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A "SABBATICAL" YEAR WITH MCKINSEY

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(The text of the following account is by Pascal LEFEBVRE)

Abstract

Due to circumstances well worth the telling, Bernard Ramanantsoa spent a sabbatical year with McKinsey. He acted as a 'consultants' consultant' - and also as an ethnographer, studying the myths and rituals of this prestigious tribe whose goal is to create an economically perfect world.

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I - PRESENTATION by B. RAMANANTSOA An academic at McKinsey

I am a lecturer at HEC, and the story of my year with McKinsey began in a rather unusual way. I had invited an acquaintance of mine, a partner at McKinsey, to give a talk on strategy to my students. The talk was a success, but hardly had he got back to Paris when he called to tell me, *"I've just given a girl from HEC a lift from the campus. When I told her I was from McKinsey she said, "Oh yes - McKinsey and the matrix." She knew all about this famous matrix, but when I asked her she couldn't tell me any more about it. It's really shocking, you know, evidently you only talk about us in terms of a matrix which really isn't relevant, and is completely out of date besides. If that's the way you present McKinsey to your students..."*

A few months later I was invited to lunch with the director of the Paris office, who suggested that I spend my forthcoming sabbatical year with McKinsey; which is how I became their 'resident academic'.

I did some research there, and also some consultancy work, but above all I tried to reach an understanding of the workings and identity of the company. The first two activities were specifically agreed in advance, and I had a verbal agreement for the third, which of course didn't figure in my contract.

I was fascinated by the company - dazzled by some aspects, and concerned about others. That may have influenced my views, and what I'm about to tell you.

McKinsey's operations

These days McKinsey has three major fields of activity. The first is **Corporate Leadership**, in other words strategy. The second is **Organisational Effectiveness**, for structural and organisational problems. The third is **Operational Effectiveness**, one of today's major issues. It's surprising nonetheless to find that most of the studies requested at the Paris office are to do with Corporate Leadership, while that department's operations are much more limited in other countries. In 1991, about 2,800 assignments were undertaken by about 2,300 consultants worldwide, and the Paris office had 80 consultants at the time.

An assignment usually lasts two months, and is defined by a contract each time. There are no major assignments negotiated all at once: operations are divided into two-month stages, even if the contracts run consecutively. The assignments are numbered with reference to each client: the first is 01, the 25th is 25 - something which sheds some light on McKinsey's strategy, which is to build a solid base of **core clients** in order to reduce the cost of commercialization.

Moreover, each office is expected to carry out an assignment 'pro bono' from time to time, for a non-profit-making venture or organisation. London Zoo recently benefited from a study of this kind.

McKinsey's staff say they have no real competitors. The official explanation for this startling claim is twofold: firstly, although they admit to being challenged regularly, in the long term they say they are the oldest in the business, and they have no 'lasting competitors'. When pressed, they nonetheless admit to competition from BCG, Andersen Consulting and Bain.

Serving the client

The recognised Bible in all offices and all McKinsey documents is the **guiding principles**.

The most important of these (although it is in fact professed by all consultants) is the idea of 'putting our clients' interests first.' That made me smile, but it's very much a part of the culture. I'll give you an example.

Like many other companies, McKinsey regularly arranges social events. These agreeable gatherings bring together consultants and their spouses (or, as they are curiously described, their T. E. - technical equivalent...). One of these events is the **winter retreat**; in that

particular year, the Paris office had assembled for four days at Les Arcs. The programme consisted of skiing by day, conference at 5pm followed by dinner and a party. One of their major French clients was invited to a conference to talk on the subject of *"What do you like about working with us?"* After a fairly direct presentation in which the client discussed what he both liked and didn't like about McKinsey, the head of the Paris office asked him, *"Do you agree when we say that what is important to us is our clients' interests?"* The MD smiled: *"Surely... but not nearly as important as your own!"*

This caused a strong negative reaction from the most senior of the McKinsey personnel, and it shows to what extent the maxim is taken seriously: nobody shared the joke. The head of the Paris office answered, *"I don't agree at all; we believe very strongly that what we have to do - especially in order to succeed in the long term - is to respect the clients' interests over and above our own."*

The second principle of relations with clients is **Perform consulting in a cost-effective manner**. In other words, *"What is the added value we bring to clients' businesses?"* McKinsey is often charged with being very expensive. Again, the response is twofold: *"We are the Rolls Royce of consultancy"* and *"For what we offer, it really isn't that expensive"*. Cost effectiveness is also a matter of only working on the 'right' problems, that is, the problems which McKinsey feel they are capable of solving. In every office there are stories, obviously somewhat dramatised, of occasions when they have refused an assignment.

