receivable and unbilled revenue, accounts payable, leases and accrued expenses and other liabilities, approximated the respective fair value due to the short-term nature and maturity of these instruments.

4. Accounts Receivable and Unbilled Revenue, Net

Accounts receivable and unbilled revenue, net, consists of the following (in thousands):

	December 30, 2011	December 31, 2010
Accounts receivable	$ 24,731	$ 22,115
Unbilled revenue	11,277	10,951
Allowance for doubtful accounts	(799)	(1,486)
	$ 35,209	$ 31,580

Accounts receivable as of December 30, 2011 and December 31, 2010, is net of uncollected advanced billings. Unbilled revenue as of December 30, 2011 and December 31, 2010, includes recognized recoverable costs and accrued profits on contracts for which billings had not been presented to clients.

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	December 30, 2011	December 31, 2010
Deferred tax asset, net	$ 6,975	$ 2,560
Other	2,344	2,496
Total prepaid expenses and other current assets	$ 9,319	$ 5,056

6. Property and Equipment, net

Property and equipment, net, consists of the following (in thousands):

	December 30, 2011	December 31, 2010
Equipment	$ 4,154	$ 10,667
Software	15,516	15,836
Leasehold improvements	460	1,654
Furniture and fixtures	503	940
Automobile	22	26
	20,655	29,123
Less accumulated depreciation	(8,959)	(20,307)
	$ 11,696	$ 8,816

Depreciation expense for the years ended December 30, 2011, December 31, 2010, and January 1, 2010 was $2.0 million, $1.8 million, and $1.9 million, respectively, and is included in selling, general and administrative costs in the accompanying consolidated statements of operations.

7. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following (in thousands):

	December 30, 2011	December 31, 2010
Accrued compensation and benefits	$ 5,333	$ 5,610
Accrued bonuses	7,597	9,354
Accrued restructuring related expenses	594	1,732
Deferred revenue	8,443	6,716
Accrued sales, use, franchise and VAT tax	1,836	1,802
Other accrued expenses	4,215	3,926
Current accrued expenses and other liabilities	28,018	29,140
Accrued restructuring related expenses	9	265
Deferred tax liability, net	1,718	2,566
Non-current accrued expenses and other liabilities	1,727	2,831
Total accrued expenses and other liabilities	$ 29,745	$ 31,971

8. Restricted Cash

As of December 30, 2011 and December 31, 2010, the Company had $0.9 million and $1.6 million, respectively, on deposit with financial institutions that served as collateral for letters of credit for operating leases and for amounts related to certain employee compensation agreements.

9. Lease Commitments

The Company has operating lease agreements for its premises that expire on various dates through December 2016. Rent expense, net of subleases for the years ended December 30, 2011, December 31, 2010 and January 1, 2010 was $2.2 million, $1.8 million and $1.7 million, respectively.

Future minimum lease commitments under non-cancelable operating leases as of December 30, 2011 are as follows (in thousands):

	Rental Payments
2012	$ 1,686
2013	1,341
2014	1,226
2015	994
2016	636
Total	$ 5,883

10. Income Taxes

The Company files federal income tax returns, as well as multiple state, local and foreign jurisdiction tax returns. A number of years may elapse before an uncertain tax position is audited and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution on any particular uncertain tax position, the Company believes that its reserves for income taxes reflect the most probable outcome. The Company adjusts these reserves, as well as the related interest, in light of changing facts and circumstances. The resolution of a matter would be recognized as an adjustment to the provision for income taxes and the effective tax rate in the period of resolution. The Company is no longer subject to examinations of its federal income tax returns by the Internal Revenue Service for years through 2007 and all significant state, local and foreign matters have been concluded for years through 2007.

The components of income (loss) before income taxes are as follows (in thousands):

	Year Ended		
	December 30, 2011	December 31, 2010	January 1, 2010
Domestic	$ 15,999	$ 14,204	$ (325)
Foreign	1,275	(3)	(6,699)
Income (loss) before income taxes	$ 17,274	$ 14,201	$ (7,024)

The components of income tax (benefit) expense are as follows (in thousands):

	Year Ended		
	December 30, 2011	December 31, 2010	January 1, 2010
Current tax (benefit) expense			
Federal	$ 32	$ (191)	$ (294)
State	484	239	72
Foreign	246	(74)	10
	762	(26)	(212)
Deferred tax benefit			
Federal	(5,257)	—	—
State	—	—	—
Foreign	—	—	—
	(5,257)	—	—
Income tax benefit	$ (4,495)	$ (26)	$ (212)

A reconciliation of the federal statutory tax rate with the effective tax rate is as follows:

