

Inside Consulting's Black Box

by Daniel McGinn

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What do you want to be when you grow up? That's a question posed to young people from their earliest days in school. By the time they finish college, many top U.S. students answer, "A consultant." At Harvard, according to its student newspaper, the *Crimson*, 16% of those in the undergraduate class of 2013 who had accepted job offers by graduation were bound for the consulting industry—putting it ahead of finance (15%) and technology (13%) as the most popular career choice. If you work for a consultancy's client, you may soon see some fresh faces camping out in a conference room just down the hall.

What, exactly, will they be doing in there? It's a reasonable question. McKinsey, Bain, and BCG billed a combined \$10 billion in 2011, but compared with that of most industries, their work remains cloaked in mystery. Consultants are forbidden from talking about clients, and because the most elite firms are structured as privately held partnerships, financial filings and analyst insights are rare. Clients have little incentive to credit consultants for successes (why not take the credit themselves?) or to blame them when things go badly (who wants to admit to paying for and taking lousy advice?). Most outsiders know that consultants travel constantly and seem overly dependent on PowerPoint. But beneath those stereotypes, what really awaits all the Ivy Leaguers who've enlisted?

If you believe Showtime's *House of Lies*, they will need not only a big brain but also a hardworking liver and an unflagging libido. The series, which will launch its third season early in 2014, is loosely based on a 2005 memoir by Martin Kihn, a former TV writer who joined Booz Allen Hamilton just as the dot-com boom turned into the 2001 recession.

It's tiresome to complain that movies and TV shows aren't as good as the books on which they're based, and it's not always true: Walter Kirn's novel *Up in the Air*, about a road-warrior management consultant, is a great read, but the movie version (with George Clooney) is even better.

Unfortunately, the same can't be said for *House of Lies*. In the show's first few episodes, the writers seem genuinely interested in offering a window into consulting—the way *The Sopranos*, *Mad Men*, and *House of Cards* deliver insights about the workings of mobsters, ad agencies, and congressional pols. Much of the pilot takes place in a bank boardroom, where the lead character (played by Don Cheadle) can freeze the action and hold up signs that offer cynical annotations of the consultants' playbook. But shortly thereafter *House of Lies* drops the stop-action device, and its scenes shift from boardrooms and offices to barrooms and bedrooms, as the characters' discussions of strategy and rebranding are largely replaced by boozing and R-rated couplings. Judging from recent episodes, the upcoming season will most likely devote as much airtime to actual consulting as *The Office* did to the business of selling paper.

The book, however, is wry and entertaining. Kihn describes how consultants struggle to understand the political subtext that drives their engagements. (Often their real mission is to help executive vice president A quash a project suggested by executive vice president B.) The most engaging section describes a one-week stint at a midwestern tire company. The consultants, crammed three to a cubicle, parse mysterious spreadsheets, trying to understand why the company is running factories full tilt even as unsold tires crowd nearby hallways. Mostly the team just repackages wisdom gleaned from an employee one cubicle over. Kihn's description of both the workaday grind and the nebulousness of the mission should be required reading for anyone who packs a wheeled suitcase every Sunday night.

The Firm, by Duff McDonald, won't be optioned for a cable show, but this comprehensive history of McKinsey offers a sense of how the industry's most elite firm has shaped the ideas that drive business. The tale begins in the 1920s, when the company's namesake founder, an accounting professor, worked to formalize the practice of management. Later generations of McKinseyites invented the UPC bar code, told AT&T that wireless telephony would never take off, and (infamously) helped create Enron's business model.

Consulting has long inspired some degree of the-emperor-has-no-clothes skepticism. One of the most thorough debunkings came from the journalists Adrian Wooldridge and John Micklethwait, of

the *Economist*, in *The Witch Doctors* (1996), described by its publisher as “an explosive critique of management theory and its legions of evangelists and followers.” (Wooldridge published a revised version, titled *Masters of Management*, in 2011.) And Matthew Stewart, who earned a doctorate in philosophy before falling into consulting, combined memoir and exposé in *The Management Myth* (2009). He drolly critiqued management theorists such as Frederick Taylor and Tom Peters in chapters alternating with the preposterous story of his own unlikely rise as a consultant. “Trying to help someone twice your age grapple with a problem that you just read about on the flight over can be quite challenging,” he wrote.

“McKinsey just might be the most influential collection of talent in the world. How [it gained] that influence without most of us noticing is only part of its story.”

McDonald's examination of McKinsey is mild by comparison. He describes how business intelligence accounts for much of the value of consultants—after working inside one client and learning how it does something well, they can charge another client for lessons in this “best practice.” McDonald details how national governments (including those of the United States and Great Britain) have deployed taxpayer dollars to become steady McKinsey clients—a revelation that may gain attention in the wake of the recent uproar over Booz Allen's work for the National Security Administration.

He also explores the insider trading scandal involving the former McKinsey managing director Rajat Gupta—for which Gupta was ultimately sentenced to prison. In theory, having a top consultant convicted for leaking boardroom secrets should be as damaging to a consultancy's brand as a YouTube video of a worker spitting into French fries would be to a hamburger chain's. McKinsey, however, has emerged from the Gupta affair largely unscathed. Apparently, clients don't really care. And although I came away from 300-plus pages not knowing exactly how the people at McKinsey spend their days, I mostly buy McDonald's core argument: The fact that so many smart companies are willing to engage the firm suggests that its consultants do add value (whatever it is they're doing). The market has spoken.

That may change over time, however. By most accounts, big-think strategy work is no longer in such demand, and top-tier firms like McKinsey are competing more frequently with less elite firms as contract analysts and implementers. It's possible that once client companies become more adept at using big data, they'll stop outsourcing that task. Still, these long-term concerns probably don't matter much to the college grads who are just settling in to their consulting jobs. They appear to view the profession as a layover rather than a destination. As the *Crimson* put it this spring: "The consulting sector went from the very top choice to the very bottom" when students were asked where they would like to be working in 10 years. "Just 1 percent see themselves as 32-year-old consultants."

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