Another fundamental point is confidentiality. The basic reason for this is self-evident : one shouldn't reveal which problems one is working on with a client. However, the principle is carried to extremes with McKinsey, who absolutely refuse to make any reference to their clients. At the end of my sabbatical year, I wanted to write an article, quoting certain clients who had given their permission. I was prevented, with the argument that *"if other clients see that you have quoted clients of ours, they will be afraid of being cited in turn"*.

Of course, other consultants know when McKinsey is on the same trail at the time of calls for tender, and often the clients themselves say they are working with McKinsey. However, confidentiality is totally respected within the organisation, and the extreme care taken to maintain it sometimes has extraordinary results. By way of example, the firm's founder Martin Bower wrote a 'gospel', **Perspective on McKinsey**, an anthology of the company's history and principles. The first page specifies that the content is intended for the staff of the company, and that it is strictly forbidden for anyone else to read it.

Similarly, each member of staff receives a **Directory of firm**, a list of all the firm's employees which is regularly updated. When you are given a copy, you are told that it is the firm's property, strictly confidential and under no circumstances to be given to anyone else. When I exclaimed, *"But it's only a phone book!"*, the only coherent response I had was, *"The headhunters would love it - we don't want to give it to them on a plate"*.

Furthermore, all documents are marked **Not for resale** or **Internal materials only**.

Operate as one firm

I consider two aspects of their operation to be important. The first is **Operate as one firm**, which is genuinely how McKinsey people see themselves - as opposed to BCG, they say. They consider that there should be no difference between the Paris, London or Milan offices and the American ones.

It's something which often comes up and can be imposed at any moment. If someone is told, *"We'd like you to go and work on a project in Cleveland"* then it's taken very badly if they refuse. All the firm's workings, up to the very highest level, as in the selection of partners for example, are on a worldwide scale.

The second interesting principle is **Maintain a meritocracy**. The meritocratic dimension is a strong one, and is in itself the source of two other tenets: *"Take advantage of your freedom and be responsible through self-discipline"* and *"Promote an open and non-hierarchical ethos"*. You might see a paradox here, but once again these precepts are very much taken to heart.

I remember having lunch with one of the most senior partners in the Paris office, and raising this point with the ghost of a smile. He told me, *"You don't seem to believe it, but there really is no hierarchy at McKinsey. Can you give me a single example of it from what you've seen?"* I fell into the trap and answered, *"Of course: between the associate who just joined this morning and yourself, there's surely a hierarchical difference!"*

"Not at all," he said, *"we just have different roles"*.

I still don't entirely believe it but, as in any assertion of this kind, there's an element of truth and a will to live up to what you say. I thought it would be interesting to see how this claim squared with the firm's genuinely meritocratic nature.

I don't know if the famous phrase **Up or Out** was coined at McKinsey, but it's certainly quoted there incessantly. All the time you have either to improve or to leave. As a rule, for every six people taken on by McKinsey, only one will become a partner. One is generally made a partner six years after joining the firm, which means that one person a year is 'dropped'. For those who make it this far, there are two grades of partner: principals and directors. Statistically, a partner has a one in two chance of becoming a director; and if you don't make it to director, you're out.

This defines the firm's structure very clearly. The **Out** is effective: there really are people who leave every year, in about that ratio. While I was at the Paris office it was done very elegantly: somebody would be told, *"We think it would be a good idea if you moved on in three to six months' time. We'll put someone in to work with you, and you can use the time to look for something else"*.

It's elegantly done, but firmly. I've seen a partner who guessed he wouldn't be made a director and so was persuaded to hand in his resignation. He was saying good-bye, and was clearly very moved; but in the end everybody accepts the idea of Up or Out without much difficulty.