	Year Ended		
	December 30, 2011	December 31, 2010	January 1, 2010
U.S. statutory income tax expense (benefit) rate	35.0 %	35.0 %	(35.0) %
State income taxes, net of federal income tax benefit	1.8	1.1	0.7
Valuation allowance (reduction)	(69.3)	(36.7)	15.4
Meals and entertainment	1.3	1.5	2.5
Intangible amortization	—	0.7	1.6
Foreign exchange loss (gain)	0.9	0.4	3.7
Other, net	4.3	(2.2)	8.1
Effective tax rate	(26.0) %	(0.2) %	(3.0) %

10. Income Taxes (Continued)

The components of the net deferred income tax asset (liability) are as follows (in thousands):

	Year Ended	
	December 30, 2011	December 31, 2010
Deferred income tax assets:		
Purchased research and development	$ 79	$ 184
Allowance for doubtful accounts	316	587
Net operating loss and tax credits carryforward	20,567	23,910
Accrued expenses and other liabilities	5,492	5,694
	26,454	30,375
Valuation allowance	(9,365)	(21,337)
	17,089	9,038
Deferred income tax liabilities:		
Depreciation and amortization	(3,836)	(2,002)
Tax over book amortization on goodwill	(8,017)	(6,883)
Other items	21	(153)
	(11,832)	(9,038)
Net deferred income tax asset	$ 5,257	$ —

As of December 30, 2011 and December 31, 2010, the Company had $7.0 million and $2.6 million, respectively, of deferred tax assets, net, included in prepaid and other current assets and $1.7 million and $2.6 million of deferred tax liabilities, respectively, included in accrued expenses and other liabilities, non-current, on its consolidated balance sheets.

As of December 30, 2011, the Company had $40.5 million of U.S. federal net operating loss carryforwards available for tax purposes, primarily resulting from a worthless stock deduction taken in 2002, most of which expire by 2022 if not utilized. Additionally, at December 30, 2011, the Company had $12.4 million of foreign net operating loss carryforwards, of which $4.9 million related to operations in the UK, $3.0 million related to operations in France and $2.4 million related to operations in Germany. Most of the foreign net operating losses may be carried forward indefinitely.

The liability method of accounting for deferred income taxes requires a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In determining the need for valuation allowances the Company considers evidence such as history of losses and general economic conditions. At December 30, 2011 and December 31, 2010, the Company had a valuation allowance of $9.4 million and $21.3 million, respectively, to reduce deferred income tax assets primarily related to foreign and state net operating loss and tax credit carryforwards.

The undistributed earnings in foreign subsidiaries are permanently invested abroad and will not be repatriated to the U.S. in the foreseeable future. Because they are considered to be indefinitely reinvested, no U.S. federal or state deferred income taxes have been provided on these earnings. Upon distribution of those earnings, in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries in which it operates. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the U.S. foreign income tax liability that would be payable if such earnings were not reinvested indefinitely.

Penalties and tax-related interest expense are reported as a component of income tax expense. For the years ended December 30, 2011, December 31, 2010 and January 1, 2010 the total amount of accrued income tax-related interest and penalties was $170 thousand.

In accordance with ASC 740-10, the Company prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods and income tax disclosures.

10. Income Taxes (Continued)

The following table sets forth the detail and activity of the ASC 740-10 liability during the twelve months ended December 30, 2011 and December 31, 2010 (in thousands):

	Year Ended	
	December 30, 2011	December 31, 2010
Beginning balance	$ 170	$ 370
Reduction due to lapse of applicable statute of limitations	—	(185)
Other	—	(15)
Ending balance	$ 170	$ 170

As of December 30, 2011 and December 31, 2010, the ASC 740-10 liability of $170 thousand, was classified as a current liability and included in the current portion of the accrued expenses and other liabilities in the accompanying consolidated balance sheets. The Company does not believe there will be any material changes in its unrecognized tax positions over the next twelve months. The reversal of ASC 740-10 tax liabilities as of December 30, 2011 and December 31, 2010 of $170 thousand, would have a favorable impact on the effective tax rate in future periods.

11. Stock Based Compensation

Stock Plans

Total share based compensation included in net income for the year ended December 30, 2011 was $4.6 million. The number of shares available for future issuance under the plans as of December 30, 2011 were 6,471,620. The Company issues new shares as shares are required to be delivered under the plan.

Stock Options

The Company has granted stock options to employees and directors of the Company at exercise prices equal to the market value of the stock at the date of grant. The options generally vest ratably over four years, based on continued employment, with a maximum term of ten years.

Stock option activity under the Company's stock option plans for the year ended December 30, 2011 is summarized as follows:

	Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of December 31, 2010	982,328	$ 5.62		
Exercised	(24,000)	2.46		
Forfeited or expired	(90,953)	7.23		
Outstanding as of December 30, 2011	867,375	$ 5.53	$ 1.81	$ 178,253
Exercisable at December 30, 2011	867,167	$ 5.53	$ 1.81	$ 178,229

A summary of the Company's stock option activity for the years ended December 31, 2010 and January 1, 2010 was as follows:

	December 31, 2010		January 1, 2010	
	Option Shares	Weighted Average Exercise Price	Option Shares	Weighted Average Exercise Price
Outstanding at beginning of year	1,202,380	$ 5.88	1,327,497	$ 6.03
Exercised	(17,553)	2.68	(5,500)	2.10
Forfeited or expired	(202,499)	7.45	(119,617)	7.81
Outstanding at end of year	982,328	$ 5.62	1,202,380	$ 5.88
Exercisable at end of year	981,870	$ 5.62	1,201,672	$ 5.88

11. Stock Based Compensation (Continued)

Other information pertaining to stock option activity during the years ended December 30, 2011, December 31, 2010 and January 1, 2010 was as follows (in thousands):

	Year Ended		
	December 30, 2011	December 31, 2010	January 1, 2010
Total fair value of stock options vested	$ —	$ —	$ —
Total intrinsic value of stock options exercised	$ 41	$ 11	$ 8

The following table summarizes information about the Company's stock options outstanding as of December 30, 2011:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 0.00 - $ 4.06	157,356	1.4	$ 2.64	157,148	$ 2.64
$ 4.07 - $ 8.13	703,361	1.9	6.11	703,361	6.11
$ 8.14 - $12.19	6,650	1.4	12.00	6,650	12.00
$12.20 - $20.32	8	2.0	17.56	8	17.56
	867,375	1.8	$ 5.53	867,167	$ 5.53

On February 8, 2012, the Compensation Committee approved the exchange of one half of the existing RSU bonus opportunity for 2012 through 2015 for the Company's Chief Executive Officer and Chief Operating Officer for a single performance-based stock option grants of 1,912,500 options and 1,004,063 option, respectively, each with an exercise price of $4.00. This performance-based stock option grants vests one-half upon the achievement of at least 50% growth of pro forma earnings per share and the remaining half vests upon the achievement of at least 50% pro forma EBITDA growth. Each metric can be achieved at any time during the six-year term of the award based on a trailing twelve month period measured quarterly. The grants will expire if neither target is achieved during the six-year term. The base year for the performance calculation is fiscal 2011 for both pro forma earnings per share and pro forma EBITDA performance targets. After 2015, the Company expects that the Chief Executive Officer's and the Chief Operating Officer's equity compensation will revert to the current structure.

Restricted Stock Units

Under the stock plans, participants may be granted restricted stock units, each of which represents a conditional right to receive a common share in the future. The restricted stock units granted under this plan generally vest over one of the following vesting schedules: (1) a four-year period, with 50% vesting on the second anniversary and 25% of the shares vesting on the third and fourth anniversaries of the grant date, (2) a four-year period, with 25% vesting on the first, second, third and fourth anniversary, or (3) a three-year period with 33% vesting on the first, second and third anniversary. Upon vesting, the restricted stock units will convert into an equivalent number of shares of common stock. The amount of expense relating to the restricted stock units is based on the closing market price of the Company's common stock on the date of grant and is amortized on a straight-line basis over the applicable requisite service period. Restricted stock unit activity for the year ended December 30, 2011 was as follows:

	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value
Nonvested balance as of December 31, 2010	2,211,587	$ 2.95
Granted	1,896,222	3.65
Vested	(997,005)	3.56
Forfeited	(139,974)	3.04
Nonvested balance as of December 30, 2011	2,970,830	$ 3.38

The Company recorded restricted stock unit based compensation expense of $3.7 million, $3.6 million and $2.6 million in 2011, 2010 and 2009, respectively, which is included in stock compensation expense, based on the vesting provisions of the restricted stock units and the fair market value of the stock on the grant date. As of December 30, 2011, there was $4.6 million of total restricted stock unit compensation related to the nonvested awards not yet recognized, which is expected to be recognized over a weighted average period of 1.90 years.

11. Stock Based Compensation (Continued)

Common Stock Subject to Vesting Requirements

Shares of common stock subject to vesting requirements were issued to employees of acquired companies. These shares vest over a period of up to five years. Compensation was based on the market value of the Company's common stock at the time of grant and is recognized on a straight-line basis. The activity for common stock subject to vesting requirements for the year ended December 30, 2011 was as follows:

	Number of Shares of Common Stock Subject to Vesting Requirements	Weighted Average Grant-Date Fair Value
Nonvested balance as of December 31, 2010	841,904	$ 3.40
Vested	(208,417)	3.67
Nonvested balance as of December 30, 2011	633,487	$ 3.32

The Company recorded compensation expense of $0.9 million, $0.7 million and $0.4 million, during the years ended December 30, 2011, December 31, 2010 and January 1, 2010, respectively, related to common stock subject to vesting requirements. As of December 30, 2011, there was $1.2 million of total stock based compensation related to common stock subject to vesting requirements not yet recognized, which is expected to be recognized over a weighted average period of 2.07 years.