Another refrain is **Uphold the obligation to dissent**. If you turn that around it means that no-one can ever say *"I told you so"* or *"I wasn't sure about it but I didn't like to say"*. You're expected to voice your disagreement at all times. I believe this classic 'telling the back of my mind' is much more common at McKinsey than elsewhere. The obligation to dissent is put into practice a good deal amongst associates, less so with partners.

The complications occur in the relationships between new associates and partners: clearly, there are certain mistakes best avoided for the sake of one's evaluation...

What's your tenure ?

When you join McKinsey you start from scratch, whatever you may have done before. During my time there, a partner who had graduated from HEC welcomed one of his fellow-graduates who was just starting. There was an irrevocable eight-year gap between them, although the new recruit had held positions of responsibility in marketing and consumer goods.

You start as an associate. In two years, if all goes well - Up or Out - you become an Engagement Manager, and in two more years, a Senior Engagement Manager. A standard team consists of an Engagement Manager and two associates. These are the ones who make the project work, and in particular it's the Engagement Manager who is responsible for the success of the operation. The Engagement Manager may be more or less senior, depending on the nature of the project, but that's the basic structure. The project is directed by a partner who has the title of Engagement Director; he usually has two projects in hand at a time, and is responsible for quality control and client relations.

There are however parallel tracks as well, in particular for the specialists. It's not exactly the 'royal road' but McKinsey have been trying for some years to ensure that specialists can also become partners, and some of them have achieved it. It's interesting to note that for them the rule isn't Up or Out, but Grow or Go...

As well as these specialists, there are also certain experts whose roles are only vaguely defined, like myself. As you can imagine, they couldn't really ask me to start from scratch,

nor could I be taken on as a partner! I was therefore something of a free agent within the company structure, with no job title in the directory next to my name since nobody was able to define my role. (When I first met colleagues from the American offices the standard question was "What's your tenure?" and when I answered "Six months", I could see that the other person was startled; so I explained that I had only had six months, but it really didn't really register...).

Evaluation

McKinsey staff are evaluated on an informal basis every day, of course; but the formal evaluations take place after each assignment, that is to say every two months, and they are completely impartial and without indulgence.

An associate is assessed on his problem-solving abilities, his abilities in managing himself and others, and his communication skills. The attitude to working in a team is very important, whilst the relationship with the client is less of an issue than in other grades. There are four grades of evaluation: if a junior consultant is awarded '0' in any category, he obviously has to pull himself together. '1' represents a good performance for a junior, '2' for a senior (as from the second year, that is) and '3' means you're good enough to be a project leader. The same principle works at all levels. Lastly, you're graded according to four general categories: BS or Below Standard, S - Standard, AS - Above Standard, and O - outstanding. If you're graded S twice running, it could be a problem. It's reckoned that 25% of consultants may rate O.

Evaluations after each assignment are carried out just as they're taught in the business schools: with the Engagement Manager, face to face, papers signed at the end and supervised by the partner who directed the project. The client doesn't participate as such, but if the director says "*The client didn't think you were very good*", well... The partners meet every six months to rank associates overall according to these four grades.

Money is not an issue

McKinsey people work fantastically hard, and they love it - something which can cause problems for their partners. I've seen junior consultants asking themselves quite seriously, "*Should I stay or should I get a divorce?*"

One essential point about the McKinsey lifestyle is the much-repeated slogan "*Money is not an issue*". For me as an academic, this was pretty radical. I'll give you an example: when I first arrived, nobody was quite sure what I ought to be doing to begin with. On the first afternoon I met a partner who told me, "*We haven't got a project for you to work on right away, we thought we'd put you in in three weeks' or a month's time. What do you reckon you could do until then?*"

I said, "*I'd like to get to know your core, as it were, to see what you're developing in the way of strategy these days.*"

"*Great idea. You ought to meet our strategy experts*" (McKinsey have their experts listed field by field in a publication called the **Knowledge Resources Directory**).