12. Shareholders' Equity

Employee Stock Purchase Plan

Effective July 1, 1998, the Company adopted an Employee Stock Purchase Plan to provide substantially all employees who have completed three months of service as of the beginning of an offering period an opportunity to purchase shares of its common stock through payroll deductions. Purchases on any one grant are limited to 10% of eligible compensation. Shares of the Company's common stock may be purchased by employees at six-month intervals at 95% of the fair market value on the last trading day of each six-month period. The aggregate fair market value, determined as of the first trading date of the offering period, of shares purchased by an employee may not exceed $25,000 annually. The Employee Stock Purchase Plan expires on July 1, 2018. A total of 4,275,000 shares of common stock are available for purchase under the plan with a limit of 400,000 shares of common stock to be issued per offering period. For plan years 2011, 2010 and 2009, 137,215 shares, 132,015 shares and 168,887 shares, respectively, were issued.

Treasury Stock

On July 30, 2002, the Company announced that its Board of Directors approved the repurchase of up to $5.0 million of the Company's common stock. Since the inception of the repurchase plan, the Board of Directors approved the repurchase of an additional $70.0 million of the Company's common stock, thereby increasing the total program size to $75.0 million. Under the repurchase plan, the Company may buy back shares of its outstanding stock from time to time either on the open market or through privately negotiated transactions, subject to market conditions and trading restrictions. As of December 30, 2011 and December 31, 2010, the Company had repurchased 21.2 million shares and 18.8 million shares of its common stock, respectively, at an average price of $3.52 and $3.48 per share, respectively. As of December 30, 2011, the Company had $0.6 million available under the Company's buyback program. The Company holds repurchased shares of its common stock as treasury stock and accounts for treasury stock under the cost method.

Shareholder Rights Plan

On February 13, 2004, the Company's Board of Directors adopted a Shareholder Rights Plan. Under the Plan, a dividend of one preferred share purchase right (a "Right") was declared for each share of common stock of the Company that was outstanding on February 26, 2004. Each Right entitles the holder to purchase from the Company one one-thousandth of a share of Series A Junior Preferred Stock at a purchase price of $32.50, subject to adjustment.

12. Shareholders' Equity (Continued)

The Rights will trade automatically with the common stock and will not be exercisable until a person or group has become an "acquiring person" by acquiring 15% or more of the Company's outstanding common stock, or a person or group commences, or publicly announces a tender offer that will result in such a person or group owning 15% or more of the Company's outstanding common stock. However, Liberty Wanger Asset Management, L.P. (now known as Columbia Wanger Asset Management, L.P.), together with its affiliates and associates will be permitted to acquire up to 20% of the common stock without making the rights exercisable. Upon announcement that any person or group has become an acquiring person, each Right will entitle all rightholders (other than the acquiring person) to purchase, for the exercise price of $32.50, a number of shares of the Company's common stock having a market value equal to twice the exercise price. Rightholders would also be entitled to purchase common stock of the acquiring person having a value of twice the exercise price if, after a person had become an acquiring person, the Company were to enter into certain mergers or other transactions. If any person becomes an acquiring person, the Board of Directors may, at its option and subject to certain limitations, exchange one share of common stock for each Right.

The Rights have certain anti-takeover effects, in that they would cause substantial dilution to a person or group that attempts to acquire a significant interest in the Company on terms not approved by the Board of Directors. In the event that the Board of Directors determines a transaction to be in the best interests of the Company and its shareholders, the Board of Directors may redeem the Rights for $0.001 per share at any time prior to a person or group becoming an acquiring person. The Rights will expire on February 13, 2014.

13. Benefit Plan

The Company maintains a 401(k) plan covering all eligible employees. Subject to certain dollar limits, eligible employees may contribute up to 15% of their pre-tax annual compensation to the plan. The Company may make discretionary contributions on an annual basis. During fiscal years 2011, 2010 and 2009, the Company made matching contributions of 25% of employee contributions up to 4% of their gross salaries. The Company's matching contributions were $0.3 million in each of the fiscal years ended December 30, 2011, December 31, 2010 and January 1, 2010.

14. Restructuring Costs

The Company recorded restructuring costs in 2001 and 2002 primarily related to reductions in consultants and functional support and for the closure and consolidation of facilities and related exit costs. In 2003, 2004, 2005 and 2006, the Company increased these reserves as a result of additional closures and consolidation of facilities, lower than expected sublease rates and longer than expected time estimates to sublease excess facilities. In 2005 and 2006, the Company recorded restructuring costs for the consolidation of facilities and related exit costs as a result of the REL acquisition. In 2009, the Company recorded restructuring costs resulting from the acquisition and integration of Archstone related to discounted lease buy-out actions, the down-sizing of facilities and the related exit costs of those facilities and severance costs (see Note 2).