"*How do I go about it?*"

"*Call them and make an appointment to talk to them.*"

"*But they've never met me.*"

"*No problem, you tell them 'This is Ramanantsoa from the Paris office, and they'll give you a date and a time and ask for your account number.'*"

"*I beg your pardon?*"

"*If they give you two hours, they'll have to charge you for it. We'll give you an account, and you look after it. You can even go and speak to the chairman himself if you like, it'll all be charged to your account.*"

"*When do we start?*"

"*Right away: you just pick up the phone...*"

"Hold on a minute, I'd better define my problem first, I can hardly go straight in and say 'Hi. Tell me about strategy...'"

In my academic innocence I had used the word 'problem'. He answered, *"Good idea, you can't just show up like a tourist. Draft your problem and we'll talk about it when you've finished. How about tomorrow afternoon?"* The academic wasn't of the same mould...

It's easy enough to get about. You tell the secretary, *"I have a meeting the day after tomorrow in Atlanta"*, you give her your account number and she arranges the trip. When you're working on a project the client pays expenses as well as your fees, which contributes to the idea that money isn't a problem. On the other hand, the perks are very strictly monitored.

The world is their backyard

At McKinsey people travel all the time, it's become a ritual. Once again, as an academic I was amazed: the world is their backyard. Sydney is thought a little far away, the other end of the yard, but it's not really a problem to get there. I think this considerable capacity to work globally is essential. For example, if you're a partner and you go to see a potential client who tells you, *"I have this kind of a problem"*, then right away you fax all the McKinsey offices worldwide to say, *"I have a client in such-and-such a sector who has this problem. What can you tell me about it?"* Within 24 hours you'll get answers: *"We can't help you"* or *"We dealt with this kind of problem in this other sector"* or *"We haven't dealt with this kind of problem but So-and-so and So-and-so are very good on this sector, they could help you."*

If you answer, *"Yes, I'm interested, what can you tell me?"* in a professional way, that is, without giving away any secrets, you'll get the answer, *"With this kind of problem, these are the obstacles we've found..."*

When you send in your Letter of Proposal you're in a very strong position, since you can tell the client: *"These are the difficulties you'll face. Would you like to meet an expert?"* The expert may come from Milan, Paris or Sydney. It really is the Rolls Royce of consultancy in that respect - if the Australian expert has no other project running at the time, he can be there two or three days later, purely in order to meet your client. It's impressive stuff.

There is also, in Atlanta I think, a centre which specialises in organisational structures and problems and is open 24 hours a day. You simply tell them, *"I have this problem to deal with - what has the firm already done in this field?"* and a team of top-flight specialists in structural problems will get back to you within 24 hours: *"With this kind of problem, these are the real issues, this is what you should stress, these are the references"*. It's really impressive, even now that other sectors are trying to implement this way of working. I found myself saying that we academics aren't up to much, given that we can't achieve this kind of cooperation even though the networks are all there in place for us.

McKinsey people have a tremendous superiority complex. One has to say that the juniors especially are fantastically privileged, they have access and experience none of their contemporaries could hope for, which perhaps explains this feeling of superiority.

II - DISCUSSION

Concepts and methods

Question : *Each time I've dealt with American consultancy firms I've been struck by the setting-up of repetitive processes and ticking of boxes. Given McKinsey's Rolls Royce status, is this really tailoring the process to the problem, or operating a standard?*

B. Ramanantsoa: To be a little provocative, I'd say that I was surprised to find there wasn't really a McKinsey concept. I was astonished to discover that the matrix was no more than a marketing tool.

Here's an illuminating story. In the course of my interviews in the first month, I met one of the strategy titans and asked him what the latest ideas were. He teased me a little, asking if it were for my next course of lectures, and said, "*Actually, this is what I've been working on this morning,*" and he showed me a matrix. I was quite persuaded, and asked if I could use it. He said "*Sure, but you'll have to come back tomorrow - I'm seeing another client this afternoon, and I'll be doing a new framework for him*".

It's one of McKinsey's great skills, putting the client's problem in a synthetic fashion into a two- or three-dimensional model. That's the original matrix. We academics are the ones to have given 'the McKinsey matrix' the mythical dimension which surprises McKinsey staff more than anyone. When you set up a framework you find interesting in the course of an assignment, you're meant to write a couple of pages about the project's character in a bulletin which is distributed regularly to all offices. The first thing an Engagement Manager does is to leaf through these bulletins and think, "*In this sort of project we could perhaps use this as a starting point.*"

My answer, then, is a compromise: there is no matrix for general use in every situation, but there is a certain number of diagrams, matrices, polygons and boxes which they tend to use several times over.

Q : *Is the matrix just used to get the contract, or does it guide the project itself?*

BR : It's used to frame the initial question, but I don't think the teams are then limited by a concept. On the other hand, I think they're very much steeped in American ideology: whatever the firm, the most important thing is the best returns for the shareholders. When they're asked - as they frequently are - whether it's a problem for them to prescribe restructuring, the answer is ready and sincere and brutal: "*That's not the problem at all: our social function is to improve the firm's performance.*"

One point offsets this, however: partners are evaluated on their capacity to develop core clients. The good partner is the one whose core clients remain loyal; which means that a partner is very attentive to his clients, and may distance himself from the ideology in order to remain in sympathy with his client.

Q : *Do the juniors operate according to precisely-defined procedures?*

BR : No, they operate according to what their Engagement Manager tells them. Nonetheless, certain things are ritualised - their famous decision tree, for example. They don't use it systematically every time, but once they have, they stick to it firmly. As a Mediterranean, and an academic to boot, I found it difficult to accept certain things: it seemed futile to me to spend a lot of time backing things that were self-evident with masses of figures. I was told, "*At least we can tell the client that we proved it conclusively*" - that's the doctrine of hard facts.

Thinking within the firm

Q : *What exactly was your contribution as an academic specialist on strategy?*

BR : I wrote a certain number of staff papers, particularly about links - an area where I'd established a number of formal principles. I don't know whether they used them or not. On assignments I was presented as an academic on sabbatical, working as a kind of consultants' consultant. I often wondered whether I brought a real added value to the company, and I had no formal answer: I never had a McKinsey-style evaluation. I hope the answer is yes.

Q : *Your experience raises the issue of relations with the academic world. Do they read other people's reference work at McKinsey?*

BR : No, they don't; but they do have an extraordinary capacity for assimilating other people's work - in all good faith. Somebody once told me, "*You ought to read what we wrote a year or two ago*" (when he said 'wrote', he was referring to material on transparencies). "*We've taken the Porter model and made it more dynamic. It's called the Structure Conduct Performance model*". I told him, "*The Structure Conduct Performance model was established in 1929, you know - you haven't even changed the name*", which really brought him down to earth. Somebody had just taken the model and turned it into a McKinsey product: as a learning organisation they're quite remarkable. I didn't see them reading much that had been produced outside the firm, but when they do, they assimilate it very effectively.

Q : *They talk a lot about research and development - what does that consist of?*

BR : They don't do any research in the academic sense, but they regularly study THE issue of the day. For this, they organise yearly seminars in America and Europe - and soon there'll be one in Asia as well - and invite the captains of industry. As well as dealing with their worries of the moment, they ask these people what they think the big issues are at the time, and the next year they give them some bases for solutions. They've been working for some years now on the economic situation in Europe, for example, and in the course of these seminars they suggested that the social dimension hadn't been properly investigated. For a year they had two teams studying social well-being, one in Europe and one in the States, contrasting the two. In order to become a partner you have to give a certain amount of your time to these study groups, and write a certain number of staff papers - not necessarily at a client's request. However, there is no overriding concept, and no external assessment comparable to that of academic research.

That said, although they have relatively few links with researchers at MIT, Harvard or elsewhere, they have an extraordinary capital advantage: when they organised one of these seminars in Venice, they decided to invite academic experts from all over Europe. They succeeded in attracting the most highly-regarded experts from France, Italy and so on, because of the prestige of their name and the quality of the audience.

A monastic order ?