No restructuring costs were incurred in 2011, 2010 and 2008.

The following tables set forth the detail and activity in the restructuring expense accruals (in thousands):

	Severance and Other Employee Costs	Exit, Closure and Consolidation of Facilities	Total
Accrual balance at January 2, 2009	$ —	$ 4,293	$ 4,293
2009 Additions, net	3,048	2,378	5,426
2009 Expenditures	(1,051)	(1,536)	(2,587)
2010 Expenditures	(1,826)	(3,309)	(5,135)
2011 Expenditures	(171)	(1,223)	(1,394)
Accrual balance at December 30, 2011	$ —	$ 603	$ 603

15. Transactions with Related Parties

In connection with the Company's repurchase of common stock in 2011 and 2010, the Board of Directors approved the Company's buy back of 393,250 shares and 103,492 shares, respectively, of outstanding common stock from employees of the Company and Board of Directors at an average price of $4.70 and $3.47 per share, respectively. These shares were included in the Company's treasury stock on the accompanying consolidated balance sheets at December 30, 2011 and December 31, 2010.

16. Litigation

The Company is involved in legal proceedings, claims, and litigation arising in the ordinary course of business not specifically discussed herein. In the opinion of management, the final disposition of such matters will not have a material adverse effect on the Company's consolidated financial position, cash flows or results of operations.

17. Geographic and Service Group Information

Revenue, which is primarily based on the country of the Company's contracting entity, is attributed to geographic areas as follows (in thousands):

	Year Ended		
	December 30, 2011	December 31, 2010	January 1, 2010
Revenue:			
North America	$ 174,890	$ 158,231	$106,865
International (primarily European countries)	50,227	43,117	35,835
Total revenue	$ 225,117	$ 201,348	$142,700

Long-lived assets are attributed to geographic areas as follows (in thousands):

	Year Ended	
	December 30, 2011	December 31, 2010
Long-lived assets:		
North America	$ 73,449	$ 71,625
International (primarily European countries)	15,628	15,593
Total long-lived assets	$ 89,077	$ 87,218

As of December 30, 2011, foreign assets included $14.9 million of goodwill related to the REL and Archstone acquisitions and $0.1 million of intangible assets related to the Archstone acquisition. As of December 31, 2010, foreign assets included $15.0 million of goodwill and $0.2 million of intangible assets related to the Archstone acquisition.

In the following table (presented in thousands), The Hackett Group service group encompasses Benchmarking, Business Transformation and Executive Advisory groups, and includes EPM Technologies. The ERP Solutions group encompasses the ERP technology groups, which include SAP and Oracle. The acquisition of Archstone in late 2009 brought a strong EPM Transformation group to the Company. This allowed the Company to combine the acquired transformation skills with its existing technology EPM group, which has been one of The Hackett Group's growth drivers. The transformation and technology groups both adopted The Hackett Group brand in 2010, and in 2011 moved to a combined incentive plan. Therefore, the revenue of the EPM technology group, which was previously reflected under Hackett Technology Solutions, has been recast into The Hackett Group service line and all reported numbers have been recast to best reflect this integration of brand and go-to-market focus in the Company's reporting.

	Year Ended		
	December 30, 2011	December 31, 2010	January 1, 2010
The Hackett Group	$ 181,824	$ 167,019	$119,547
ERP Solutions	43,293	34,329	23,153
Total revenue	$ 225,117	$ 201,348	$142,700

18. Quarterly Financial Information (unaudited)

The following table presents unaudited supplemental quarterly financial information for the years ended December 30, 2011 and December 31, 2010 (in thousands, except per share data):

	Quarter Ended			
	April 1, 2011	July 1, 2011	September 30, 2011	December 30, 2011
Total revenue	$52,862	$58,809	$ 57,935	$ 55,511
Income from operations	$ 3,486	$ 4,503	$ 4,511	$ 4,741
Income before income taxes	$ 3,487	$ 4,515	$ 4,522	$ 4,750
Net income (1)	$ 3,327	$ 4,403	$ 4,346	$ 9,693
Basic net income per common share	$ 0.08	$ 0.11	$ 0.11	$ 0.25
Diluted net income per common share	$ 0.08	$ 0.10	$ 0.10	$ 0.23

	Quarter Ended			
	April 2, 2010	July 2, 2010	October 1, 2010	December 31, 2010
Total revenue	$46,728	$53,685	$ 52,305	$ 48,630
Income from operations	$ 1,859	$ 3,752	$ 3,914	$ 2,927
Income before income taxes	$ 2,808	$ 4,540	$ 3,921	$ 2,932
Net income	$ 2,698	$ 4,423	$ 4,107	$ 2,999
Basic net income per common share	$ 0.07	$ 0.11	$ 0.10	$ 0.07
Diluted net income per common share	$ 0.07	$ 0.10	$ 0.10	$ 0.07

(1) The quarter ended December 30, 2011 includes the benefit of the release of $5.3 million of deferred income tax asset valuation allowance.