Q : *From what one can see, McKinsey is pretty much a male preserve with elements of the army or the monastic order. How do they manage this standardising of thought and behaviour throughout the world?*

BR : I'll tell you a story to illustrate my answer. I went to INSEAD for an employer presentation, which turned out to have an almost religious feel to it. It's a joint effort - INSEAD arranges the party, and McKinsey subsidises it. That day, there were ten former INSEAD graduates at the presentation (there are a lot of them at McKinsey), ranging from a new recruit to the highest grade - as it happened, a director. When it came to taking questions, an INSEAD student said "*I read someplace that there are three institutions in the world: the church, the marines and McKinsey. Could you tell us if that's true, and if so, what are the differences?*" McKinsey's representative said, "*Thinking about it, it's hard to say what the differences are, since there's only one real institution among those three - ours!*"

Where does this mentality come from? Firstly it's the standardisation of procedures and documents. The evaluations are the same everywhere, and the 'blue books', compilations of results of assignments, show very little variation from one office to another. Also, the mobility is tremendous: the Paris office meets for a seminar once a month, and takes part in an international seminar every six months. Above all, you can call anyone from McKinsey anywhere in the world about anything and you're sure of getting an answer. All of these things improve communication and common purpose.

As regards women, although they're entirely accepted in principle, they represent a minority - there are very few women consultants, and even fewer partners.

Q : *Can McKinsey staff marry each other?*

BR : The question was raised while I was there. To begin with, the answer was unconditional: definitely not. Actually, they did change the rule a little, but it had to be referred right to the top, to New York. I believe now the answer is yes, as long as the two people concerned are at the same grade.

Q : *When somebody has to leave, is there any kind of procedure to minimise the trauma?*

BR : It's always difficult to leave McKinsey. No matter how you look at it, **Out** is clearly less agreeable than **Up**, whichever language you speak. McKinsey people have always been prize students, they've got used to being first in the class for years, and it doesn't often happen that they're turned down for something. Besides, the salary is extremely high for this sector; so the material and symbolic cost of leaving is enormous.

This is how it goes: when the partners meet every six months to grade the associates, there are the ones who are getting on fine, about whom the partners say, "*We'll check up again in six months*". For the ones who aren't doing so well, the ones who they decide ought to be moving on, there's a process: the Group Leader overseeing that particular junior makes an appointment to see him, and the interview begins with the standard question, "*Where do you see your career going from here?*" at which point the junior has to start thinking about an answer, fast. The process then allows several months in which the firm helps the junior on his way out, first by putting someone in to work with him, then by offering him the use of the McKinsey infrastructures to help him find work, whilst continuing to pay his salary - this is described as being 'on the beach'. Finally, there's a big party the day the person actually leaves.

While I was there, one young woman refused to resign, and they were all pretty shocked. First of all they put it to her gently that one just didn't behave like that, and that she'd known the rules from the beginning. Everyone wanted to know how she'd react. After that they were more forthright, and said that if she wanted a battle of wills she'd find herself in a lot of trouble. There were no more difficulties.

Q : *In spite of the trauma, a lot of ex-McKinsey staff seem to stay on good terms with the firm, and often refer other people to McKinsey.*

BR : That's true. There's an association of ex-members of the Paris office, with its own directory, and every year the Paris office organises a big party for them, and they come from all over the world. It's true, too, as they often say, that ex-McKinsey people continue to refer. There's an extensive network, and it's rare that former staff don't turn to McKinsey when they have a problem. Really, the **Out** is very well organised.

Q : *How do they recruit?*

BR : Last year there were more than 1,000 unsolicited applications to the Paris office ; you can imagine, they don't have much trouble recruiting the 'good guys'. The ideal background, all over the world, is professional experience and a top-notch American MBA. They do allow for exceptions. In France they take on the best of the graduates from their major schools, their recruitment process is very selective. A "Polytechnique" + Harvard graduate has infinitely more chances of getting in to McKinsey than a graduate from a provincial engineering school with an MBA from a minor university.

The selection process itself is unnerving and very professional. It works in threes, with six to nine interviews - traditionally on Mondays after four o'clock. Usually the interviewer gives you a problem he's working on at the moment but hasn't resolved yet, in order to test your analytical strengths. At half past seven all the interviewers get together to review the applications one by one. If two of the three who have seen you say No or I'm not sure, you're

Out. If you're not out, they ask, "What shall we test him on next time?" After nine interviews, you're accepted.