Quarterly basic and diluted net income per common share were computed independently for each quarter and do not necessarily total to the year to date basic and diluted net income per common share.

19. Subsequent Events

On February 22, 2012, the Company commenced a tender offer to purchase up to $55.0 million in value of shares of its common stock, $0.001 par value per share (the “Shares”), at a price not greater than $5.00 nor less than $4.25 per Share, to the seller in cash, less any applicable withholding taxes and without interest (the “Offer”). The Offer is scheduled to expire on March 21, 2012.

The Company is conducting the Offer through a procedure commonly called a modified “Dutch auction.” This procedure allows stockholders to select the price, within the specified price range, at which stockholders are willing to sell their Shares. The Company will select the single lowest purchase price, not greater than $5.00 nor less than $4.25 per Share, that will allow the Company to purchase $55.0 million in value of Shares at such price, based on the number of Shares tendered, or, if fewer Shares are properly tendered, all Shares that are properly tendered and not properly withdrawn. The Offer is only being made pursuant to the offering materials and related documentation which the Company has filed with the Securities Exchange Commission, and to which reference is hereby made.

On February 21, 2012, the Company entered into a Credit Facility with Bank of America, N.A. Under the Credit Facility, Bank of America, N.A. has agreed to lend the Company up to $20.0 million from time to time pursuant to a revolving line of credit (the “Revolver”) and up to $30.0 million pursuant to a term loan (the “Term Loan” and together with the Revolver, the “Credit Facility”). The proceeds of the Term Loan will be used, along with cash on hand, for the purchase of the Shares in the Offer and the payment of all fees and expenses in connection with the Offer. Borrowing under the Term Loan is subject to and contingent upon the successful completion of the Offer, as well as the satisfaction of the other customary conditions precedent under the Credit Agreement. In the event that the full $30.0 million is not borrowed under the Term Loan for the purchase of shares in the Offer, up to $10.0 million will remain available for borrowing under the Term Loan to fund future purchases of shares by the Company.

19. Subsequent Events (Continued)

The obligations of the Company under the Credit Facility are guaranteed by certain existing and future material U.S. subsidiaries of the Company (the "U.S. Subsidiaries") and are secured by substantially all of the existing and future property and assets of the Company and the U.S. Subsidiaries, a 100% pledge of the capital stock of the U.S. Subsidiaries, and a 65% pledge of the capital stock of the Company's direct foreign subsidiaries (subject to certain exceptions).

The interest rates per annum applicable to loans under the Credit Facility will be, at the Company's option, equal to either a base rate or a LIBOR rate for one-, two-, three- or six-month interest periods chosen by the Company, in each case plus an applicable margin percentage. The applicable margin percentage is determined from time to time under the Credit Facility based on a senior leverage ratio. The initial applicable margin percentage is 2.0% per annum, in the case of LIBOR rate advances, and 1.25% per annum, in the case of base rate advances.

The Credit Facility matures on February 21, 2017. In addition, subject to certain thresholds and exceptions, the Company will be required to prepay the loans outstanding under the Credit Facility with (i) net cash proceeds from non-ordinary course sales of property and assets of the Company or its subsidiaries, (ii) net cash proceeds from the issuance or incurrence of additional debt or equity securities of the Company or its subsidiaries and (iii) net proceeds from extraordinary receipts as defined in the Credit Agreement.

On February 8, 2012, the Compensation Committee approved the exchange of one half of the existing RSU bonus opportunity for 2012 through 2015 for the Company's Chief Executive Officer and Chief Operating Officer for a single performance-based stock option grants of 1,912,500 options and 1,004,063 option, respectively, each with an exercise price of $4.00. This performance-based stock option grants vests one-half upon the achievement of at least 50% growth of pro forma earnings per share and the remaining half vests upon the achievement of at least 50% pro forma EBITDA growth. Each metric can be achieved at any time during the six-year term of the award based on a trailing twelve month period measured quarterly. The grants will expire if neither target is achieved during the six-year term. The base year for the performance calculation is fiscal 2011 for both pro forma earnings per share and pro forma EBITDA performance targets. After 2015, the Company expects that the Chief Executive Officer's and the Chief Operating Officer's equity compensation will revert to the current structure.

THE HACKETT GROUP, INC.
SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
YEARS ENDED DECEMBER 30, 2011, DECEMBER 31, 2010 AND JANUARY 1, 2010
(in thousands)

Allowance for Doubtful Accounts	Balance at Beginning of Year	Charge to Expense (Recovery)	Write-offs	Balance at End of Year
Year Ended December 30, 2011	$ 1,486	(619)	(68)	$ 799
Year Ended December 31, 2010	$ 1,354	$ 157	$ (25)	$ 1,486
Year Ended January 1, 2010	$ 1,631	$ 93	$ (370)	$ 1,354

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the three months ended December 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission as of and for the year ended December 30, 2011. Based on our evaluation under the framework in "Internal Control – Integrated Framework," our management concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report.

The Company's independent registered certified public accounting firm has audited our internal control over financial reporting as of December 30, 2011 and has expressed an unqualified opinion thereon.

Report of Independent Registered Certified Public Accounting Firm

Board of Directors and Stockholders
The Hackett Group, Inc.
Miami, Florida

We have audited The Hackett Group, Inc.'s internal control over financial reporting as of December 30, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Hackett Group, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Item 9A, Controls and Procedures – Management's Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, The Hackett Group, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 30, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Hackett Group, Inc. as of December 30, 2011 and December 31, 2010, and the related consolidated statements of operations, shareholders' equity and comprehensive income (loss), and cash flows for each of the three years in the period ended December 30, 2011 and our report dated February 24, 2012 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Miami, Florida
February 24, 2012

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information responsive to this Item is incorporated herein by reference to the Company's definitive 2012 Proxy Statement for the 2012 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

Information responsive to this Item is incorporated herein by reference to the Company's definitive 2012 Proxy Statement for the 2012 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information responsive to this Item is incorporated herein by reference to the Company's definitive 2012 Proxy Statement for the 2012 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information responsive to this Item is incorporated herein by reference to the Company's definitive 2012 Proxy Statement for the 2012 Annual Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information appearing under the caption "Fees Paid to Independent Accountants" in the 2012 Proxy Statement is hereby incorporated by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this Form:

1. Financial Statements

The Consolidated Financial Statements filed as part of this report are listed and indexed on page 26. Schedules other than those listed in the index have been omitted because they are not applicable or the required information has been included elsewhere in this report.

2. Financial Statement Schedules

Schedule II — Valuation and Qualifying Accounts and Reserves are included in this report. Schedules other than those listed in the index have been omitted because they are not applicable or the information required to be set forth therein is contained, or incorporated by reference, in the Consolidated Financial Statements of The Hackett Group, Inc. or notes thereto.

3. Exhibits: See Index to Exhibits on page 55

The Exhibits listed in the accompanying Index to Exhibits are filed or incorporated by reference as part of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, State of Florida, on February 24, 2012.

THE HACKETT GROUP, INC.

By: /s/ Ted A. Fernandez
Ted A. Fernandez
Chief Executive Officer and Chairman

Pursuant to the requirements of the Securities Act of 1934, this Form 10-K has been signed by the following persons on behalf of the Registrant in the capacities and on the date indicated.

Signatures	Title	Date
/s/ Ted A. Fernandez Ted A. Fernandez	Chief Executive Officer and Chairman (Principal Executive Officer)	February 24, 2012
/s/ Robert A. Ramirez Robert A. Ramirez	Executive Vice President, Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	February 24, 2012
/s/ David N. Dungan David N. Dungan	Chief Operating Officer and Director	February 24, 2012
/s/ Terence M. Graunke Terence M. Graunke	Director	February 24, 2012
/s/ Richard Hamlin Richard Hamlin	Director	February 24, 2012
/s/ John R. Harris John R. Harris	Director	February 24, 2012
/s/ Edwin A. Huston Edwin A. Huston	Director	February 24, 2012
/s/ Alan T. G. Wix Alan T. G. Wix	Director	February 24, 2012