The French model is more complicated than in the States, where they won't take people without experience. The Paris office sometimes takes new graduates straight from HEC or Polytechnique, who are designated *Junior associates*. They're often sent to MIT for a year, or for two semesters at INSEAD. When they're considered mature enough, usually after two years, they become associates and, in the time-honoured fashion, *"the clock doesn't start until then"*.

The McKinsey image

Q : *This quasi-religious aspect, common enough in the Anglo-Saxon world but quite foreign to Mediterranean culture, really sets its stamp on the individual. How can a team trained like that resolve a client's problems when these are strictly dependent on their context? Is McKinsey in favour with its clients?*

BR : I hope I haven't led you to understand that the ideology isn't adapted to the French context - naturally, there are adjustments. In particular, in order to survive in the Paris office one of the most important things is a basic ability with the French language, even though the firm's official language is English. Of course, McKinsey comes in for criticism at Paris dinner parties or at seminars: but the managing directors and the departmental heads hire them again and again. Clearly, once you start asking amongst the lower ranks of client's businesses, you may find they're less well tolerated; but when they say *"We only work with top management"*, it's quite true.

Why do they have such status? Of course, it's partly because they're in a position to correct the managing director from time to time, but also I think it's mainly that they present a model of an ideal world: it feels good to work for McKinsey and with McKinsey because all problems have their solutions; and since managers need models to present to their colleagues, they choose the McKinsey version.

Q : *The team in Atlanta working twenty-four hours a day - that's fantastic, in every sense of the word! Do you think it's really necessary to have such a quick response, in the real world?*

BR : Maybe. There are other factors, too. Very few McKinsey documents are sent by post: any proposition, any report is couriered directly to the client. What's extraordinary, and I've seen this myself, is that the client will call you back within a quarter of an hour: *"You know, on page 28 your transparency isn't quite right; maybe you could..."* and so on. So he joins in the game, probably because the presentation will be made to the managing director, and the executive responsible feels all the pressure of risks and opportunities. The corrections are sent at once - by courier, of course.

Q : *It's amazing that they only deal with problems they can solve in two months. That's a pretty unusual sort of problem!*

BR : Yes, it is. The "Cartesian" answer is, *"You have to subdivide the problem into two-month segments, and make an appraisal at the end of each."* It's also fair to say that McKinsey types dream of being able to say, *"I have a core client, I'm working with them on assignment X-154!"* Which also means that the line *"We're completely straight with the client, you know"* can sometimes be 'stretched' a little.

Q : *In consultancy it's easy to follow the profitability of an operation day by day, and often when the profit margin starts shrinking, the consultant's work is trimmed down without the client realising. Does this happen at McKinsey?*

BR : The work is paid for in advance. I know from experience that when they see that there may be some slipping, they try to understand why. If they think it's because the problem is more complicated than they imagined, the partners renegotiate with the client - with or without success. All the same, there are most likely some contracts which go into the red.

Q : Are there any processes for adjusting to reality - when, for example, the conclusions they have reached don't work out ? What's their unwritten brief?

BR : In order to adjust to reality they have a clever trick: the McKinsey collaborator. They ask the client business to let them work with two high flyers - who have maybe always dreamed of working for McKinsey some day. These two assistants have the advantage of being able to react immediately and say, "This idea will work, that one won't."

In my opinion, their unwritten brief is the management of human resources.

Q : *What is McKinsey's long term outlook?*

BR : In the short term, they are doing very well out of the economic crisis. There's a huge demand for restructuring, so it's understandable that the bookings are flowing in.

Above all, McKinsey is a flexible institution. In 1982 there were only a handful of people still at the Paris office. Quite a few were reallocated to Milan or Düsseldorf, but the others were told, "*That's it*". In 1986 the Paris office expanded again very suddenly, as McKinsey was generally back in favour.

The partners are aware that everything could fall apart very quickly if a client (a managing director) seriously complained about them. They get a lot of new clients by word of mouth, and they're very careful with them all. I've seen them working late into the night rewriting the documents for a presentation, for fear of being criticised.

To sum up, one can be fascinated by their flexibility and their professionalism, but there's also a disturbing down side, which is the ruthlessness of their management.