INDEX TO EXHIBITS

Exhibit No.	Exhibit Description
2.1	Share Purchase Agreement dated November 29, 2005 between The Hackett Group Limited, Answerthink, Inc. and the Sellers of REL Consultancy Group Limited (incorporated herein by reference to the Registrant's Form 8-K dated December 1, 2005).
2.2	Asset Purchase Agreement acquiring Archstone Consulting, LLC. In accordance with the instructions to Item 601(b)(2) of Regulation S-K, the schedules and exhibits to the Asset Purchase Agreement are not filed herewith. The Asset Purchase Agreement identifies such schedules and exhibits, including the general nature of their content. The Company undertakes to provide such schedules and exhibits to the Securities and Exchange Commission upon request (incorporated by reference to the Registrant's Form 8-K filed on November 13, 2009).
3.1	Second Amended and Restated Articles of Incorporation of the Registrant, as amended (incorporated herein by reference to the Registrant's Form 10-K for the year ended December 29, 2000).
3.2	Amended and Restated Bylaws of the Registrant, as amended (incorporated herein by reference to the Registrant's Form 10-K for the year ended December 29, 2000).
3.3	Articles of Amendment of the Third Amended and Restated Articles of Incorporation of the Registrant (incorporated herein by reference to the Registrant's Form 10-K for the year ended December 28, 2007).
3.4	Amendment to Amended and Restated Bylaws of The Hackett Group (incorporated by reference to the Registrant's Form 8-K filed on March 31, 2008).
10.1	Registrant's 1998 Stock Option and Incentive Plan (incorporated herein by reference to the Registrant's Registration Statement on Form S-8 (333-64542)).
10.2	Amendment to Registrant's 1998 Stock Option and Incentive Plan (incorporated herein by reference to the Registrant's Form 10-K for the year ended December 28, 2001).
10.3	Form of Employment Agreement entered into between the Registrant and Mr. Dungan (incorporated herein by reference to the Registrant's Form 10-K for the year ended December 28, 2001).
10.4	Form of Employment Agreement entered into between the Registrant and each of Messrs. Fernandez, Frank and Knotts (incorporated herein by reference to the Registrant's Registration Statement on Form S-1 (333-48123)).
10.5	AnswerThink Consulting Group, Inc. Employee Stock Purchase Plan, as amended (incorporated herein by reference to the Registrant's Registration Statement on Form S-8 (333-108640)).
10.6	Amendment to Registrant's Employee Stock Purchase Plan (incorporated herein by reference to the Registrant's Form 10-K/A filed on February 15, 2007).
10.7	Securities Purchase Agreement by and among THINK New Ideas, Inc., Capital Ventures International and Marshall Capital Management, Inc. (incorporated herein by reference to THINK New Ideas, Inc.'s Form 8-K dated March 12, 1999).
10.8	Registration Rights Agreement dated as of March 3, 1999 by and among THINK New Ideas, Inc., Capital Ventures International and Marshall Capital Management, Inc. (incorporated herein by reference to THINK New Ideas, Inc.'s Form 8-K dated March 12, 1999).
10.9	Amendment to Employment Agreement between Answerthink, Inc. and Ted A. Fernandez (incorporated herein by reference to the Registrant's Form 10-Q dated November 10, 2004).
10.10	Amendment to Employment Agreement between Answerthink, Inc. and David N. Dungan (incorporated herein by reference to the Registrant's Form 10-Q dated November 10, 2004).
10.11	Lawson Software & The Hackett Group Advisory Alliance Agreement dated May 9, 2005 (incorporated herein by reference to the Registrant's Form 8-K dated May 13, 2005).
10.12	Amendment dated June 10, 2005 to Executive Agreement between Answerthink, Inc. and Ted A. Fernandez (incorporated herein by reference to the Registrant's Form 8-K dated June 16, 2005).

10.16	Employment Agreement dated August 1, 2007 between the Registrant and Robert A. Ramirez (incorporated herein by reference to the Registrant's Form 10-Q dated July 31, 2007).
10.17	Third Amendment to Employment Agreement between the Registrant and Ted A. Fernandez (incorporated herein by reference to the Registrant's Form 8-K dated January 2, 2009).
10.18	Third Amendment to Employment Agreement between the Registrant and David N. Dungan (incorporated herein by reference to the Registrant's Form 8-K dated January 2, 2009).
21.1	Subsidiaries of the Registrant (exhibits filed herewith).
23.1	Consent of BDO USA, LLP (exhibits filed herewith).
31.1	Certification by CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (exhibits filed herewith).
31.2	Certification by CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (exhibits filed herewith).
32	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (exhibits filed herewith).
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase
101.DEF**	XBRL Taxonomy Extension Definition Linkbase
101.LAB**	XBRL Taxonomy Extension Label Linkbase
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

Corporate Headquarters

The Hackett Group, Inc.
1001 Brickell Bay Drive, Suite 3000
Miami, FL 33131
Telephone: 305-375-8005
Facsimile: 305-379-8810
www.thehackettgroup.com

Annual Meeting

The Hackett Group shareholders are invited to attend our Annual Meeting on Friday, May 4, 2012 at 11:00 am at:
Corporate Headquarters
1001 Brickell Bay Drive, Suite 3000
Miami, FL 33131

Transfer Agent

Computershare Investor Services

First Class/Registered/ Certified Mail:	**Courier Services:**
P.O. Box 43078 Providence, RI 02940-3078	250 Royall St. Canton, MA 02021

Shareholder Services: 781-575-2879
http://www.computershare.com/investor

Independent Auditors

BDO Seidman, LLP
Miami, FL

Board of Directors

Ted A. Fernandez
Chairman & Chief Executive Officer
The Hackett Group, Inc.

David N. Dungan
Vice Chairman & Chief Operating Officer
The Hackett Group, Inc.

Richard N. Hamlin
Retired Partner
KPMG LLP

John R. Harris
Operating Partner
glendon Todd Capital LLC &
Chief Executive Officer
Chemical Information Services

Edwin A. Huston
Retired Vice Chairman
Ryder System, Inc.

Terence M. Graunke
Chairman & Co-founder
Lake Capital Management, LLC

Alan T.G. Wix
Former Chairman of the Board
Fiva Marketing, Ltd.

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